

# PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 9, 2026

NEW ISSUE - FULL BOOK-ENTRY

RATING: Moody's: "Aa3"

See "RATING" herein.

*In the opinion of Jones Hall LLP, San Mateo, 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. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."*

**\$7,200,000\***

## **ROSEMEAD SCHOOL DISTRICT** (Los Angeles County, California) **2026 Refunding General Obligation Bonds**

**Dated: Date of Delivery.**

**Due: As shown on inside front cover.**

**Authority and Purpose.** The captioned 2026 Refunding General Obligation Bonds (the "Bonds") are being issued by the Rosemead School District (the "District") of Los Angeles 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 February 5, 2026. The Bonds are being issued for the purpose of refinancing on a current basis certain of the District's outstanding general obligation bonds, and to pay related costs of issuance. See "THE REFINANCING 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. 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 and 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, commencing August 1, 2026. Payments of principal of and interest on the Bonds will be made by U.S. Bank Trust Company, National Association, Los Angeles, California, 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 not subject to optional redemption prior to maturity. The Bonds may be subject to mandatory sinking fund redemption prior to maturity, as described herein. See "THE BONDS – No Optional Redemption" and "– Mandatory Sinking Fund Redemption."

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### **MATURITY SCHEDULE**

(See inside cover)

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

*The Bonds will be sold and awarded pursuant to a competitive bidding process to be conducted on February 17, 2026, as set forth in an Official Notice of Sale with respect to the Bonds. The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall LLP, San Mateo, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about March 3, 2026\*.*

The date of this Official Statement is \_\_\_\_\_, 2026.

*\*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\*

**ROSEMEAD SCHOOL DISTRICT**  
(Los Angeles County, California)  
**2026 Refunding General Obligation Bonds**

**Base CUSIP†: 777526**

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

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services ("CGS"), managed on behalf of the American Bankers Association by FactSet Research Systems Inc. © 2026 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 successful Purchaser takes any responsibility for the accuracy of such numbers.

**ROSEMEAD SCHOOL DISTRICT  
LOS ANGELES COUNTY  
STATE OF CALIFORNIA**

**BOARD OF TRUSTEES**

Nancy Armenta, *President*  
Ronald Esquivel, *Clerk*  
Diane Benitez, *Trustee*  
Veronica Peña, *Trustee*  
John Quintanilla, *Trustee*

**DISTRICT ADMINISTRATION**

Dr. Philip D'Agostino, *Superintendent*  
Dr. Maria C. Rios, *Assistant Superintendent of Administrative Services*  
Joshua Behnke, *Director of Fiscal Services*

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**PROFESSIONAL SERVICES**

**MUNICIPAL ADVISOR**

Fieldman, Rolapp & Associates, Inc.  
*Irvine, California*

**BOND COUNSEL AND DISCLOSURE COUNSEL**

Jones Hall LLP  
*San Mateo, California*

**BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT**

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

**VERIFICATION AGENT**

Causey Public Finance LLC  
*Denver, Colorado*

## 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 Purchaser.

**No Offering Except by This Official Statement.** No dealer, broker, salesperson or other person has been authorized by the District or the Purchaser 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 Purchaser.

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

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

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

**Involvement of Purchaser.** The following statement has been included in this Official Statement on behalf of the successful Purchaser: The Purchaser 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 Purchaser does not guarantee the accuracy or completeness of such information.

**Stabilization of and Changes to Offering Prices.** The Purchaser may overallocate or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Purchaser may discontinue such market stabilization at any time. The Purchaser 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 Purchaser.

**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.



## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
THE REFINANCING PLAN .....	4
SOURCES AND USES OF FUNDS .....	5
THE BONDS .....	6
Authority for Issuance .....	6
Description of the Bonds .....	6
Book-Entry Only System .....	6
No Optional Redemption .....	7
Mandatory Sinking Fund Redemption .....	7
Registration, Transfer and Exchange of Bonds .....	8
Defeasance .....	9
DEBT SERVICE SCHEDULES .....	11
SECURITY FOR THE BONDS .....	13
<i>Ad Valorem</i> Taxes .....	13
Debt Service Fund .....	14
Not a County Obligation .....	14
PROPERTY TAXATION .....	15
Property Tax Collection Procedures .....	15
Taxation of State-Assessed Utility Property .....	16
Assessed Valuation .....	16
Assessed Valuation by Jurisdiction .....	18
Reassessments and Appeals of Assessed Value .....	20
Tax Rates .....	21
Tax Levies and Delinquencies .....	21
Major Taxpayers .....	23
Direct and Overlapping Debt .....	24
TAX MATTERS .....	25
Tax Exemption .....	25
Other Tax Considerations .....	26
Form of Opinion .....	26
CERTAIN LEGAL MATTERS .....	27
Absence of Material Litigation .....	27
Legality for Investment .....	27
Compensation of Certain Professionals .....	27
CYBER RISKS .....	27
CONTINUING DISCLOSURE .....	28
VERIFICATION OF MATHEMATICAL ACCURACY .....	29
RATING .....	29
COMPETITIVE SALE OF BONDS .....	29
ADDITIONAL INFORMATION .....	30
EXECUTION .....	31
APPENDIX A - GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT .....	A-1
APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2024-25 .....	B-1
APPENDIX C - GENERAL INFORMATION ABOUT THE CITY OF ROSEMEAD AND LOS ANGELES COUNTY .....	C-1
APPENDIX D - PROPOSED FORM OF OPINION OF BOND COUNSEL .....	D-1
APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE .....	E-1
APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM .....	F-1
APPENDIX G - LOS ANGELES COUNTY INVESTMENT POOL – INVESTMENT POLICY AND INVESTMENT REPORT .....	G-1

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**OFFICIAL STATEMENT**  
**\$7,200,000\***  
**ROSEMEAD SCHOOL DISTRICT**  
(Los Angeles County, California)  
**2026 Refunding General Obligation Bonds**

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the captioned 2026 Refunding General Obligation Bonds (the “**Bonds**”) by the Rosemead School District (the “**District**”) of Los Angeles County (the “**County**”), State of California (the “**State**”).

**INTRODUCTION**

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

**The District.** The District was formed in 1859. The District currently encompasses an area of approximately 3.13 square miles in the County. The District serves pre-kindergarten through eighth grade students living in portions of the cities of Rosemead (the “**City**”), El Monte, San Gabriel and Temple City, and is currently operating four elementary schools and one middle school. Enrollment is approximately 2,251 students in fiscal year 2025-26. Students graduating from the District generally attend Rosemead High School, which is part of the El Monte Union High School District. Total assessed value in the District for fiscal year 2025-26 was over \$4.4 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 City and the County.*

**Purposes.** The net proceeds of the Bonds will be used to refinance on a current basis certain outstanding general obligation bonds of the District. See “THE REFINANCING PLAN” herein.

**Authority for Issuance of the Bonds.** The Bonds will be issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550 of said Code (the “**Bond Law**”), and a resolution adopted by the Board of Trustees of the District on February 5, 2026 (the “**Bond Resolution**”). See “THE BONDS - Authority for Issuance” herein.

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

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*\*Preliminary; subject to change.*

**Security and Sources of Payment for the Bonds.** The Bonds 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. 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 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 also payable from *ad valorem* property taxes levied on taxable property in the District. See “DEBT SERVICE SCHEDULES” and “DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations” in APPENDIX A.

**Redemption\*.** The Bonds are not subject to optional redemption prior to maturity. The Bonds may be subject to mandatory sinking fund redemption prior to maturity, as described herein. See “THE BONDS – No Optional Redemption” and “– Mandatory Sinking Fund Redemption.”

**Legal Matters.** Issuance of the Bonds is subject to the approving opinion of Jones Hall LLP, San Mateo, California, as bond counsel (“**Bond Counsel**”), to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall LLP will also serve as Disclosure Counsel to the District (“**Disclosure Counsel**”). Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds. See “APPENDIX D - Proposed Form of Opinion of Bond Counsel.”

**Tax Matters.** In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS” and APPENDIX D hereto for the form of Bond Counsel’s opinion to be delivered concurrently with the Bonds.

**Cyber Risks.** The District, like other governmental and business entities, faces significant risks relating to the use and application of computer software and hardware for educational, operational and management purposes. The District collects, processes, and distributes an enormous amount of private, protected and personal information on students, staff, parents, visitors, vendors and contractors. As the custodian of such information, the District may face cybersecurity threats, attacks or incidents from time to time. No assurance can be given that future cyber threats or attacks against the District or third-party entities or service providers will not directly or indirectly impact the District or 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 District’s continuing disclosure undertakings, described in more detail herein. See “CYBER RISKS” herein.

**Offering and Delivery.** The Bonds are offered when, as and if issued and received by the Purchaser, subject to approval as to the legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about the date identified on the cover page hereof.

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\*Preliminary; subject to change.

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

**Other Information.** This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the District from the Superintendent's Office at 3907 Rosemead Blvd., Rosemead, California 91770, Telephone: (626) 312-2900. 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 entireties 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 it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.*

*[Remainder of page intentionally left blank]*

## THE REFINANCING PLAN

As described herein, the net proceeds of the Bonds will be used to refund certain maturities of the District's outstanding general obligation bonds on a current basis, being certain maturities of the following bonds:

- 2012 General Obligation Refunding Bonds issued on July 24, 2012 in the original denominational amount of \$5,425,000 ("**2012 GORB**"); and
- 2014 General Obligation Refunding Bonds (Bank Qualified) issued on August 7, 2014 in the original denominational amount of \$6,240,000 ("**2014 GORB**") and, together with the 2012 GORB, the "**Prior Bonds**").

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

### ROSEMEAD SCHOOL DISTRICT Identification of Refunded 2012 GORB\*

Serial Bonds	Principal	Interest Rate	Redemption Date	Redemption Price	CUSIP†
08/01/26	\$450,000	3.375%	04/02/26	100.000%	777526 HN7
08/01/27	465,000	3.500	04/02/26	100.000	777526 HP2
08/01/28	475,000	3.625	04/02/26	100.000	777526 HQ0
08/01/29	495,000	3.625	04/02/26	100.000	777526 HR8
<b>Term Bonds</b>	--	--	--	--	--
08/01/31	1,040,000	3.750	04/02/26	100.000	777526 HS6
08/01/33	1,115,000	4.000	04/02/26	100.000	777526 HT4
<b>TOTALS</b>	<b>\$4,040,000</b>	--	--	--	--

*\*Preliminary; subject to change.*

*† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by FactSet Research Systems Inc. Neither the District nor the successful Purchaser is responsible for the accuracy of such data.*

### ROSEMEAD SCHOOL DISTRICT Identification of Refunded 2014 GORB\*

Serial Bonds	Principal	Interest Rate	Redemption Date	Redemption Price	CUSIP†
08/01/26	\$290,000	3.000%	04/02/26	100.000%	777526 KK9
08/01/27	300,000	3.125	04/02/26	100.000	777526 KL7
08/01/28	310,000	3.250	04/02/26	100.000	777526 KM5
08/01/29	320,000	3.375	04/02/26	100.000	777526 KN3
08/01/30	330,000	5.000	04/02/26	100.000	777526 KP8
08/01/31	340,000	3.625	04/02/26	100.000	777526 KQ6
<b>Term Bonds</b>	--	--	--	--	--
08/01/36	1,900,000	4.000	04/02/26	100.000	777526 KR4
<b>TOTALS</b>	<b>\$3,790,000</b>	--	--	--	--

*\*Preliminary; subject to change.*

*† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by FactSet Research Systems Inc. Neither the District nor the successful Purchaser is responsible for the accuracy of such data.*

The District will deliver the net proceeds of the Bonds to U.S. Bank Trust Company, National Association, as escrow bank (the “**Escrow Agent**”), for deposit in an escrow fund (the “**Escrow Fund**”) established under an Escrow Agreement (the “**Escrow Agreement**”), between the District and the Escrow Agent. The Escrow Agent will hold such funds in cash and/or invest such funds in certain United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations issued by any agency or department of the United States which are secured, directly or indirectly, by the full faith and credit of the United States (“**Escrow Fund Securities**”) and will apply such funds, together with interest earnings on the investment of such funds in Escrow Fund Securities, to pay the accreted value of the Refunded Bonds, including the redemption price of the Refunded Bonds, as set forth above, on the redemption date identified above.

Sufficiency of the deposits in the Escrow Fund for the foregoing purposes will be verified by Causey Public Finance, LLC, Denver, Colorado (the “**Verification Agent**”). See “VERIFICATION OF MATHEMATICAL ACCURACY” herein. As a result of the deposit of funds with the Escrow Agent on the date of issuance of the Bonds, the Refunded Bonds will be legally defeased and will be payable solely from amounts held for that purpose under the Escrow Agreement, and will cease to be payable from or secured by *ad valorem* property taxes levied in the District.

*The Escrow Fund Securities and cash held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the Refunded Bonds, and will not be available for the payment of debt service with respect to the Bonds.*

## **SOURCES AND USES OF FUNDS**

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

### **ROSEMEAD SCHOOL DISTRICT Sources and Uses**

#### **Sources of Funds**

Principal Amount of Bonds

[Net] Original Issue [Premium]/[Discount]

#### **Total Sources**

#### **Uses of Funds**

Deposit to Escrow Fund

Costs of Issuance<sup>(1)</sup>

Purchaser's Discount

#### **Total Uses**

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*(1) Estimated costs of issuance include, but are not limited to, printing costs, and fees of Bond Counsel, Disclosure Counsel, Municipal Advisor, Paying Agent, Escrow Agent, Verification Agent and the rating agency.*

See “APPLICATION OF PROCEEDS OF BONDS” herein.

## THE BONDS

### Authority for Issuance

The Bonds will be issued under the Bond Law and the Bond Resolution.

### Description of the Bonds

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

The Bonds will be issued in the denomination 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 August 1, 2026 (each, an “**Interest Payment Date**”). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the 15<sup>th</sup> calendar day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2026, in which event it will bear interest from the date of delivery thereof identified on the cover page. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC participants who will remit such payments to the beneficial owners of the Bonds.

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

### Book-Entry Only System

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company (“**DTC**”). Purchasers of the Bonds (the “**Beneficial Owners**”) will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association (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 successful Purchaser 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.

### **No Optional Redemption**

The Bonds are not subject to optional redemption prior to maturity.

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

The Bonds maturing on August 1, 20\_\_ are term bonds (“**Term Bonds**”) which are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following table, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

<b>Mandatory Sinking Fund Redemption Date (August 1)</b>	<b>Principal Amount To be Redeemed</b>
<hr/>	

If some but not all of the Term Bonds have been redeemed pursuant to optional redemption, the aggregate principal amount of such Term Bonds to be redeemed in each year pursuant to mandatory sinking fund redemption will be reduced in integral multiples of \$5,000, as designated in a Written Request of the District filed with the Paying Agent.

***Selection of Bonds for Redemption.*** 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 purposes of such selection, each Bond will be deemed to consist of individual Bonds of \$5,000 denominations each, which may be separately redeemed.

***Notice of Redemption.*** The Paying Agent will cause notice of any redemption to be mailed, by 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; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Bonds. In addition, the Paying Agent will give notice of redemption by telecopy or certified, registered or overnight mail to each of the Securities Depositories and the Municipal Securities Rulemaking Board (the “**MSRB**”) at least two days prior to such mailing to the Owners of the Bonds.

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\*As provided in the Official Notice of Sale, bidders have the option of identifying certain maturities of the Bonds to be Term Bonds subject to mandatory sinking fund redemption, as shall be determined on the date of sale.

The redemption notice will 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 Principal 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.

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

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

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

Notwithstanding the foregoing, so long as the Bonds are held in the book-entry system, the procedures provided therein shall govern the procedures for giving notice of redemption of the Bonds, to the extent the foregoing provisions are in conflict or inconsistent.

### **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 Los Angeles, California (or at such other office as is designated by the Paying Agent) for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity and series. Any Bond may, in accordance with its terms, but only if (i) the District determines to no

longer maintain the book entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC participants, be transferred, upon the books required to be kept pursuant to the provisions of the 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.

### **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 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 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 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 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.

Upon the deposit, in trust, at or before maturity, of money or 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), then all liability of the County and 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; and (d) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and (vii) obligations of the Federal Home Loan Bank (FHLB).

*[Remainder of page intentionally left blank]*

## DEBT SERVICE SCHEDULES

***Bond Debt Service.*** The following tables show the annual debt service schedule with respect to the Bonds.

### ROSEMEAD SCHOOL DISTRICT Bonds Debt Service Schedule

Bond Year Ending August 1	Principal	Interest	Total Debt Service
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
Total			

*[Remainder of page intentionally left blank]*

**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 (if applicable). See APPENDIX A under the heading "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations" for additional information.

**ROSEMEAD SCHOOL DISTRICT**  
**Combined General Obligation Bonds Debt Service Schedule**

<b>Period Ending (Aug. 1)</b>	<b>Outstanding General Obligation Bonds*</b>	<b>The Bonds</b>	<b>Total Combined Debt Service</b>
2026	\$3,432,484.78		
2027	3,467,572.28		
2028	3,519,572.28		
2029	3,589,866.04		
2030	3,672,903.52		
2031	3,752,234.28		
2032	3,372,249.76		
2033	3,449,057.52		
2034	2,931,924.26		
2035	3,023,250.76		
2036	3,103,009.26		
2037	2,774,843.76		
2038	2,860,585.26		
2039	2,966,308.76		
2040	2,261,247.50		
2041	2,882,368.76		
2042	3,087,252.50		
2043	3,212,853.76		
2044	1,634,330.00		
2045	1,703,530.00		
2046	1,773,880.00		
2047	1,850,155.00		
2048	816,710.00		
2049	847,457.50		
2050	881,930.00		
<b>TOTAL</b>	<b>\$66,867,577.54</b>		

\*For purposes of Preliminary Official Statement, includes debt service due on the Refunded 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 on taxable property in the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* property taxes for the payment by the District 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).

**Other Bonds Payable from Ad Valorem Property Taxes.** The District has a number of 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 “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. Such taxes, when collected, will be deposited into a 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* tax 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. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District will cause the corresponding annual tax rate to fluctuate.

Economic and other factors beyond the District’s control, such as economic recession, pandemic, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire including wildfire, drought, mudslides or other natural and unpredictable disasters, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax

rate. See "PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value" and "PROPERTY TAXATION -Reassessment and Appeals of Assessed Values" below.

### **Debt Service Fund**

Pursuant to the Bond Resolution, the County will establish a debt service fund (the "**Debt Service Fund**") for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment by the District of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon its receipt. Pursuant to the Bond Resolution, the Debt Service Fund is pledged and subject to a lien on and security interest for the payment of the principal of and interest on the Bonds when and as the same become due and payable. The Bonds are also secured by a statutory lien on all revenues received pursuant to the levy and collection of the voter-approved tax for the Bonds. See above text under the heading " – Statutory Lien on Ad Valorem Tax Revenues."

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 and premium (if any) on the Bonds as the same becomes due and payable.

Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid, or provision for such payment has been made, may be transferred to the General Fund of the District, as provided in Section 15234 of the Education Code. See also "APPLICATION OF PROCEEDS OF THE BONDS" herein.

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

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

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

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

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

any, said future amendments or orders could have on the procedures relating to the levy and collection of property taxes, and related interest and penalties.

### **Taxation of State-Assessed Utility Property**

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

### **Assessed Valuation**

**Assessed Valuation History.** The table below shows a recent history of the District’s assessed valuation as of the date the equalized assessment tax roll is established in August of each year, excluding any exemptions granted after such date in each year.

#### **ROSEMEAD SCHOOL DISTRICT Assessed Valuations of All Taxable Property Fiscal Years 2016-17 to 2025-26**

<b>Fiscal Year</b>	<b>Local Secured</b>	<b>Utility</b>	<b>Unsecured</b>	<b>Total Valuation</b>	<b>% Change</b>
2016-17	\$2,743,632,157	\$12,931	\$81,685,883	\$2,825,330,971	--%
2017-18	2,908,858,396	12,931	84,861,732	2,993,733,059	5.96
2018-19	3,092,289,624	12,931	103,734,899	3,196,037,454	6.76
2019-20	3,221,124,577	12,931	111,933,004	3,333,070,512	4.29
2020-21	3,345,210,783	13,306	110,205,229	3,455,429,318	3.67
2021-22	3,441,563,525	13,306	110,081,093	3,551,657,924	2.78
2022-23	3,640,012,960	13,306	104,434,774	3,744,461,040	5.43
2023-24	3,860,729,632	13,306	117,707,412	3,978,450,350	6.25
2024-25	4,091,265,683	13,306	121,525,948	4,212,804,937	5.89
2025-26	4,307,160,712	13,306	117,549,611	4,424,723,629	5.03

Source: California Municipal Statistics, Inc.

**Factors and Risks Relating to Increases/Decreases in Assessed Value.** 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 disasters such as wildfires, earthquakes, droughts, floods, climate change and pandemics, among others. The District cannot predict or make any representations regarding the effects that natural disasters or other 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.

Wildfires. According to the State, fire season is starting earlier and ending later each year, with the increased length of the season corresponding to an increase in the extent of forest fires across the State. In addition to destroying land and structures, there have been human fatalities and negative impacts on air quality throughout the State. Fires in the State and neighboring states have threatened the region's power grids, making some power lines unreliable. The Governor has issued executive orders in the past suspending penalties, costs and interest on late property tax payments for properties impacted by wildfires. According to the California Department of Forestry and Fire Protection, the District is not located in a Fire Hazard Severity Zone. The District cannot predict or make any representations regarding the effects that wildfires and related conditions have or may have on the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

On January 7, 2025, the Palisades Fire started in the Pacific Palisades area of the County, destroying nearly 7,000 structures and damaging over 1,000 more. Several other fires subsequently broke out in the County, destroying and threatening numerous structures, including the Eaton Fire in Altadena, which destroyed more than 9,000 structures and damaged 1,000 more. No property of the District's was damaged or destroyed as a result of either the Palisades Fire or the Eaton Fire.

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

Drought. The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation, which resulted in related severe flooding and mudslides in certain regions. As of December 24, 2025, the U.S. Drought Monitor indicates that the State is classified as experiencing mostly no drought conditions in the State, with abnormally dry conditions in a small region of the southern part of the State, and abnormally dry conditions in a small region of Inyo County. During 2021, the Governor of the State proclaimed a drought state of emergency for all counties in the State, culminating with an October 19, 2021, proclamation, urging Californians to step up their water conservation efforts.

In the event of drought conditions, applicable regulators might impose conditions on water use. For example, in January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. Local agencies can also impose and enforce their own drought conservation rules.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the

District is unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

Public Health Emergencies. In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the World Health Organization announced the official name for the outbreak of the disease known as COVID-19 (“**COVID-19**”), an upper respiratory tract illness, that spread across the globe. The ultimate impact of COVID-19 on the District’s operations and finances and the economy, real estate market, development within the District and tax collections may not be fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the District’s operations and finances. In addition, the District cannot predict whether future pandemics will occur and whether any such pandemics may impact its finances or operations. As of this date, several vaccines have been provided approval by federal health authorities and are widely available, and both the national emergency and state of emergency have officially ended, and the World Health Organization declared an end to the COVID-19 global health emergency.

### **Assessed Valuation by Jurisdiction**

The following table sets forth assessed valuation in the District by jurisdiction for fiscal year 2025-26.

#### **ROSEMEAD SCHOOL DISTRICT 2025-26 Assessed Valuation by Jurisdiction**

<b><u>Jurisdiction:</u></b>	<b><u>Assessed Valuation in District</u></b>	<b><u>% of District</u></b>	<b><u>Assessed Valuation of Jurisdiction</u></b>	<b><u>% of Jurisdiction in District</u></b>
City of El Monte	\$ 770,969,681	17.42%	\$11,073,248,854	6.96%
City of Rosemead	2,986,578,291	67.50	\$6,442,389,702	46.36%
City of San Gabriel	478,379,258	10.81	\$7,494,322,933	6.38%
City of Temple City	183,331,539	4.14	\$7,229,521,813	2.54%
Unincorporated Los Angeles County	5,464,860	0.12	\$149,571,930,505	0.00%
Total District	\$4,424,723,629	100.00%		
Los Angeles County	\$4,424,723,629	100.00%	\$2,183,758,873,676	0.20%

Source: California Municipal Statistics, Inc.

**Assessed Valuation by Land Use.** The table below shows the land use of property within the District, as measured by assessed valuation and the number of parcels.

**ROSEMEAD SCHOOL DISTRICT**  
**Assessed Valuation and Parcels by Land Use**  
**Fiscal Year 2025-26**

	<b>2025-26</b>	<b>% of</b>	<b>No. of</b>	<b>% of</b>
<b>Non-Residential:</b>	<b>Assessed Valuation<sup>(1)</sup></b>	<b>Total</b>	<b>Parcels</b>	<b>Total</b>
Commercial/Office	\$ 831,884,789	19.31%	440	6.83%
Vacant Commercial	23,856,968	0.55	23	0.36
Industrial	432,148,567	10.03	123	1.91
Vacant Industrial	19,958,245	0.46	24	0.37
Recreational	5,809,890	0.13	4	0.06
Government/Social/Institutional	45,381,411	1.05	91	1.41
Subtotal Non-Residential	\$1,359,039,870	31.55%	705	10.95%
<b>Residential:</b>				
Single Family Residence	\$2,251,709,799	52.28%	4,790	74.39%
Condominium/Townhouse	123,341,386	2.86	286	4.44
Mobile Home Park	1,794,268	0.04	3	0.05
2-4 Residential Units	299,862,303	6.96	483	7.50
5+ Residential Units/Apartments	253,644,011	5.89	94	1.46
Vacant Residential	17,769,075	0.41	78	1.21
Subtotal Residential	\$2,948,120,842	68.45%	5,734	89.05%
Total	\$4,307,160,712	100.00%	6,439	100.00%

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

*[Remainder of page intentionally left blank]*

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

**ROSEMEAD SCHOOL DISTRICT  
Per Parcel 2025-26 Assessed Valuation of Single-Family Homes**

	<u>No. of Parcels</u>	<u>2025-26 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	4,790	\$2,251,709,799	\$470,086	\$421,158

<u>2025-26 Assessed Valuation</u>	<u>No. of Parcels<sup>(1)</sup></u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	59	1.232%	1.232%	\$ 2,397,008	0.106%	0.106%
\$50,000 - \$99,999	364	7.599	8.831	25,672,854	1.140	1.247
\$100,000 - \$149,999	158	3.299	12.129	19,728,404	0.876	2.123
\$150,000 - \$199,999	214	4.468	16.597	37,647,491	1.672	3.795
\$200,000 - \$249,999	333	6.952	23.549	75,840,722	3.368	7.163
\$250,000 - \$299,999	439	9.165	32.714	120,586,699	5.355	12.518
\$300,000 - \$349,999	376	7.850	40.564	121,705,701	5.405	17.923
\$350,000 - \$399,999	344	7.182	47.745	128,893,967	5.724	23.647
\$400,000 - \$449,999	243	5.073	52.818	102,959,989	4.573	28.220
\$450,000 - \$499,999	275	5.741	58.559	130,634,608	5.802	34.022
\$500,000 - \$549,999	264	5.511	64.071	138,477,821	6.150	40.171
\$550,000 - \$599,999	247	5.157	69.228	142,410,549	6.325	46.496
\$600,000 - \$649,999	271	5.658	74.885	169,742,039	7.538	54.034
\$650,000 - \$699,999	207	4.322	79.207	139,806,860	6.209	60.243
\$700,000 - \$749,999	168	3.507	82.714	121,743,874	5.407	65.650
\$750,000 - \$799,999	176	3.674	86.388	136,134,065	6.046	71.696
\$800,000 - \$849,999	158	3.299	89.687	130,048,664	5.776	77.471
\$850,000 - \$899,999	110	2.296	91.983	96,212,000	4.273	81.744
\$900,000 - \$949,999	100	2.088	94.071	92,185,839	4.094	85.838
\$950,000 - \$999,999	86	1.795	95.866	83,669,324	3.716	89.554
\$1,000,000 and greater	198	4.134	100.000	235,211,321	10.446	100.000
	4,790	100.000%		\$2,251,709,799	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 result in reductions in the District's total assessed value and as such, adversely impact the amount of property tax revenues generated within the District, and increase tax rates for property taxes securing general obligation bond indebtedness.

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

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of

Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. 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. See above disclosure under the heading “-Factors and Risks Relating to Increases/Decreases in Assessed Value.” 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

Below are historical typical tax rates in a typical tax rate area (“TRA”) within the District in recent years.

**ROSEMEAD SCHOOL DISTRICT**  
**Typical Tax Rates per \$100 of Assessed Valuation**  
**Fiscal Years 2021-22 through 2025-26**  
**(TRA 8216)<sup>(1)</sup>**

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
General	1.000000	1.000000	1.000000	1.000000	1.000000
Rosemead School District	.101822	.098663	.100792	.073926	.075312
El Monte Union High School District	.076511	.067495	.069054	.062222	.067619
Pasadena Area Community College District	.008986	.008692	.025101	.024337	.010704
Metropolitan Water District	.003500	.003500	.003500	.007000	.007000
Total	1.190819	1.178350	1.198447	1.167485	1.160635

(1) 2025-26 assessed valuation of TRA 8216 is \$2,099,725,616 which is 47.45% of the District's total assessed valuation.  
Source: California Municipal Statistics, Inc.

## Tax Levies and Delinquencies

The following table shows tax charges, collections and delinquencies for secured property in the District. Because the County does not participate in an Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (commonly known as the “Teeter Plan”),

secured property taxes actually collected are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when the secured property taxes are actually collected.

The tables below show the secured tax charge and delinquency rate for the identified fiscal years, the first for the levy with respect to the one percent general fund apportionment, and the second for the levy for District bonded indebtedness.

**ROSEMEAD SCHOOL DISTRICT**  
**Secured Tax Charges and Delinquencies**  
**Fiscal Years 2020-21 through 2024-25**

<b>Fiscal Year</b>	<b>Secured Tax Charge<sup>(1)</sup></b>	<b>Amt. Del. June 30</b>	<b>% Del. June 30</b>
2020-21	\$2,686,930	\$45,832	1.71%
2021-22	2,761,486	43,217	1.56
2022-23	2,906,969	45,416	1.56
2023-24	3,104,669	54,552	1.76
2024-25	3,297,934	82,665	2.51

<b>Fiscal Year</b>	<b>Secured Tax Charge<sup>(2)</sup></b>	<b>Amt. Del. June 30</b>	<b>% Del. June 30</b>
2020-21	\$2,495,181	\$29,728	1.19%
2021-22	3,503,679	26,341	0.75
2022-23	3,602,496	37,612	1.04
2023-24	3,979,799	80,673	2.03
2024-25	3,031,425	77,995	2.57

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects countywide delinquency rate.

(2) Debt service levy only.

Source: California Municipal Statistics, Inc.

*[Remainder of page intentionally left blank]*



## Major Taxpayers

The following table shows the 20 largest secured property taxpayers in the District as determined by local secured assessed valuation.

The more property (by assessed value) which is owned by a single taxpayer in the District, the greater the amount of tax collections that are exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

### ROSEMEAD SCHOOL DISTRICT Top Twenty Secured Property Taxpayers Fiscal Year 2025-26

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2025-26 Assessed Valuation</u>	<u>% of Total<sup>(1)</sup></u>
1.	301 Swall Telstar LLC	Industrial	\$ 75,949,200	1.76%
2.	Rosemead Place LLC	Shopping Center	57,977,704	1.35
3.	Wells Fargo Bank	Office Building	45,122,210	1.05
4.	Multi Investment Associates II	Office Building	43,917,621	1.02
5.	TRPF 4187 Temple City Boulevard LP	Industrial	38,559,194	0.90
6.	Alan W. Li	Apartments	37,945,714	0.88
7.	9920 Holding LLC	Hotel	36,979,959	0.86
8.	Cathay Bank	Office Building	36,852,618	0.86
9.	El Monte Baldwin	Apartments	34,284,218	0.80
10.	Gill Corporation	Industrial	27,872,743	0.65
11.	USIF Temple City Industrial LLC	Industrial	26,065,374	0.61
12.	West Meadow Health Holdings LLC	Convalescent Home	25,300,764	0.59
13.	420 Boyd Street LLC	Shopping Center	21,780,016	0.51
14.	Kim Anh Family Investments LLC	Industrial	20,693,553	0.48
15.	Golden Opportunity Investments LP	Apartments	18,802,878	0.44
16.	95-Royal Center LLC	Office Building	17,432,156	0.40
17.	California American Water Co	Water Company	16,193,841	0.38
18.	Flair Spectrum LLC	Industrial	15,107,223	0.35
19.	Yoojin LLC	Commercial	14,990,000	0.35
20.	9620 Gidley LLC	Industrial	14,623,442	0.34
			<u>\$626,450,428</u>	<u>14.54%</u>

(1) 2025-26 local secured assessed valuation: \$4,307,160,712.

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. The Debt Report is included for general information purposes only. Neither the District nor the successful Purchaser have reviewed the Debt Report for completeness or accuracy and neither makes any 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.

### ROSEMEAD SCHOOL DISTRICT Statement of Direct and Overlapping Bonded Debt Dated as of January 1, 2026

2025-26 Assessed Valuation: \$4,424,723,629

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 1/1/26</u>
Metropolitan Water District	0.104%	\$ 17,841
Pasadena Area Community College District	3.642	4,509,524
El Monte Union High School District	20.818	60,184,584
<b>Rosemead School District</b>	<b>100.000</b>	<b><u>48,405,000</u><sup>(1)</sup></b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$113,116,949</b>

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	0.203%	\$ 7,638,990
Los Angeles County Superintendent of Schools Certificates of Participation	0.203	3,703
Pasadena Area Community College District Certificates of Participation	3.642	1,015,572
El Monte Union High School District General Fund Obligations	20.818	1,918,379
City of El Monte Certificates of Participation	6.962	2,197,555
City of El Monte Pension Obligation Bonds	6.962	<u>7,747,662</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$20,521,861</b>

OVERLAPPING TAX INCREMENT DEBT (Successor Agency): \$5,151,687

**COMBINED TOTAL DEBT** \$138,790,497<sup>(2)</sup>

Ratios to 2025-26 Assessed Valuation:

<b>Direct Debt (\$48,405,000)</b> .....	<b>1.09%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	2.56%
Combined Total Debt .....	3.14%

Ratios to Redevelopment Incremental Valuation (\$523,184,903):

Total Overlapping Tax Increment Debt .....	0.98%
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(1) Excludes the Bonds, but includes the Refunded Bonds.

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

Source: California Municipal Statistics, Inc.

## TAX MATTERS

### Tax Exemption

**Federal Tax Status.** In the opinion of Jones Hall LLP, San Mateo, 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 opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

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

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

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

State of California personal income tax and federal income tax consequences of owning such Bonds.

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

### **Other Tax Considerations**

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

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

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

### **Form of Opinion**

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

## **CERTAIN LEGAL MATTERS**

### **Absence of 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 Purchaser 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. For more information on the District's insurance coverages, see APPENDIX A under the heading "GENERAL DISTRICT INFORMATION – Risk Management; Insurance; JPAs."

### **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 LLP, San Mateo, California as Bond Counsel and Disclosure Counsel to the District, and Fieldman Rolapp & Associates, 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. The District could also be targeted by cyber fraudsters, posing as legitimate vendors or other parties for the purposes of defrauding the District and realizing financial gain.

The District has not had a material cyber breach to its systems at any time in the preceding five year period. The District has undertaken certain steps to minimize its cyber risks, including

having a dedicated IT Department and adhering to and subscribing to all security protocols recommended by Google for Google platforms. The District also has an insurance policy providing certain coverage for losses resulting from a cyber breach. The District continues to evaluate additional ways to decrease cyber risks and obtain additional coverage against such events.

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 MSRB (an “**Annual Report**”) not later than nine months after the end of the District’s fiscal year (which currently would be March 31), commencing by March 31, 2027 with the report for the 2025-26 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the MSRB. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in “APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Purchaser of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the “**Rule**”).

The District has entered into continuing disclosure undertakings under the Rule in connection with bonds previously issued by the District. In the previous five years, the District has not had specific instances of material non-compliance.

In order to assist in future timely compliance with its disclosure undertakings for its outstanding obligations and the Bonds, the District has contracted with Fieldman, Rolapp & Associates, Inc. doing business as Applied Best Practices, Irvine, California, to serve as dissemination agent for the Bonds and the outstanding obligations of the District.

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

## VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to the sufficiency of the anticipated amount of proceeds of the Bonds and other funds available to pay, when due, the principal and interest requirements of the Refunded Bonds, respectively. See "THE REFINANCING PLAN."

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

## RATING

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

## COMPETITIVE SALE OF BONDS

The Bonds were sold following a competitive bidding process and were awarded to the purchaser identified in the following paragraph, whose proposal represented the lowest true interest cost for the Bonds as determined in accordance with the Official Notice of Sale. The following is the purchase prices for the Bonds:

**Purchase Price for the Bonds.** \_\_\_\_\_, the successful purchaser (the "**Purchaser**"), has agreed to purchase the Bonds at a price of \$\_\_\_\_\_, which is equal to the initial principal amount of the Bonds of \$\_\_\_\_\_ plus a net original issue premium of \$\_\_\_\_\_, less a Purchaser's discount of \$\_\_\_\_\_.

The Purchaser intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Purchaser may offer and sell to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering price may be changed from time to time by the Purchaser.

## **ADDITIONAL INFORMATION**

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

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

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

*[Remainder of page intentionally left blank]*



## **EXECUTION**

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

### **ROSEMEAD SCHOOL DISTRICT**

By: \_\_\_\_\_  
Superintendent

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## APPENDIX A

### GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

*The information in this and other sections concerning the Rosemead School District's (the "District") 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 and interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof by the District. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.*

### GENERAL DISTRICT INFORMATION

#### General Information

The District was formed in 1859. The District currently encompasses an area of approximately 3.13 square miles in Los Angeles County (the "**County**"). The District serves pre-kindergarten through eighth grade students living in portions of the cities of Rosemead, El Monte, San Gabriel and Temple City, and is currently operating four elementary schools and one middle school. Enrollment is approximately 2,251 students in fiscal year 2025-26. Students graduating from the District generally attend Rosemead High School, which is part of the El Monte Union High School District. For demographic information regarding the City of Rosemead and the County, see Appendix C hereto.

#### Administration

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

Name	Office	Term Expires
Nancy Armenta	President	December 2026
Ronald Esquivel	Clerk	December 2028
Diane Benitez	Trustee	December 2026
Veronica Peña	Trustee	December 2028
John Quintanilla	Trustee	December 2026

**Administration.** The day-to-day operations are managed by a Board-appointed Superintendent. Currently, Dr. Philip D'Agostino serves as the District Superintendent. Dr. Maria C. Rios serves as the Assistant Superintendent of Administrative Services. Mr. Joshua Behnke serve as the Director of Fiscal Services.

## Recent Enrollment and Average Daily Attendance

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

### ANNUAL ENROLLMENT AND ADA Fiscal Years 2019-20 through 2025-26 Rosemead School District

School Year	Enrollment	% Change	ADA*	% Change
2019-20‡	2,394	--%	2,332	--%
2020-21	2,333	(2.6)	2,332	0.0
2021-22	2,293	(1.7)	2,177	(6.6)
2022-23	2,334	1.8	2,211	1.6
2023-24	2,299	(1.5)	2,230	0.9
2024-25	2,322	1.0	2,225	(0.2)
2025-26†	2,292	(1.3)	2,225	0.0

\* Represents funded ADA not actual ADA.

‡The COVID-19 pandemic commenced in approximately March 2020.

†First interim.

Source: California Department of Education; Rosemead School District.

ADA is typically 92-95% of student enrollment. The District has recently hired a demographer to assist it with its enrollment projections and future facilities and staffing planning.

## Employee Relations

In fiscal year 2025-26 the District is budgeted for 123 full time equivalent (“**FTE**”) certificated employees, 212 FTE classified employees and 22 management/Supervisor/Confidential FTE employees. District certificated and classified employees are represented by employee bargaining units as follows:

### ROSEMEAD SCHOOL DISTRICT Summary of Labor Organizations

<u>Labor Organization</u>	<u>Contract Expiration</u>
Rosemead Teachers Association	June 30, 2025*
California School Employees Association	June 30, 2025*

\*Parties perform pursuant to expired terms pending settlement.

Source: Rosemead School District.

The parties are currently negotiating contract renewals including compensation details for fiscal year 2025-26.

## Risk Management; Insurance; JPAs

The District participates in one joint venture under joint power agreements (“**JPAs**”): MERGE Risk Management (“**MERGE**”). MERGE arranges for and provides self-insurance for the workers' compensation insurance claims and property and liability insurance for its member

school districts. The District pays an annual premium which serves as a pool for payment of claims.

The JPA is governed by a board consisting of a representative from each member district. The governing board of the JPA controls the operations of the JPA independent of any influence by the District beyond the District's representation on the governing board.

The JPA is independently accountable for its fiscal matters and is governed by a board consisting of representatives from each member District. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. 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.

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## 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 in an amount sufficient for the payment thereof.*

### Education Funding Generally

School districts in California (the “**State**”) 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, school districts in the state 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 school districts in the State of the same type. Funding of a 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 entitlements were deemed a “Basic Aid District” and received full funding from local property tax revenues, and were entitled to keep those tax revenues which exceeded their revenue limit funding entitlement. A district which was not a Basic Aid District was known as a “Revenue Limit District.”

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 2025-26 are set forth in the following table.

**Fiscal Year 2025-26 Base Grant Funding\* Under LCFF  
by Grade Span**

<b>Entitlement Factor</b>	<b>TK/K-3</b>	<b>4-6</b>	<b>7-8</b>	<b>9-12</b>
A. 2024-25 Base Grant per ADA	\$10,025	\$10,177	\$10,478	\$12,144
B. 2025-26 COLA for LCFF (A x 2.30%)	\$231	\$234	\$241	\$279
C. 2025-26 Base Grant per ADA before Grade Span Adjustments (A+B)	\$10,256	\$10,411	\$10,719	\$12,423
D. Grade Span Adjustments (TK-3: C x 10.4%; 9-12: C x 2.6%)	\$1,067	n/a	n/a	\$323
E. 2025-26 Base Grant/Adjusted Base Grant per ADA (C + D)	\$11,323	\$10,411	\$10,719	\$12,746

\*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 \$5,545 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 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.

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

### **District Accounting Practices**

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

District accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. 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, 2025 Audited Financial Statements were prepared by Moss, Levy & Hartzheim LLP, Culver City, California and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the District, 3907 Rosemead Blvd., Rosemead, California 91770. 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. This District may impose a charge for copying, mailing and handling.

*[Remainder of page intentionally left blank]*

**General Fund Revenues, Expenditures and Changes in Fund Balance.** The District's general fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following table shows the audited income and expense statements for the District for fiscal years 2020-21 through 2024-25.

**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Fiscal Years 2020-21 through 2024-25 (Audited)**

	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24	Audited 2024-25
<b>Revenues</b>					
LCFF sources:					
State apportionments	\$13,319,956	\$13,546,924	\$21,830,291	\$21,965,876	\$1,733,992
Education Protection Act	6,518,926	8,065,021	1,831,199	3,352,349	7,536,241
Local Sources	5,477,065	5,437,422	6,289,705	6,458,808	22,366,911
Federal	4,414,793	4,910,328	5,079,047	5,739,207	2,007,729
Other state	4,232,546	6,291,191	12,327,894	8,910,511	8,281,861
Other local	2,132,689	2,080,786	2,327,110	4,012,170	3,972,038
Total revenues	36,095,975	40,331,672	49,685,246	50,438,921	45,898,772
<b>Expenditures</b>					
Certificated salaries	13,324,608	14,970,645	16,050,107	18,939,607	18,044,835
Classified salaries	4,254,400	4,863,643	5,409,477	6,183,891	6,604,217
Employee benefits	7,715,906	8,560,097	9,655,466	10,553,613	10,900,522
Books and supplies	2,538,968	2,378,256	3,316,225	2,200,685	2,558,540
Contracted services and other operating expenditures	3,898,304	5,945,175	6,846,159	8,752,345	9,771,806
Capital outlay	5,742	19,814	56,896	986,629	498,744
Other outgo	709,699	708,826	246,095	588,634	683,800
Debt service:					
Principal	--	32,959	67,545	69,773	72,075
Interest	--	5,545	9,464	7,236	4,934
Total Expenditures	32,447,627	37,484,960	41,657,434	48,282,413	49,139,473
Excess of Revenues Over/(Under) Expenditures	3,648,348	2,846,712	8,027,812	2,156,508	(3,240,701)
<b>Other Financing Sources (Uses)</b>					
Proceeds from lease	--	354,947	--	--	--
Transfers in	--	--	--	--	--
Transfers out	(556,991)	(949,340)	--	--	(418,390)
Total Other Financing Sources (Uses)	(556,991)	(594,393)	--	--	(418,390)
Increase(Decrease) in fund balances	3,091,357	2,252,319	--	--	(3,659,091)
Beginning Fund Balance, July 1	10,554,402	13,677,111	15,856,144	23,883,956	25,985,248
Restatements	31,352	(73,286)	--	(55,216)	--
Fund balances, July 1, restated	10,585,754	13,603,825	--	23,828,740	--
Ending Fund Balance, June 30	\$13,677,111	\$15,856,144	\$23,883,956	\$25,985,248	\$22,326,157

Source: Rosemead School District.

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

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

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 fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the 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 the two subsequent fiscal years.

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

**District's Budget Approval/Disapproval and Certification History.** The District's most recent budget was approved by the County Superintendent, and each of the District's interim reports in the previous five fiscal years have been certified as positive. Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 3907 Rosemead Blvd., Rosemead, California 91770.

**General Fund for Fiscal Year 2025-26 (Adopted Budget and First Interim Projections).** The following table shows a summary of the general fund for fiscal year 2025-26 (adopted budget and first interim projections).

**GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE<sup>(1)</sup>**  
**Fiscal Year 2025-26 (Adopted Budget and First Interim Projections)**  
**Rosemead School District**

	Adopted Budget 2025-26	First Interim 2025-26
<b><u>Revenues</u></b>		
LCFF Sources	\$32,385,856	\$31,987,572
Federal revenues	1,650,108	1,569,378
Other state revenues	8,039,882	8,038,845
Other local revenues	2,722,880	4,160,438
Total Revenues	44,798,726	45,756,233
<b><u>Expenditures</u></b>		
Certificated Salaries	18,369,521	17,855,971
Classified Salaries	7,107,510	7,107,510
Employee Benefits	11,727,317	11,606,655
Books and Supplies	3,235,541	3,591,354
Services and Other Operating Expenditures	10,595,423	10,920,409
Capital Outlay	257,125	418,980
Other Outgo (excl. transfers of Ind. Costs)	535,796	535,796
Other Outgo-Transfers of Indirect Costs	(283,376)	(283,376)
Total Expenditures	51,544,857	51,753,299
Excess of Revenues Over/(Under) Expenditures(2)	(6,746,131)	(5,997,066)
<b><u>Other Financing Sources (Uses)</u></b>		
Interfund Transfers In	--	--
Interfund Transfers Out	205,901	205,901
Other Sources/Uses	--	--
Total Other Financing Sources (Uses)	(205,901)	(205,901)
Net Change in Fund Balance <sup>(2)</sup>	(6,952,032)	(6,202,967)
Fund Balance, July 1	20,151,001	20,151,001
Fund Balance, June 30*	\$13,198,969	\$13,948,034

(1) Budget documents do not account for reserves held outside of the general fund, which reserves are included in the audited financial statements for the District's general fund summarized in the preceding table.

(2) Deficit spending attributed generally to planned spending down of one-time funds.

\*Totals may not foot due to rounding.

Source: Rosemead School District.

**District Reserves.** The District's ending fund balance is the accumulation of surpluses from prior years. State law requires a minimum unrestricted reserve for school districts, ranging from 1% to 5% of total expenditures, depending on the school district's ADA. A school district with ADA between 1,001-30,000 ADA, including the District, is required to maintain at least a 3% reserve. The District currently maintains, and expects to continue to maintain, an unrestricted

reserve which meets the State's minimum requirements. In addition, the Board has an informal reserve target of 10% above the State required minimum.

Under State law (Education Code Section 42127.01), there are certain restrictions on the amount of reserves that can be maintained by school districts under certain circumstances. This reserve cap requirement does not apply to small school districts (ADA of fewer than 2,501 students) or school districts funded as Basic Aid school districts. When applicable, the reserve cap requires that a school district's adopted or revised budget shall not contain a combined assigned or unassigned ending general fund balance of more than 10% of those funds. The applicability of the reserve cap is based on the balance in the State's Public School System Stabilization Account and is triggered in a fiscal year when the balance is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserve cap.

The reserve cap was triggered in fiscal years 2022-23 and 2023-24 but was not triggered for fiscal year 2024-25 and has not been triggered in fiscal year 2025-26.

### **Attendance - LCFF Funding**

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

#### **AVERAGE DAILY ATTENDANCE AND FUNDING TRENDS Rosemead School District Fiscal Years 2020-21 through 2025-26**

<b>Fiscal Year</b>	<b>ADA</b>	<b>Total LCFF Funding</b>
2020-21	2,332	\$25,315,947
2021-22	2,177	27,049,367
2022-23	2,211	29,951,195
2023-24	2,230	31,777,033
2024-25	2,225	31,637,144
2025-26 <sup>(1)</sup>	2,225	31,987,572

(1) First interim.

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

Unduplicated Pupil Count. The District has a Target Student unduplicated count of approximately 70%. Because this percentage is over 55%, the District qualifies for both supplemental funding and concentration funding under LCFF. It is unknown if the federal government's recent enforcement of immigration policies might have an impact on enrollment and attendance, and District funding under LCFF.

## Revenue Sources

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

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

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

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

**Federal Revenues.** The federal government currently provides funding for several District programs, including special education programs, programs under Every Student Succeeds, the Individuals with Disabilities Education Act, and specialized programs such as Drug Free Schools. The District cannot predict if there will be suspensions, modifications, or eliminations to these funding sources.

In January 2025, the federal government announced possible cuts to federal funding for educational agencies. President Trump has also signed an executive order aimed at terminating the United States Department of Education. In a move which some pundits claim effectively terminates the United States Department of Education, the Supreme Court granted the Trump administration's request to temporarily pause an order by a lower federal judge that would have required the Department of Education to reinstate nearly 1,400 employees who were fired by President Trump's executive order. Furthermore, on July 1, 2025, President Trump announced that it would withhold \$6.2 billion in grants already allocated to school districts to support English learners, \$811 million of which was allocated for schools in the State. However, subsequently in late July 2025, the federal administration announced it was releasing roughly \$1.3 billion in grant money for schools, of which approximately \$158 million was for schools in the State. The District continues to monitor the situation. Other than what is described in the foregoing sentences, 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 finances or operations as a result of a 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."

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

### **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 Purchaser.*

**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 most recent five years are summarized in the following table:

**STRS EMPLOYER CONTRIBUTION RATES**  
**Effective Dates of July 1, 2022 through July 1, 2025**

<b>Effective Date</b>	<b>Employer Contribution Rate</b>
July 1, 2022	19.10%
July 1, 2023	19.10
July 1, 2024	19.10
July 1, 2025	19.10

*Source: STRS.*

The State also continues to contribute to STRS, and its contribution rate in fiscal year 2025-26 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**  
**Rosemead School District**  
**Fiscal Years 2021-22 through 2025-26**

<b>Fiscal Year</b>	<b>Amount*</b>
2021-22	\$2,072,416
2022-23	2,450,317
2023-24	2,878,283
2024-25	3,478,862
2025-26 <sup>(1)</sup>	4,886,832

\*Increases attributed to increase in contribution rates and modified accounting reporting requirements, which include reporting the District's proportionate share of the plan's net pension liability and recognizing on-behalf STRS contributions in governmental funds.

(1) First interim.

*Source: Rosemead Unified School District.*

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately \$88.7 billion, based on a market value of assets basis, as of June 30, 2024, 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 2021-22 through 2025-26<sup>(1)</sup>**

<b>Fiscal Year</b>	<b>Employer Contribution Rate<sup>(1)</sup></b>
2021-22	22.910%
2022-23	25.370
2023-24	26.680
2024-25	27.050
2025-26	26.810

(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**  
**Rosemead School District**  
**Fiscal Years 2021-22 through 2025-26**

<b>Fiscal Year</b>	<b>Amount</b>
2021-22	\$1,093,409
2022-23	1,287,542
2023-24	1,480,643
2024-25	1,899,567
2025-26 <sup>(1)</sup>	1,860,285

(1) First interim.  
Source: Rosemead Unified School District.

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately \$40.8 billion, based on a market value of assets, as of June 30, 2024, 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. PEPRAs 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. PEPRAs 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 PEPRAs 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.*** Additional information regarding the District's retirement programs is available in Note 14 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, [www.calstrs.com](http://www.calstrs.com) and [www.calpers.ca.gov](http://www.calpers.ca.gov), respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Purchaser for accuracy or completeness.*

## **Other Post-Employment Retirement Benefits**

***Plan Description.*** The District's post-employment benefit plan (the "**Plan**") is a single-employer defined benefit healthcare plan administered by the District. The District provides medical (health) benefits to certain retirees who meet the following eligibility requirements: must be between the ages of 55 and 65; must have been employed in a full-time capacity for a minimum of ten years; must inform the Board of Education in writing of his/her intention to retire under STRS or PERS. The District pays a portion of the cost for eligible retirees. All active employees

who retire directly from the District and meet the eligibility criteria may participate. Coverage under the Plan terminates at the age of 65.

At June 30, 2025, the date of the latest actuarial valuation, the plan has 18 retirees receiving benefits and 280 active plan members for a total of 298 plan members.

**Contribution Information.** The contribution requirements of plan members and the District are established under a funding policy approved by the District's Board and may be amended by the District from time to time.

See "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2024-25 - Note 10 - Other Postemployment Benefits."

**Actuarial Assumptions and Other Inputs.** The District's total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: the entry age normal cost, level percent of pay method was used, aggregate payroll increases 2.75%, discount rate 4.81% as of June 30, 2025 and 4.21 as of June 30, 2024, inflation 2.75%, and an annual healthcare cost trend rate of 5.50% initially reduced by decrements to and ultimate 4.50% therefore. Mortality rates were based on the expectation that future experience under the plan will be materially consistent with the assumptions utilized in the CalSTRS and CalPERS valuations. CalSTRS mortality rates are the 2021 experience study and the CalPERS mortality rates are from the 2020 experience study.

**Changes in OPEB Liability of the District.** The changes in OPEB liability of the District as of June 30, 2025, is shown in the following table:

CHANGES IN TOTAL OPEB LIABILITY Rosemead School District	
	Total OPEB Liability
Balance at June 30, 2024	\$8,088,630
Service Cost	345,208
Interest	352,643
Changes of assumptions	(218,356)
Benefit payments	(353,783)
Net changes	125,712
Balance at June 30, 2025	\$8,214,342

Source: Rosemead School District.

**OPEB Expense.** For the year ended June 30, 2025, the District recognized an OPEB expense of \$547,496.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 10 of Appendix B to the Official Statement.

## Existing Debt Obligations

In addition to the District's ongoing obligations with respect to retirement plans and OPEB described above, the District has outstanding general obligation bond indebtedness, as well as certificates of participation payable from the general fund, as summarized below.

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

**ROSEMEAD SCHOOL DISTRICT**  
**Summary of Outstanding General Obligation Bonds**

Issue Date	Name of General Obligation Bond Issue	Original Principal Amount	Outstanding as of January 1, 2026
07/24/2012	2012 Refunding G.O. Bonds*	\$5,425,000	\$4,040,000
08/07/2014	2014 Refunding G.O. Bonds*	6,240,000	3,790,000
06/22/2016	2016 Refunding G.O. Bonds	12,800,000	9,115,000
12/14/2017	Election of 2008, Series C	1,800,000	1,800,000
12/14/2017	Election of 2014, Series A	7,200,000	7,115,000
10/09/2019	2019 A GO Refunding	11,660,000	8,435,000
10/09/2019	2019 B GO Refunding	6,715,000	6,715,000
09/22/2021	Election of 2014, Series B	9,125,000	7,395,000
		<b>TOTAL:</b>	<b>\$48,405,000</b>

\*Some or all maturities expected to be refinanced with the proceeds of the Bonds described in this Official Statement.

See the front portion of this Official Statement under the heading “THE REFINANCING PLAN” with respect to bonds listed on the foregoing table that are expected to be refinanced, in whole or in part, with the proceeds of the Bonds described herein.

**Leases.** The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreement was executed on December 27, 2021 to lease 12 copy machines and requires 60 monthly payments of \$6,417. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.25%, which is contract stated rate. As a result of the lease, the District has recorded a right to use leased asset with a net book value of \$106,485 at June 30, 2025.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, are as follows:

**Rosemead School District**  
**Schedule of Lease Payments**

Year Ending June 30	Principal	Interest	Total
2026	\$74,452	\$2,557	\$77,009
2027	38,143	362	38,505
Total	\$112,595	\$2,919	\$115,514

Source: Rosemead School District.

**Compensated Absences.** Total unpaid employee compensated absences as of June 30, 2025, amounted to \$1,934,015. The District recognizes a liability for compensated absences in accordance with GASB Statement No. 101, Compensated Absences, which was implemented in the current fiscal year. For more information regarding the District's implementation of GASB Statement No. 101, see section H.7 of Note 1 of Appendix B to the Official Statement.

### **Investment of District Funds**

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

### **Effect of State Budget on Revenues**

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

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding. 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 Purchaser 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 the State are dependent on revenues from the State for a large portion of their operating budgets. The primary source of funding for school districts are revenues under the LCFF, which are a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION - Education Funding Generally" above). State funds typically make up the majority of a district's LCFF allocation, although Basic Aid school districts derive most of their revenues from local property taxes. School districts also receive substantial funding from the State for various categorical programs.

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

### The Budget Process

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

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

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

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

## Available Public Resources

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

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

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

## The 2025-26 State Budget

**Overview of 2025-26 State Budget.** On June 27, 2025, the Governor signed the fiscal year 2025-26 State Budget (the “**2025-26 State Budget**”). Despite continued uncertainty driven by recent federal policy changes, including broad-based tariffs that have slowed economic growth, the 2025-26 State Budget outlines a balanced fiscal plan while maintaining significant reserves.

The 2025-26 State Budget reflects a decrease of \$11.0 billion in General Fund revenues from 2024-25 (\$215.7 billion in 2025-26 compared to \$226.7 billion in 2024-25) primarily due to projected decreases in corporation and personal income tax collections. The 2025-26 State Budget reflects a decrease in General Fund expenditures of \$5.2 billion from 2024-25 (\$228,366 billion in 2025-26 compared to \$233.5 billion in 2024-25) primarily reflecting broad spending decreases for all major spending categories with the exception of expenditures for health and human services, which sees a significant funding increase driven by the expansion of Medi-Cal.

Regarding the State’s reserves and fund balances, the 2025-26 State Budget continues the drawing down of the State’s Budget Stabilization account that began in fiscal year 2024-25 with a withdrawal of \$7.1 billion and completes the drawdown of the Public School System Stabilization Account with a withdrawal of the remaining \$0.4 billion.

The 2025-26 State Budget projects an \$11.8 billion General Fund shortfall after accounting for reserves drawdowns, driven by rising costs due to growth in Medi-Cal and other core State programs. The 2025-26 State Budget addresses the shortfall primarily through spending reductions and structural reforms, while maintaining support for key programs. The specific solutions used to close the budget gap include the following:

- *Medi-Cal Enrollment Freeze* - \$77.9 million reduction in fiscal year 2025-26, increasing to \$3.3 billion by fiscal year 2028-29.

- *Medi-Cal Premium Collection For Certain Adults* – Initial cost of \$30 million in fiscal year 2026-27, shifting to \$675 million in savings in fiscal year 2028-29 due to collection of Medi-Cal premiums from undocumented adults.
- *Medi-Cal Asset Limit Implementation* – \$61.3 million in fiscal year 2025-26, rising to \$827.4 million by fiscal year 2028-29.
- *Programmatic Reductions* – Reductions in rural health clinics, specialty drug coverage, and pharmacy rebates totaling over \$3.5 billion by fiscal year 2028-29.
- *Ongoing Reductions* – \$221.7 million annually beginning in fiscal year 2026-27 for Quality Incentive Payment Program changes.

The 2025-26 State Budget raises an estimated \$7.8 billion in additional resources, including \$1.3 billion from Medi-Cal rate increase in fiscal year 2025-26, \$4.4 billion in loans from the Medical Providers Interim Payment Fund, \$1.5 billion in loans from additional special funds and interfund borrowing, and a \$7.1 billion withdrawal from the Budget Stabilization Account, as authorized by the prior fiscal year.

Additional balancing measures comprise \$1.2 billion in funding shifts primarily related to the costs of CalFIRE operations moving from the General Fund to the Greenhouse Reduction Fund for Forestry and Fire Protection. The 2025-26 State Budget also makes two future commitments (subject to appropriation) totaling \$457.1 million in fiscal year 2027-28, growing to \$163.2 million in fiscal year 2028-29, for California Food Assistance Program expansion and \$338.9 million in fiscal year 2027-28, growing to \$522.1 million in fiscal year 2028-29, for payment to the State's foster care tiered rate structure.

The 2025-26 State Budget projects total resources available in fiscal year 2024-25 of approximately \$268.7 billion, including revenues and transfers of approximately \$226.7 billion and a prior year balance of approximately \$42.0 billion, and total expenditures in fiscal year 2024-25 of approximately \$233.6 billion. The 2025-26 State Budget projects total resources available for fiscal year 2025-26 of approximately \$250.9 billion, inclusive of revenues and transfers of approximately \$215.7 billion and a prior year balance of approximately \$35.1 billion. The 2025-26 State Budget projects total expenditures in fiscal year 2025-26 of approximately \$228.4 billion, inclusive of non-Proposition 98 expenditures of approximately \$147.6 billion and Proposition 98 expenditures of approximately \$80.7 billion. The 2025-26 State Budget projects total reserve balances of \$15.7 billion at the end of fiscal year 2025-26. This includes \$11.2 billion in the State Rainy Day Fund, \$4.5 billion in the State's SFEU, and \$0 in the Proposition 98 Rainy Day Fund. The 2025-26 State Budget includes total funding of \$137.6 billion for all K-12 education programs, including \$80.5 billion from the State's general fund and \$57.1 billion from other funds. The 2025-26 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 2025-26 State Budget include:

Proposition 98 Minimum Guarantee. The 2025-26 State Budget reflects updated estimates of general fund revenues, which result in adjustments to the Proposition 98 minimum guarantee. The revised minimum guarantee for TK-14 schools is estimated at \$98.5 billion for 2023-24, \$119.9 billion for 2024-25, and \$114.6 billion for 2025-26,



an increase of approximately \$3.9 billion over the three-year period relative to the 2023-24 State Budget. Because the minimum guarantee for 2024-25 will not be finalized until the fiscal year is certified in calendar year 2026, the 2025-26 State Budget proactively appropriates the 2024-25 minimum guarantee at \$118 billion, establishing a \$1.9 billion “settle up” to avoid over-appropriation. The 2025-26 State Budget expresses intent to apply any realized settle-up funds toward reducing ongoing TK-14 deferrals and safeguarding core program funding for school districts and community colleges, including funding for growth and cost-of-living adjustments.

The minimum guarantee remains in a Test 2 for 2023-24, though suspended at \$98.5 billion, and shifts to a Test 1 in both 2024-25 and 2025-26. In Test 1 years, the guarantee equals approximately 40 percent of general fund revenues, in addition to local property tax revenues. Under Proposition 98, this calculation is not adjusted for enrollment, which results in increased per-pupil funding. The guarantee is “rebenched” to reflect both the continued implementation of universal TK and property tax backfills resulting from the January 2025 wildfires in Los Angeles County. As a result, the applicable Test 1 percentage increases from 39.2 percent to 39.6 percent of general fund revenues.

Proposition 98 Rainy Day Fund. The 2025-26 State Budget maintains the full withdrawal of the \$8.4 billion balance in the Proposition 98 Rainy Day Fund in fiscal year 2023-24. The May Revision to the 2024-25 State Budget Proposal, released on May 10, 2024, included a mandatory deposit of \$540 million into the Rainy Day Fund. However, revised capital gains revenue projections reduce that deposit to \$455 million in fiscal year 2024-25. A year-over-year decrease in the Proposition 98 minimum guarantee triggers a mandatory withdrawal of \$455 million in fiscal year 2025-26, fully exhausting the remaining fund balance.

Proposition 98 Funding Split. In prior years, 10.93 percent of the general fund amounts rebenched into the Proposition 98 minimum guarantee for transitional kindergarten expansion were allocated to the community colleges budget, consistent with the statutory Proposition 98 funding split. Over the three-year budget window, this resulted in \$492.4 million being directed to community colleges, leaving TK-12 schools without an equivalent amount to support transitional kindergarten expansion. Beginning in fiscal year 2025-26, the 2025-26 State Budget shifts the full amount of transitional kindergarten expansion funding (\$232.9 million) to the TK-12 portion of the Proposition 98 budget.

Local Control Funding Formula. The 2025-26 State Budget includes a 2.3 percent cost-of-living adjustment to LCFF. Combined with population growth adjustments, this results in an additional \$2.1 billion in discretionary funding for local educational agencies (“LEAs”) relative to the 2024-25 State Budget. To fully fund LCFF costs in fiscal year 2025-26, the 2025-26 State Budget withdraws approximately \$405.3 million from the Proposition 98 Rainy Day Fund.

Deferrals. The 2025-26 State Budget fully repays \$246.6 million in TK-12 education deferrals from fiscal year 2024-25. However, in order to maintain principal apportionment levels in 2025-26, the 2025-26 State Budget defers \$1.9 billion in LCFF funding from June 2026 to July 2026.

Universal Transitional Kindergarten. To support full implementation of universal transitional kindergarten by September 1, 2025, the 2025-26 State Budget provides \$2.1

billion in ongoing Proposition 98 general fund resources, inclusive of all prior years' investments. An additional \$1.2 billion in ongoing Proposition 98 general fund resources is included to reduce the average student-to-adult ratio from 12:1 to 10:1.

Before School, After School, and Summer School. To increase access to the Expanded Learning Opportunities Program, the 2025-26 State Budget provides \$515.1 million in ongoing funds, broadening eligibility from LEAs with a 75 percent unduplicated pupil rate to those with a 55 percent rate. Additionally, \$10.4 million is provided to increase the minimum grant per LEA from \$50,000 to \$100,000.

Literacy Instruction. The 2025-26 State Budget allocates \$480 million to enhance literacy instruction aligned with the English Language Arts/English Language Development Framework for all students.

Teacher Professional Development and Preparation. To support teachers and strengthen the educator pipeline, the 2025-26 State Budget provides \$300 million in one-time Proposition 98 general fund resources for a Student Teacher Stipend Program, which will offer grants to teacher candidates completing student teaching between 2026-27 and 2028-29. An additional \$70 million of one-time Proposition 98 general fund resources supports teacher residency programs, and \$30 million in one-time Proposition 98 general fund resources extends the National Board Certification Incentive Program to encourage placement of certified teachers in high-poverty schools.

Student Support and Professional Development Discretionary Block Grant. The 2025-26 State Budget provides \$1.7 billion in one-time Proposition 98 general fund resources for the Student Support and Professional Development Discretionary Block Grant to assist LEAs with rising costs and advancing statewide priorities.

State Preschool Program. To enhance early childhood education, the 2025-26 State Budget includes approximately \$19.3 million of Proposition 98 general fund resources and \$10.2 million in non-Proposition 98 general fund resources for the California State Preschool Program. It further authorizes the Department of Education to expand State Preschool Program provider contracts for three-year-olds by 10 percent, implement prospective pay, and automate contract payments.

Other Significant Budget Adjustments. The 2025-26 State Budget includes \$378.6 million in one-time Proposition 98 general fund resources for learning recovery initiatives through 2027-28, \$150 million for career technical education and pathways programs pending legislation, and \$145 to improve school meal infrastructure. An additional \$10 million is allocated for school food service workforce requirement and \$5 million for a study of ultra-processed foods offered in State school meals.

Further allocations include \$30 million over three years for Special Olympics programs in Northern and Southern California; \$30 million for the Mathematics Professional Learning Partnership; \$21.9 million in ongoing funding for the SUN Bucks Program, which provides summer nutrition support; and \$20 million to implement the Children and Youth Behavioral Health Initiative's all-payer fee schedule.

The 2025-26 State Budget also provides approximately \$10 million for a pilot program, administered by the California Collaborative of Educational Excellence, to support middle and high school redesign and peer learning. Another \$10 million to the California

Department of Education supports the development of a screener to identify multilingual learners in transitional kindergarten and authorizes the State Superintendent of Public Instruction to adopt a screening instrument for children ages 3-4 enrolled in transitional kindergarten classrooms. Finally, \$7.5 million is available through the 2026-27 fiscal year to offset potential LCFF apportionment reductions caused by the recent exemption of transitional kindergarten students from the English language proficiency assessment.

For the full text of the 2025-26 State Budget, see the California Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov) or [www.ebudget.ca.gov](http://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 Purchaser for accuracy or completeness.*

**LAO Analysis of the 2025-26 State Budget.** The LAO, a nonpartisan State office which provides fiscal and policy information and advice to the State legislature, released its report on the 2025-26 State Budget entitled “The 2025-26 Budget: Overview of the Spending Plan” on October 16, 2025 (the “**2025-26 State Budget Analysis**”). In the 2025-26 State Budget Analysis, the LAO assesses the budget shortfall that was addressed in the 2025-26 State Budget and analyzes the major proposals for K-14 education.

The LAO notes that the State faced a budget shortfall for the third year in a row requiring the State to adopt more ongoing solutions. The estimated budget shortfall was \$15.0 billion, which was smaller compared to deficits of \$55.0 billion in fiscal year 2024-25 and \$27.0 billion in fiscal year 2023-24. The LAO notes that part of the reason the State continued to face a budget problem is that the underlying costs of State services continue to outpace the State’s revenue collections. In particular, despite higher revenues in major taxes, about \$4 billion of the budget problem results from new, discretionary General Fund spending in the budget package, as well as some budget actions adopted in a special session. The measures approved in the special session provided funding for (1) response and recovery costs related to the January 2025 Southern California wildfires and (2) activities to address federal government actions impacting the State.

The LAO notes that the 2025-26 State Budget uses various maneuvers to address the budget shortfall, including reserve withdrawals, spending reductions, revenue increases, and borrowing (for example, loaning money from other funds to the General Fund). However, the LAO indicates that the 2025-26 State Budget primarily relies on borrowing to close the gap, which accounts for \$10.0 billion and approximately two-thirds of the total solutions. This borrowing increases the total outstanding budgetary borrowing from \$12.0 billion to \$22.0 billion. The LAO notes that this borrowing is similar to the measures used during the Great Recession of 2008. After borrowing, spending-related solutions, including both spending reductions and fund shifts, total \$5.0 billion and represent nearly all of the remaining one-third of the total solutions. Revenue-related solutions, totaling about \$300.0 million, represent the small remainder. The LAO notes that while the State is also making a \$7.1 billion withdrawal from the State Rainy Day Fund (also known as the Budget Stabilization Account) in fiscal year 2025-26, this withdrawal was not reflected in the 2025-26 State Budget Analysis because it was authorized last year in the 2024-25 State Budget.

The LAO notes that while the 2025-26 State Budget partially addresses the State’s multi-year deficits, it expects budget deficits to persist. Based on the State’s June 2025 projections and assumptions, annual operating deficits are projected to range from roughly \$15 billion to \$25 billion throughout the outlook period (i.e., 2026-27 through 2028-29), which would need to be

addressed by the Legislature. The LAO notes, however, that these multi-year estimates are subject to considerable uncertainty and should be interpreted cautiously.

In summarizing the overall condition of the General Fund budget, the condition of the school and community college budget and State appropriations limits, as estimated by the administration, the LAO notes the following: (1) the State's reserves total nearly \$16 billion at the end of fiscal year 2025-26, with the state reserve for schools and community colleges fully withdrawn by the end of fiscal year 2025-26; (2) the State expects revenues from major tax sources to grow 10.0% from fiscal year 2023-24 to fiscal year 2024-25, however the 2025-26 State Budget also projects revenues from said tax sources to decrease by 15.0% from fiscal year 2024-25 to fiscal year 2025-26; and (3) federal funding is expected to remain flat between 2024-25 and 2025-26 but the 2025-26 State Budget projections do not include any potential effects of House Resolution 1: One Big Beautiful Bill Act, which was signed by President Trump on July 4, 2025.

The LAO indicates that the 2025-26 State Budget reduces spending in fiscal year 2025-26 by deferring \$2.3 billion in payments to fiscal year 2026-27, of which \$1.9 billion pertains to schools. The State will implement this school funding deferral by shifting a portion of the June 2026 payment to July 2026. School districts and charter schools that can demonstrate the delay would make them unable to meet their financial obligations are exempt from the deferral. The remaining \$408.0 million in deferrals pertain to community colleges, moving payments from May and June 2026 to July 2026. The purpose of these deferrals is to free up funding for additional one-time and ongoing spending that would otherwise exceed the available Proposition 98 funding in fiscal year 2025-26.

The foregoing is only a summary of certain provisions of the 2025-26 State Budget Analysis. For the full text, see the LAO website at [www.lao.ca.gov](http://www.lao.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 Purchaser 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 2025-26 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 Purchaser 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 Purchaser assume any responsibility for the accuracy of the budget information set forth or referred to in this Official Statement or incorporated herein.

## The 2026-27 State Budget Proposal

The Governor sent the fiscal year 2026-27 budget proposal to the legislature on January 9, 2026 (the “**2026-27 State Budget Proposal**”). While the 2026-27 State Budget Proposal presents a balanced budget, with a discretionary reserve of \$4.5 billion, it projects a deficit of roughly \$22 billion in the 2027-28 fiscal year and budget shortfalls in the two years following. A stronger-than-anticipated performance of the 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 \$4.5 billion than was assumed in the 2025 Budget Act for the three-year budget window of fiscal years 2024-25 through 2026-27. However, the proposal warns that the revenue increase is largely attributable to a small number of technology companies and cannot be sustained indefinitely at high levels. It also warned of federal policy changes, including House of Representatives 1 of 2025 which is projected to result in costs of \$1.4 billion to the General Fund in fiscal year 2026-27, and unpredictable future federal policies that might negatively impact tariffs, immigration, inflation, investments, the labor market and overall demand.

The 2026-27 State Budget Proposal provides for \$248.3 billion in general fund spending and nearly \$23 billion in combined reserves—including nearly \$14.4 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 and \$4.1 billion in the Public School System Stabilization Account. Although the proposal is noted as balanced, it anticipates shortfalls in subsequent fiscal years that are driven by expenditures exceeding revenues, promising additional decisions at the May Revision to maintain a balanced budget in the coming years. 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 unpredictable federal policies.

Certain budgeted programs and adjustments for K-12 education set forth in the 2026-27 State Budget Proposal include Proposition 98 funding for K-14 schools set at \$125.5 billion for 2026-27 (although some funding is subject to settle-up), and a LCFF cost-of-living adjustment of 2.41%. It also proposes the repayment of around \$1.9 billion in previous funding deferrals to improve school cash flow. The proposal also reflects continued support of implementation of universal transitional kindergarten, and ongoing support for before-, during-, and after-school programs through the Expanded Learning Opportunity Program. The 2026-27 State Budget Proposal would also allocate an additional \$215 million to build on previous investments in the Literacy Coaches and Reading Specialists Grant Program.

Significantly, the 2026-27 State Budget Proposal proposes to implement recommendations of the Legislature’s 2002 report, California’s Master Plan for Education, by moving oversight of California’s education system and ultimate responsibility for state oversight and support of local educational agencies for the Department of Education to the executive branch, greatly enhancing the role of the State Superintendent.

The May Revise will be released by the Governor around May 14, 2026 and will update the budget proposal with revised economic and revenue outlooks and other estimates and assumptions, and may contain modifications to or removal of policy initiatives included in the 2026-27 State Budget Proposal.

For the full text of the 2026-27 State Budget Proposal, see the California Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov) or [www.ebudget.ca.gov](http://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 2026-27 State Budget Proposal**

The LAO released its overview and initial analysis of the 2026-27 State Budget Proposal on January 10, 2026 (the “**2026-27 LAO Analysis**”). The 2026-27 LAO Analysis concludes that, under the Governor’s assumptions, the budget is roughly balanced, reflecting an estimated deficit of approximately \$3 billion. This represents an improvement compared with the LAO’s November Fiscal Outlook, which projected a budget deficit of approximately \$18 billion. The LAO attributes the State’s substantially higher revenue forecast to two factors: first, the proposal does not incorporate the significant risk of a stock market downturn; and second, higher projected revenues are partially offset by increased baseline spending, including constitutionally required expenditures and growing program costs.

The LAO identifies stock market volatility as the most significant risk to the State’s revenue outlook. The analysis notes that several historically reliable indicators suggest equity markets are overheated and at elevated risk of a downturn within the next year or two. A market correction would materially reduce personal income tax revenues and could quickly worsen the State’s fiscal position. The LAO cautions that failing to incorporate this downside risk into the 2026-27 State Budget Proposal places the State on precarious fiscal footing, particularly given that the proposal is only marginally balanced even under optimistic revenue assumptions.

Both the 2026-27 LAO Analysis and the 2026-27 State Budget Proposal project persistent multiyear operating deficits. The LAO estimates that annual deficits could range between approximately \$20 billion to \$35 billion, while the 2026-27 State Budget Proposal projects operating deficits of roughly \$27 billion in 2027-28, \$22 billion in 2028-29, and \$23 billion in 2029-30. The LAO characterizes these deficits as structural rather than cyclical, noting that deficits have persisted despite economic growth and rising revenue in addition to the State already addressing a cumulative \$125 billion in budget problems over recent years. The LAO expresses concern that the State’s fiscal challenges have become chronic and raise significant questions concerning long-term fiscal sustainability.

The LAO acknowledges that the State recognizes the risks associated with revenue volatility and multiyear structural deficits, but concludes that the 2026-27 State Budget Proposal does not materially address either challenge. The LAO recommends that the Legislature explicitly recognize downside revenue risk by adopting the LAO’s more conservative revenue forecast, maintain required reserve deposits, set aside funds associated with delayed settle-up obligations into reserves rather than using them for ongoing commitments, and adopt a multiyear plan to reduce at least half of projected structural deficits through ongoing budget solutions. The LAO cautions that delaying corrective action until further budget cycles increases fiscal risk and limits the Legislature’s ability to implement deliberate and sustainable solutions.

*The 2026-27 LAO Analysis is available on the LAO website at [www.lao.ca.gov](http://www.lao.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.*

## **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.

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## 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, voters in the State 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 counties in the State, 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 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, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act 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 *per capita* personal income in the State. 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 per capita personal income in the State (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, voters of the State 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, including the District, 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 2020A 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. The 2023 Refunding Bonds will refund bonds issued pursuant to the provisions of Proposition 39.

### **Proposition 1A and Proposition 22**

On November 2, 2004, voters of the State 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 the State. 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, 39 and 2 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.



**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR FISCAL YEAR 2024-25**

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**ROSEMEAD SCHOOL DISTRICT  
OF LOS ANGELES COUNTY  
ROSEMEAD, CALIFORNIA**

AUDIT REPORT  
June 30, 2025

# ROSEMEAD SCHOOL DISTRICT

## TABLE OF CONTENTS

June 30, 2025

---

### FINANCIAL SECTION

Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	19
Statement of Activities .....	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	23
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	24
Notes to Basic Financial Statements .....	25

### REQUIRED SUPPLEMENTARY INFORMATION SECTION

Budgetary Comparison Schedule – General Fund .....	59
Schedules of Proportionate Share of Net Pension Liability .....	60
Schedules of Pension Contributions .....	62
Schedule of Change in Net OPEB Liability and Related Ratios .....	64
Schedule of Proportionate Share of Net OPEB Liability and Related Ratios .....	65
Schedule of OPEB Contributions .....	66

### SUPPLEMENTARY INFORMATION SECTION

Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	69
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds .....	70
Balance Sheet – Nonmajor Debt Service Fund .....	73
Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Debt Service Fund .....	75
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Debt Service Fund .....	76
Combining Balance Sheet – Nonmajor Capital Projects Funds .....	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds .....	79
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Capital Projects Funds .....	80

ROSEMEAD SCHOOL DISTRICT  
TABLE OF CONTENTS  
June 30, 2025

---

SUPPLEMENTARY INFORMATION SECTION (CONTINUED)

Organization .....83

Schedule of Average Daily Attendance .....84

Schedule of Instructional Time .....85

Schedule of Financial Trends and Analysis .....86

Schedule of Expenditures of Federal Awards.....87

Note to the Schedule of Expenditures of Federal Awards .....89

Reconciliation of Annual Financial and Budget Report  
    with Audited Financial Statements .....90

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* .....92

Independent Auditor’s Report on State Compliance .....94

Independent Auditor’s Report on Compliance for Each Major Program and on  
    Internal Control over Compliance Required by the Uniform Guidance .....98

FINDINGS AND RECOMMENDATIONS SECTION

Schedule of Audit Findings and Questioned Costs.....101

Schedule of Prior Fiscal Year Audit Findings and Questioned Costs .....103

## **FINANCIAL SECTION**



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**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Rosemead School District  
Rosemead, 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 the Rosemead School District (District) as of and for the fiscal year ended June 30, 2025, 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 the District, as of June 30, 2025, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2024-2025 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting, prescribed by Title 5, California Code of Regulations, Section 19810*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 18, the budgetary information of the general fund on page 59, the Schedules of Proportionate Share of Net Pension Liability on pages 60 and 61, the Schedules of Pension Contributions on pages 62 and 63, the Schedule of Change in Net OPEB Liability and Related Ratios on page 64, the Schedule of Proportionate Share of Net OPEB Liability on page 65, and the Schedule of OPEB Contributions on page 66, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, are presented for purposes of additional analysis and as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F-Audit Requirements and are not required parts of the basic financial statements.



The supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Moss, Levy & Hartzheim, LLP  
Culver City, California  
January 27, 2026

**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

**Introduction**

The following discussion and analysis provide an overview of the financial position and activities of the District for the fiscal year ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statements No. 34 (Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments) issued June 1999. Certain Comparative information between the current and the prior fiscal year Statements of Net Position and Activities is required to be presented in the MD&A.

In addition to this MD&A, GASB Statement No. 34 also requires the creation and inclusion of Government-Wide Statement of Net Position and Statement of Activities as part of the basic financial statements of the District. These statements use a full accrual basis of accounting, which is more similar to accounting used by private business than to traditional governmental accounting. Users of these statements will find the explanations in the Notes to Financial Statements on Pages 27 to 62 helpful in understanding this reporting format.

**Financial Highlights**

- The District's net position for governmental activities decreased from \$29.4 million to \$29.2 million.
- Governmental activities expenses totaled \$54.3 million, while revenues totaled \$54.2 million.
- Total governmental fund balances decreased by \$3.3 million.
- General Fund reserves decreased by \$3.7 million. General Fund revenues totaled \$45.9 million, and expenditures totaled \$49.1 million.
- Average Daily Attendance (ADA) was 2,225 in fiscal year 2024–25, compared to 2,221 in fiscal year 2023–24, an increase of 4 ADA (0.2%).
- The District invested \$2.4 million in capital assets for facilities, equipment, and technology.

**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

**Organization of this Presentation**

Topics discussed in this Management Discussion and Analysis are as follows:

**History, Mission & Goals**

This includes a brief overview of the history, mission, and current goals of the District.

**Enrollment**

Student enrollment determines both the level of operations and the funding for the District. This section gives a brief look at enrollment trends.

**Fixed Assets and Long-Term Debt**

This section looks at the impact of the District's facilities construction program on both assets and debt. It also looks at funding sources for payments on long-term debt.

**Governmental Funds**

This section provides a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

**District-wide Statements**

The Statement of Net Position and Statement of Activities more closely resemble statements used by the private sector. This section includes a brief discussion of these reports.

**General Fund**

This section looks at budget revisions made to the General Fund during the fiscal year and concerns regarding balancing income and expenditures.

**Future Expectations**

This presentation concludes with a brief discussion of factors that might economically impact the District.

**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

**History, Mission, and goals**

- The Rosemead School District was originally founded in 1859 and has been in operation over 164 years. The District serves pre-kindergarten through eighth grade students living in portions of the cities of El Monte, San Gabriel, Temple City, and Rosemead in the County of Los Angeles. The District maintains four elementary schools and one middle school and serves over twenty-two hundred students.

The mission of the Rosemead School District is to provide a challenging academic environment that embraces the diversity of the entire community and encourages lifelong learning.

In partnership with parents and community, our mission is to nurture the whole child, including their intellectual, physical, emotional, and ethical growth, in order to prepare them to be responsible, healthy, productive, contributing members of our global society.

The Rosemead School District promotes leadership at all levels of our educational community. It strives for all members to **LEAD**:

**L** - Lifelong learners and leaders of our global society

**E** - Ethical behavior and mindsets

**A** - Academic rigor, support, and achievement

**D** - Diversity is valued and respected

Our current Board priorities focus on the following areas:

**Student Achievement**

The Board will support proven strategies and initiatives to increase achievement for all students.

- Advocate for and support high standards and expectations for ALL students
- Provide for specialized needs of identified groups of students
- Implement programs that support the whole child; academic, socio-emotional, and physical needs of students
- Support environments that promote student learning, leadership, personal responsibility, self-respect, respect for others, appreciation for diversity, and healthy lifestyles
- Advocate for and support high standards and expectations for educator effectiveness

**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

**Communication**

The Board will support increased communication, transparency, and community engagement.

- Engage, educate, and inform stakeholders
- Strengthen parent involvement and community participation
- Promote and market strengths of the Rosemead School District
- Increase the visibility of the Board and District leadership in schools & departments, parent organizations, education foundation, community groups, and advocacy at state/local levels

**Financial Sustainability**

The Board will ensure fiscal responsibility and stability.

- Provide greatest value with available resources to attract, educate, and retain students
- Focus on economic sustainability
- Provide and maintain safe and orderly facilities that promote learning and meet the needs of present and future students
- Seek out and support efforts to provide resources to improve facilities and technology
- Employ technology in ways that enhance learning and improve the efficiency of teaching and non-instructional operations

**Strategic Planning**

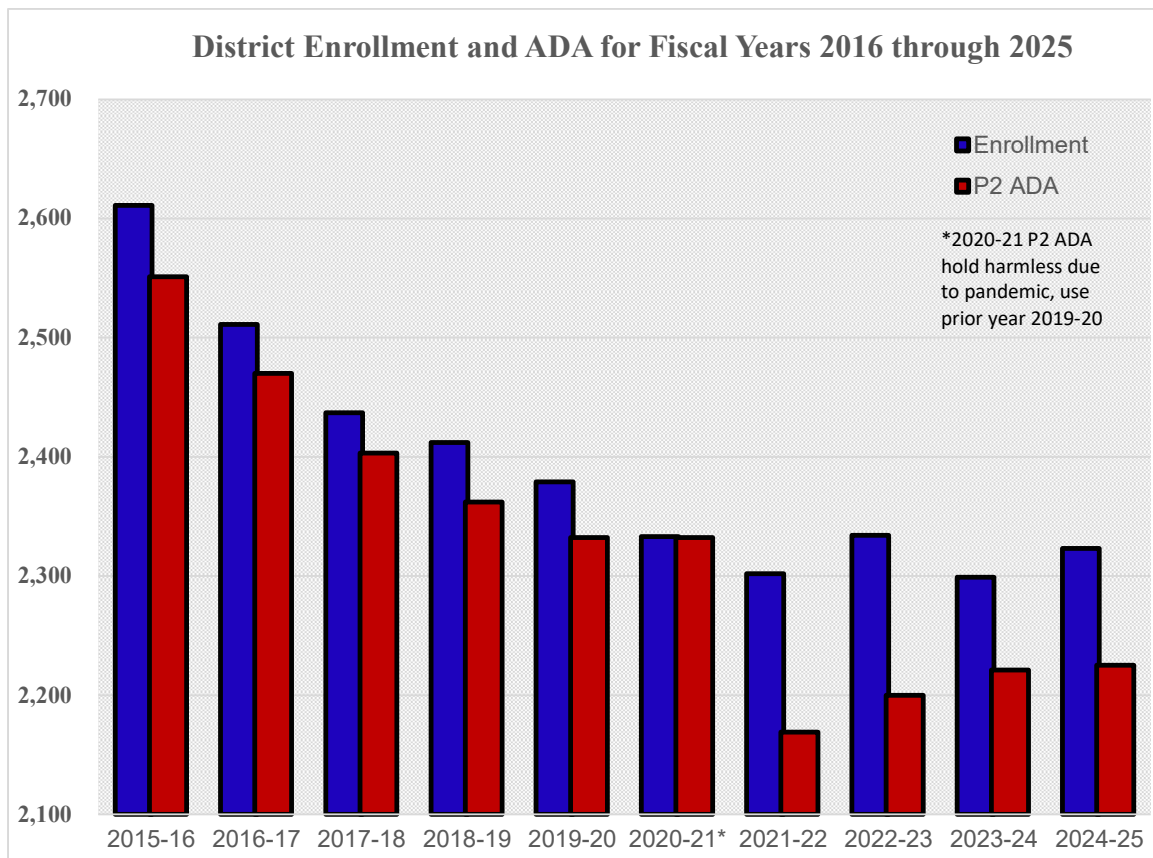
The Board will pursue long-term objectives to achieve the District's vision.

- Develop a long-range strategic plan that provides a framework to continuously improve
- Implement programs and opportunities that promote 21st century learning and future ready students
- Develop a marketing plan to attract and retain students
- Attract and retain quality staff
- Implement systems for employee accountability and growth through the evaluation process
- Develop existing relationships and build new partnerships with strategic partners

**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

**Enrollment**

As a starting point for discussion, as in the previous fiscal year, we will discuss enrollment first, because the number of pupils the District serves is a basis for most revenues that flow into the District. The most consistent measurement of enrollment by school districts in California is the enrollment count in October of each fiscal year. This enrollment is called CBEDS. The count in October is enough after the start of the school year to give districts a consistent number for year-to-year analysis. The following reflects the District enrollment trend for the last ten years.



The District is going through a declining enrollment cycle. This appears to be due to lower birth rates and higher housing prices. The District is monitoring enrollments and adjust staffing to accommodate the lower student population.

District funding is primarily based on Average Daily Attendance (ADA). ADA is the total student attendance divided by the total number of students enrolled. Enrollment for fiscal year 2024-25 was 2,323, up 24 from the prior fiscal year 2,299. ADA for fiscal year 2024-25 was 2,225, up 4 from prior fiscal year 2,221.

**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

**Fixed Assets and Long-Term Debt**

GASB Statement No. 34 also requires the inclusion of fixed assets, related depreciation/amortization, and long-term debt into the basic financial statements. In accomplishing this for fixed assets, the District is using a capitalization threshold of \$5,000. Items with original cost of less than \$5,000 are expensed. Depreciation/amortization is computed on a straight-line basis over the estimated useful life of the asset as follows:

- Buildings and Improvements 25-50 Years
- Furniture and Equipment 10-15 Years
- Vehicles 5-8 Years

The following reflects the comparison of balances in these accounts:

	<b>Balance</b>	<b>Balance</b>
	<b>June 30, 2024</b>	<b>June 30, 2025</b>
Land	\$ 958,706	\$ 958,706
Building and improvements	80,673,443	84,875,999
Machinery, equipment, and vehicles	1,399,424	1,424,698
Construction in progress	2,685,972	846,116
Right to use assets - equipment	354,947	354,947
Totals at historical cost	<u>\$ 86,072,492</u>	<u>\$ 88,460,466</u>
Less accumulated depreciation/amortization		
Buildings and improvements	22,390,404	23,952,331
Machinery, equipment, and vehicles	498,810	585,427
Right to use assets - equipment	177,473	248,462
Total accumulated depreciation/amortization	<u>\$ 23,066,687</u>	<u>\$ 24,786,220</u>
Governmental activities capital assets, net	<u>\$ 63,005,805</u>	<u>\$ 63,674,246</u>

These accounts are being affected and will continue to be affected by the District's ongoing facilities modernization and improvement program.

**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

**Fixed Assets and Long-Term Debt (Continued)**

In 2000, 2008, and 2014, the District's voters authorized a total of \$30,000,000 in each election in general obligation bonds to finance new construction and additions to and modernization of school facilities. During the fiscal year, \$4,202,556 in modernization and improvements were completed. Work still under construction totaled \$846,116 at fiscal year-end and consists mainly of modernization projects throughout the District.

With regard to long-term debt, the following items reflect balances in these accounts at fiscal year-end:

	<u>FY 2024</u>	<u>FY 2025</u>
Compensated Absences	\$ 248,879	\$ 1,934,015
OPEB	8,199,794	8,318,656
2012 Refunding Bonds	4,900,000	4,475,000
2014 Refunding Bonds	4,335,000	4,065,000
2016 Refunding Bonds	10,145,000	9,635,000
2017 2008 Series C	1,800,000	1,800,000
2017 2014 Series A	7,185,000	7,155,000
2019 Refunding Series A	9,695,000	8,895,000
2019 Refunding Series B	6,715,000	6,715,000
2021 2014 Series B	7,895,000	7,420,000
Unamortized Premiums	1,039,707	987,949
Unamortized Discounts	(351,414)	(318,343)
Net Pension Liability	30,501,630	30,021,760
Lease payable	184,670	112,595
Total	<u>\$ 92,493,266</u>	<u>\$ 91,216,632</u>

Sources of payment for long-term debt obligations are as follows.

General Obligation Bonds – Under California law, principal and interest payments for voter approved general obligation bonds are paid by a separate ad valorem tax levy. The County of Los Angeles conducts the levy and makes all interest and principal payments and District officials do not have access to these funds. Tax revenues and related interest and principal payments are reflected in the Bond Interest and Redemption Fund in the Non-Major Debt Services Fund section of the audit report.



**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

**Fixed Assets and Long-Term Debt (Continued)**

OPEB Incentive– The District has a Retiree Health Benefits Fund to pay for the currently recognized liability of its retirees. Payments made in fiscal year 2024-25 total \$353,783. Fund reserves available to cover the remaining future liability are \$2.2 million, which is assigned as postemployment benefit fund balances in General Fund.

Compensated Absences – These are paid as vacation/sick and are used by the fund in which the employee works. This includes the General Fund, Cafeteria Fund, and Child Development Fund.

**Reporting the School District's Major Funds**

**Fund-Based Financial Statements**

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. However, the District establishes many other funds as needed to control and manage money for specific purposes. The major governmental funds of the District are individually presented and consist of the General Fund and County School Facilities Fund. The remaining District funds are grouped together as Other Governmental Funds. These funds are reported individually in the Combining Statements for Non-Major Funds in the supplemental section of this report.

**Governmental Funds**

The two major funds, like most funds of the District, are governmental funds. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at fiscal year-end. 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.

**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

**Report the School District as a Whole**

One of the most important Questions about the District is, “Is the District as a whole better off or worse off financially as a result of the fiscal year’s activities?” The Statement of Net Position and the Statement of Activities, which appear first in the District’s financial statements, report information on the District as a whole and its activities in a way that helps you answer this question. The statements were prepared to include all assets and liabilities using the accrual basis of accounting that is similar to the accounting used by most private sector companies.

This basis of accounting takes into account all of the current fiscal year’s revenues and expenses regardless of when cash is received or paid.

Both statements report the District’s net position and any related changes. The difference between assets and deferred outflows and liabilities and deferred inflows as reported in the Statement of Net Position, is one way to measure the District’s financial health, or financial position. Over time, the increases or decreases in the District’s net position, as reported in the Statement of Activities, are an additional indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District’s operating results. However, the District’s goal is to provide services to our students, not to generate profits, as is the goal for commercial entities. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the District.

**Statement of Net Position**

The District’s net position was \$29,225,997 at June 30, 2025. Of this amount, \$13,571,545 represents the non-depreciated/amortized portion of capital assets, net of related debt to acquire or construct the assets, owned by the District.

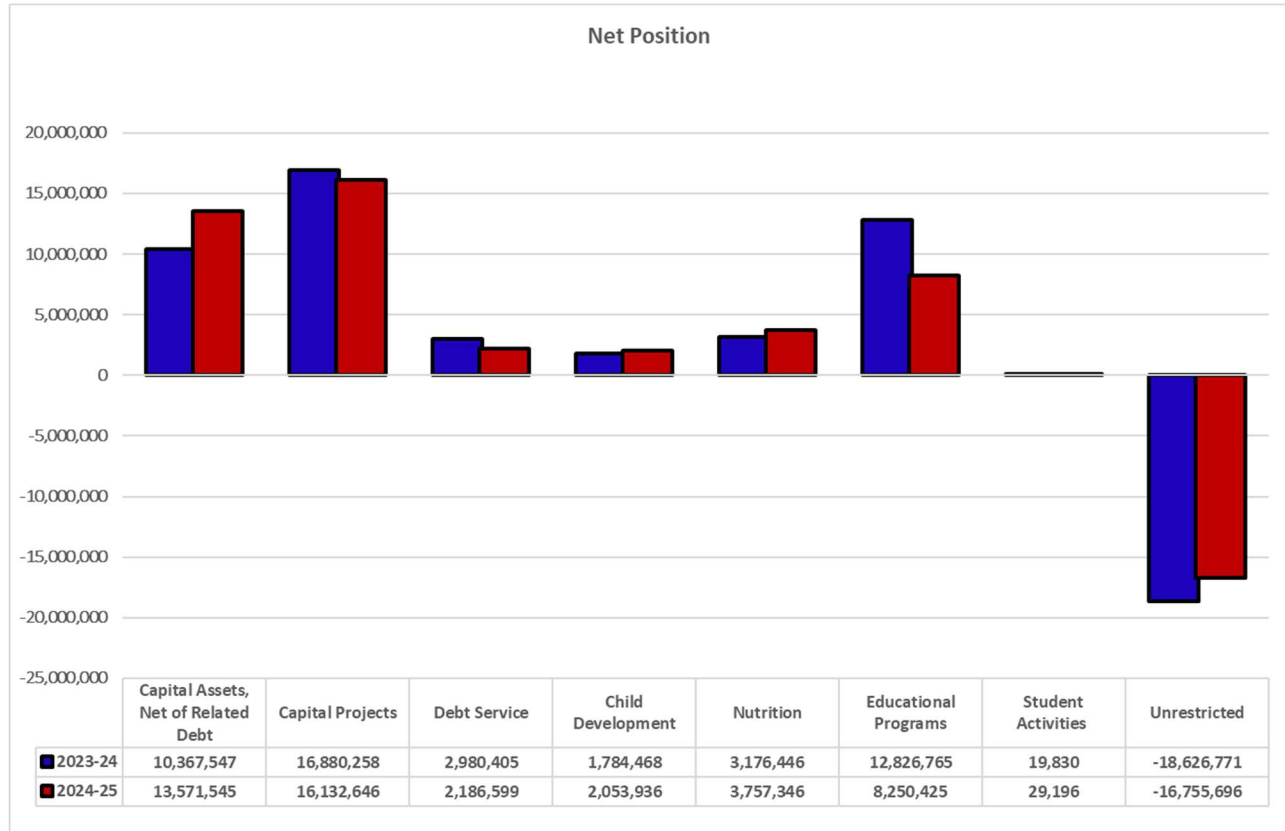
**ROSEMEAD SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2025**

<b>ASSETS</b>	<b>FY 2024</b>	<b>FY 2025</b>
Current Assets	\$ 59,334,249	\$ 59,509,795
Noncurrent Assets:		
Right to use leased asset, Net	177,474	106,485
Land	958,706	958,706
Construction in Progress	2,685,972	846,116
Depreciable Assets, Net	59,183,653	61,762,939
Total Noncurrent Assets	63,005,805	63,674,246
<b>Total Assets</b>	<b>122,340,054</b>	<b>123,184,041</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related	10,571,453	11,888,319
OPEB related	412,324	305,814
Deferred loss on debt refunding	904,705	839,500
Total deferred outflow of resources	11,888,482	13,033,633
<b>LIABILITIES</b>		
Accounts Payable and Other Liabilities	4,887,384	7,900,588
Unearned Revenue	1,611,641	2,065,494
Net pension liability	30,501,630	30,021,760
Other post-employment benefits liability	8,199,794	8,318,656
Current Portion of Long-Term Liabilities	2,861,045	2,783,919
Noncurrent Portion of Long-Term Liabilities	50,930,797	50,092,297
<b>Total Liabilities</b>	<b>98,992,291</b>	<b>101,182,714</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related	4,832,465	4,852,640
OPEB related	994,832	956,323
Total Deferred Inflows of Resources	5,827,297	5,808,963
<b>NET POSITION</b>		
Net investment in capital assets	10,367,547	13,571,545
Restricted for:		
Capital projects	16,880,258	16,132,646
Debt service	2,980,405	2,186,599
Child development	1,784,468	2,053,936
Nutrition	3,176,446	3,757,346
Education programs	12,826,765	8,250,425
Student activities	19,830	29,196
Unrestricted	(18,626,771)	(16,755,696)
<b>Total Net Position</b>	<b>\$ 29,408,948</b>	<b>\$ 29,225,997</b>

# ROSEMEAD SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2025

## Comparison of Net Position

The following graph indicates the change in net position between the 2023-24 and the 2024-25 fiscal years:



**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

**Statement of Activities**

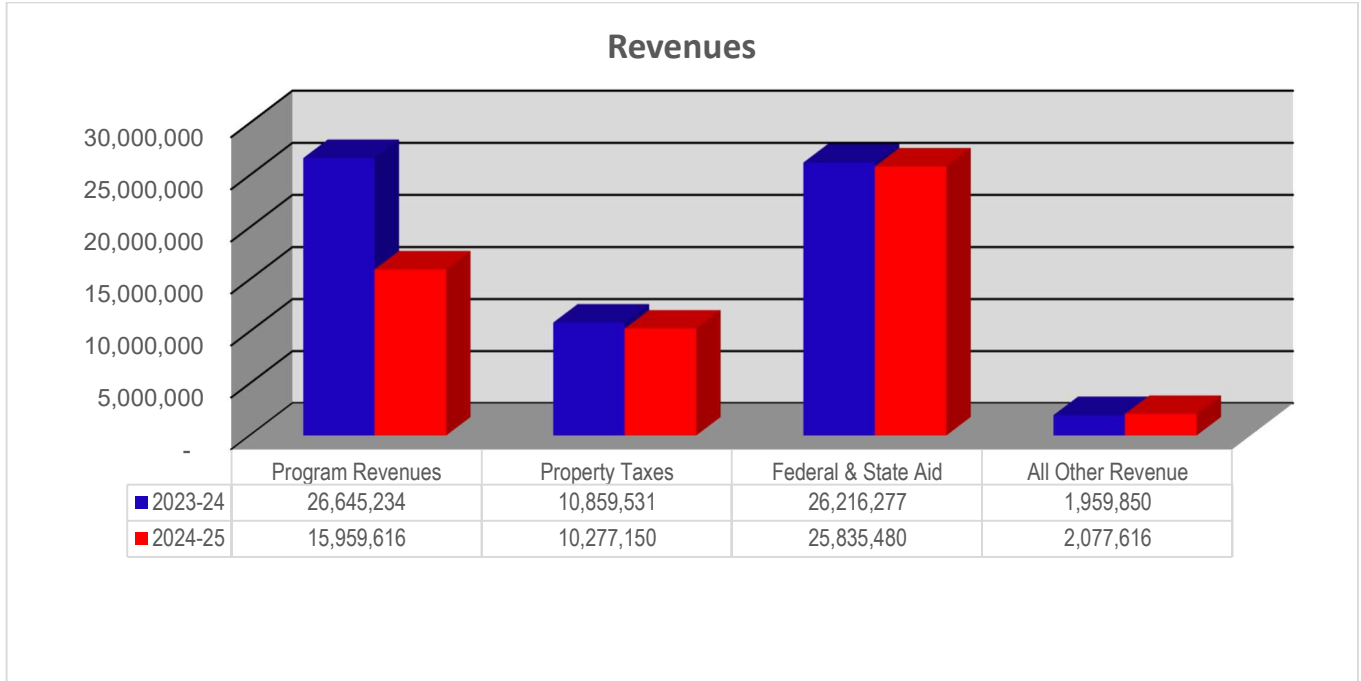
Direct instructional expenses were 57% of all expenses, while general administrative expenses were 9% of total expenses. The District's net position decreased in the fiscal year by \$182,951.

<b>REVENUES</b>	<b><u>June 30, 2024</u></b>	<b><u>June 30, 2025</u></b>
Program Revenue:		
Charges for Services	\$ 813,579	\$ 936,410
Operating Grants and Contributions	20,585,588	14,429,957
Capital Grants and Contributions	5,246,067	593,249
General Revenues:		
Property Taxes Levied for:		
General Purposes	6,458,807	6,772,910
Debt Service	4,133,750	3,230,011
Other Specific Purposes	266,974	274,229
Federal and State Aid not Restricted to Specific Programs	26,216,277	25,835,480
Interest and Investment Earnings	1,849,272	1,883,344
Interagency revenues	57,268	-
Miscellaneous	53,310	194,272
<b>Total Revenues</b>	<b><u>65,680,892</u></b>	<b><u>54,149,862</u></b>
<b>EXPENDITURES</b>		
Instruction	32,245,415	31,012,702
Instruction-Related Services	4,807,700	3,575,691
Pupil Services	5,792,404	6,859,858
General Administration	4,079,014	5,030,338
Plant Services	3,880,741	3,652,951
Other Outgo	722,541	799,238
Ancillary Services	34,219	39,821
Debt Service-Interest	1,744,211	1,642,681
Amortization (unallocated)	106,483	70,989
Depreciation (unallocated)	1,583,395	1,648,544
<b>Total Expenditures</b>	<b><u>54,996,123</u></b>	<b><u>54,332,813</u></b>
Increase (Decrease) in Net Position	10,684,769	(182,951)
Net Position, Beginning of Fiscal Year	18,779,395	29,408,948
Restatements	(55,216)	-
Net Position, Beginning of Fiscal Year, Restated	18,724,179	29,408,948
Net Position, End of Fiscal Year	<b><u>\$ 29,408,948</u></b>	<b><u>\$ 29,225,997</u></b>

**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

**Comparison of Revenues**

The following graph indicates the changes in revenues between the 2023-24 fiscal year and the 2024-25 fiscal year:



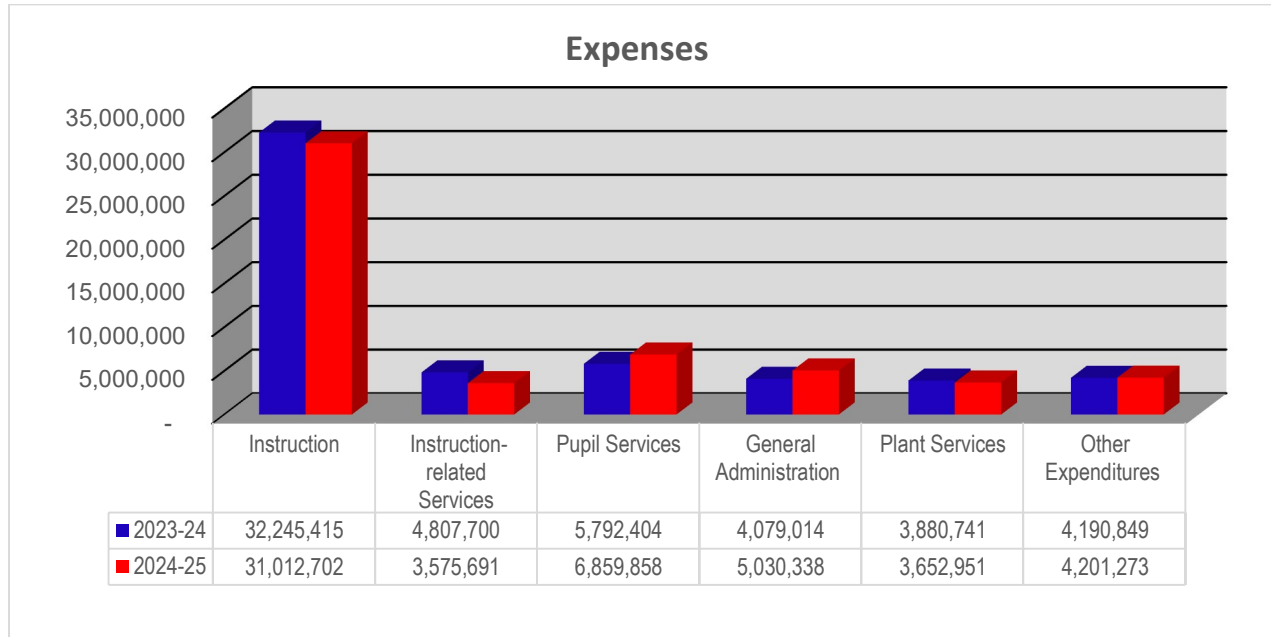
Total revenues decreased compared to the prior fiscal year, primarily due to a reduction in program revenues as one-time funding sources were expended. Program revenues decreased by approximately \$10.0 million, from \$26.6 million in fiscal year 2023–24 to \$16.0 million in fiscal year 2024–25. The decline is largely attributable to the continued spend-down of one-time federal and state stimulus and grant funds that were available in the prior fiscal year. As these temporary funding sources expire, program revenues are returning to more typical operating levels. Property tax revenues decreased slightly by approximately \$0.6 million, from \$10.9 million to \$10.3 million. The decrease primarily reflects normal fluctuations in assessed valuation growth and debt service levy adjustments. Federal and state aid decreased modestly by approximately \$0.4 million, from \$26.2 million to \$25.8 million. The change is mainly due to reduced categorical and one-time program funding, partially offset by ongoing state program support. All other revenues increased by approximately \$0.1 million, from \$2.0 million to \$2.1 million. This increase is primarily due to minor increases in miscellaneous local revenues.

Overall, the District’s revenue trend reflects the transition away from temporary pandemic-related funding toward a more sustainable base of ongoing state and local revenues.

**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

**Comparison of Expenses**

The following graph indicates the changes in expenses between the 2023-24 fiscal year and the 2024-25 fiscal year:



Total expenses decreased slightly compared to the prior year as the District adjusted spending following the expiration of one-time funding. Instructional and instruction-related services declined due to staffing and program adjustments as temporary funding sources were reduced. Pupil services increased as the District expanded student support programs. General administration costs rose primarily due to higher personnel and operational expenses. Plant services and other expenditures remained relatively stable year over year.

Overall, expenditures reflect the District's transition from one-time program spending toward ongoing operational needs while maintaining support for student services.

**General Fund**

**Budget**

During the fiscal year, the Board of Education authorized revisions to the original budget to accommodate known changes. A budgetary comparison schedule is presented in this report:

**ROSEMEAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2025**

Variances between the original budget and final budget amounts were created by:

- ◆ Budget revisions to the adopted budget required after approval of the State budget.
- ◆ Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- ◆ Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

**Expectation in Future Years**

he District is currently in a sound financial position; however, it may face fiscal challenges in the future. Like many elementary school districts in Los Angeles County, the District continues to experience fluctuations in enrollment. Because state funding is largely based on average daily attendance (ADA), declining enrollment results in reduced operating revenues while fixed costs cannot always be adjusted immediately. Conversely, enrollment growth may generate additional revenues to support programs and initiatives.

The depletion of one-time federal and state stimulus funding also affects the District's long-term budget outlook, as ongoing operational costs must now be supported without these temporary resources.

The District's fiscal team continuously monitors state economic conditions, revenue projections, legislative budget proposals, and regional enrollment trends. This information is used to make informed decisions aimed at maintaining long-term financial stability. The District's established budgeting processes and internal controls will continue to support its ability to address future financial challenges.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at (626) 312-2900.



**ROSEMEAD SCHOOL DISTRICT****STATEMENT OF NET POSITION**

June 30, 2025

	Governmental Activities
<b>Assets</b>	
Cash in County Treasury	\$ 56,270,536
Cash on hand and in banks	33,696
Revolving cash fund	24,000
Accounts receivable	2,991,184
Inventory, at cost	188,830
Other assets	1,549
Right to use leased asset	354,947
Less accumulated amortization	(248,462)
Land	958,706
Construction in progress	846,116
Buildings and improvements	84,875,999
Machinery, equipment, and vehicles	1,424,698
Less accumulated depreciation	(24,537,758)
Total Assets	123,184,041
<b>Deferred Outflows of Resources</b>	
Pension related	11,888,319
OPEB related	305,814
Deferred loss on debt refunding	839,500
Total deferred outflows of resources	13,033,633
<b>Liabilities</b>	
Accounts payable	7,198,103
Interest payable	702,485
Unearned revenue	2,065,494
Long-term liabilities:	
Net pension liability	30,021,760
Other post-employment benefits liability	8,318,656
Other long-term liabilities, due within one year	2,783,919
Other long-term liabilities, due in more than one year	50,092,297
Total Liabilities	101,182,714
<b>Deferred Inflows of Resources</b>	
Pension related	4,852,640
OPEB related	956,323
Total deferred inflows of resources	5,808,963
<b>Net Position</b>	
Net investment in capital assets	13,571,545
Restricted for:	
Capital projects	16,132,646
Debt service	2,186,599
Child development	2,053,936
Nutrition	3,757,346
Education programs	8,250,425
Student activities	29,196
Unrestricted	(16,755,696)
Total net position	\$ 29,225,997

See notes to basic financial statements

**ROSEMEAD SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2025

		Program Revenues			Net (Expense)
			Operating	Capital	Revenue and
		Charges for	Grants and	Grants and	Change in
	Expenses	Services	Contributions	Contributions	Net Position
Governmental Activities:					
Instruction	\$ 31,012,702	\$ 352,887	\$ 8,639,375	\$ 593,249	\$ (21,427,191)
Instruction-related services:					
Instructional supervision and administration	1,385,623		777,772		(607,851)
Instructional library, media, and technology	20,241		21,492		1,251
School site administration	2,169,827	324	30,377		(2,139,126)
Pupil services:					
Home-to-school transportation	697,626	69	5,995		(691,562)
Food services	3,418,579	543,833	3,390,127		515,381
All other pupil services	2,743,653	22,633	589,569		(2,131,451)
General administration:					
Centralized data processing	165,137				(165,137)
All other general administration	4,865,201	16,664	317,639		(4,530,898)
Plant services	3,652,951		378,234		(3,274,717)
Ancillary services	39,821		48,536		8,715
Interest on long-term debt	1,642,681				(1,642,681)
Other outgo	799,238		230,841		(568,397)
Amortization (unallocated)	1,648,544				(1,648,544)
Depreciation (unallocated)	70,989				(70,989)
Total governmental activities	<u>\$ 54,332,813</u>	<u>\$ 936,410</u>	<u>\$ 14,429,957</u>	<u>\$ 593,249</u>	<u>(38,373,197)</u>

General revenues:

Taxes and subventions:	
Taxes levied for general purposes	6,772,910
Taxes levied for debt service	3,230,011
Taxes levied for other specific purposes	274,229
Federal and state aid not restricted to specific purposes	25,835,480
Interest and investment earnings	1,883,344
Miscellaneous	194,272
Total general revenues	<u>38,190,246</u>
Change in net position	(182,951)
Net position, beginning of fiscal year	<u>29,408,948</u>
Net position, end of fiscal year	<u>\$ 29,225,997</u>

See notes to basic financial statements

**ROSEMEAD SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2025**

	General Fund	County School Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash in County Treasury	\$ 28,493,212	\$ 11,764,299	\$ 16,013,025	\$ 56,270,536
Cash on hand and in banks	31,196		2,500	33,696
Revolving cash fund	23,000		1,000	24,000
Accounts receivable	2,138,924	109,386	742,874	2,991,184
Inventory, at cost	153,224		35,606	188,830
Other assets	1,549			1,549
Total assets	<u>\$ 30,841,105</u>	<u>\$ 11,873,685</u>	<u>\$ 16,795,005</u>	<u>\$ 59,509,795</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 6,942,997	\$ -	\$ 255,106	\$ 7,198,103
Unearned revenue	1,571,951		493,543	2,065,494
Total liabilities	<u>8,514,948</u>		<u>748,649</u>	<u>9,263,597</u>
Fund balances:				
Nonspendable				
Revolving cash	23,000		1,000	24,000
Store inventories	153,224		35,606	188,830
Restricted				
Capital projects		11,873,685	4,258,961	16,132,646
Debt service			2,889,084	2,889,084
Child development			2,053,936	2,053,936
Nutrition			3,720,740	3,720,740
Educator effectiveness	105,320			105,320
Expanded learning opportunities (ELO) grant	3,039,331			3,039,331
Lottery	929,951			929,951
Student activities	29,196			29,196
Arts, music, and instructional materials discretionary block grant	639,334			639,334
Arts and music in schools (AMS) - Funding guarantee and accountability act (Prop 28)	541,524			541,524
Child nutrition: kitchen infrastructure upgrade	161,856			161,856
Ongoing and major maintenance	262,290			262,290
Other restricted state	2,417,143			2,417,143
Other restricted local	153,676			153,676
Committed				
Deferred maintenance			818,192	818,192
Assigned				
Postemployment benefits	2,175,156			2,175,156
Capital projects			797,761	797,761
LCAP	10,208,435			10,208,435
Child development			1,085,457	1,085,457
Nutrition			385,619	385,619
Unassigned	1,486,721			1,486,721
Total fund balances	<u>22,326,157</u>	<u>11,873,685</u>	<u>16,046,356</u>	<u>50,246,198</u>
Total liabilities and fund balances	<u>\$ 30,841,105</u>	<u>\$ 11,873,685</u>	<u>\$ 16,795,005</u>	<u>\$ 59,509,795</u>

See notes to basic financial statements

**ROSEMEAD SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2025

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Total fund balances - governmental funds	\$	50,246,198
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In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	88,105,519
Accumulated depreciation		(24,537,758)
Leased assets at historical cost		354,947
Accumulated amortization		(248,462)

Net		63,674,246
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In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.

(702,485)

Deferred losses on refunding, net of accumulated amortization have not been reported in the governmental funds. These are capitalized and amortized over the life of the new debt or old debt whichever is shorter, in the statement of net position.

839,500

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

General obligation (GO) bonds/ notes payable	\$	(50,160,000)
Unamortized premiums - GO bonds/ notes		(987,949)
Unamortized discounts - GO bonds/ notes		318,343
Net pension liability		(30,021,760)
Compensated absences payable		(1,934,015)
OPEB		(8,318,656)
Lease payable		(112,595)

(91,216,632)

In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB 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 and OPEB are reported.

Deferred outflows of resources relating to pensions	\$	11,888,319
Deferred inflows of resources relating to pensions		(4,852,640)
Deferred outflows of resources relating to OPEB		305,814
Deferred inflows of resources relating to OPEB		(956,323)

6,385,170

Total net position, governmental activities	\$	29,225,997
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See notes to basic financial statements

**ROSEMEAD SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2025

	General Fund	County School Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
LCFF sources:				
State apportionments	\$ 1,733,992	\$ -	\$ -	\$ 1,733,992
Education Protection Act	7,536,241			7,536,241
Local sources	22,366,911			22,366,911
Federal	2,007,729		2,215,726	4,223,455
Other state	8,281,861		2,577,766	10,859,627
Other local	3,972,038	593,249	5,323,389	9,888,676
Total revenues	45,898,772	593,249	10,116,881	56,608,902
<b>Expenditures:</b>				
Certificated salaries	18,044,835		117,500	18,162,335
Classified salaries	6,604,217		1,456,531	8,060,748
Employee benefits	10,900,522		753,792	11,654,314
Books and supplies	2,558,540		2,044,855	4,603,395
Contracted services and other operating expenditures	9,771,806		424,081	10,195,887
Capital outlay	498,744		1,670,503	2,169,247
Other outgo	683,800		115,439	799,239
Debt service:				
Principal	72,075		2,510,000	2,582,075
Interest	4,934		1,675,078	1,680,012
Total expenditures	49,139,473		10,767,779	59,907,252
Excess of revenues over (under) expenditures	(3,240,701)	593,249	(650,898)	(3,298,350)
<b>Other Financing Sources (Uses):</b>				
Transfers in			418,390	418,390
Transfers out	(418,390)			(418,390)
Total other financing sources (uses)	(418,390)		418,390	
Net change in fund balances	(3,659,091)	593,249	(232,508)	(3,298,350)
Fund balances, July 1, 2024	25,985,248	11,280,436	16,278,864	53,544,548
Fund balances, June 30, 2025	\$ 22,326,157	\$ 11,873,685	\$ 16,046,356	\$ 50,246,198

See notes to basic financial statements

**ROSEMEAD 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, 2025

Total net change in fund balances - governmental funds	\$	(3,298,350)
Capital outlay is reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital asset additions (\$2,387,974) and depreciation expense (\$1,648,544) for the period is:		739,430
Right to use assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the length of the lease as amortization expenses.		(70,989)
The issuance of leases payable provides current financial resources to governmental funds, while the repayment of the principal of lease payable consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. The amount is the net effect of these differences in the treatment of lease payable and related items.		
Principal payments on lease payable		72,075
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. During the current fiscal year, the repayments of general obligation bonds/notes is:		2,510,000
In the government-wide statements, deferred loss on refunding is amortized over the life of the debt.		(65,205)
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:		6,839
In governmental funds, expenditures for compensated absences are measured by the amounts paid during the period. In the statement of activities, expenditures for compensated absences are measured by the amounts earned. The difference between compensated absences earned and compensated absences paid was:		(1,685,136)
In the statement of activities, expenditures for postemployment benefits are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, amounts earned exceeded benefits used by:		(186,863)
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual-basis pension costs and actual employer contributions was:		1,776,561
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or an other financing use at the time of issuance. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:		
Amortization of premium for the period	\$	51,758
Amortization of discount for the period		(33,071)
Change in net position of governmental activities	\$	<u>18,687</u> <u>(182,951)</u>

See notes to basic financial statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Accounting Policies

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

B. Reporting Entity

The reporting entity is the Rosemead School District (the "District"). The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Education.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB Statement No. 14, *The Financial Reporting Entity*. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Based upon the requirements of GASB Statement No. 14, and as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90, certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the District, including their ongoing financial support the District or its other component units. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
2. The District, or its component units, are entitled to, or have the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the District, or its component units, are entitled to, or have the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed on above, the following potential component unit has been included in the District's reporting entity:

The Rosemead School District Educational Facilities Financing Corporation – The financial activity has been blended in the District's Debt Service Fund and government-wide statements. Individually prepared financial statements are not prepared for the Corporation.

Rosemead Education Foundation – The Rosemead Education Foundation is organized for the specific purpose of providing financial assistance to the District. The Rosemead Education Foundation is not included as a component unit because the resources received and held through the Foundation are not significant to the District.

Various PTAs and PTSAs – Each of these types of organizations at each of the school sites within the District were evaluated using the three criteria listed above. Each entity has been excluded as a component unit because the third criterion was not met in all cases; the economic resources received and held by the PTAs and PTSAs individually are not significant to the District.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. 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 activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. Government-wide statements differ from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

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 meet 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 nonmajor 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.

D. 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. On 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. For the District, "available" means collectible within the current period or within one year after fiscal year end.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting (Continued)**

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 fiscal 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 the governmental fund financial, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

**Pensions:**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Rosemead School District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement Plan (CalSTRS) Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS. 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 as fair value.

**Other Postemployment Benefits (OPEB):**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Expenses/expenditures:**

On the 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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. 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, revenues, and expenditures, 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's accounts are organized into major and nonmajor funds as follows:

Major Governmental Funds:

**The General Fund** is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) did not meet the GASB Statement No. 54 special revenue fund definition. The Special Reserve Fund is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these financial statements.

**The County School Facilities Fund** is used to account separately for state apportionments as provided by Education Code sections 17000-17080..

Nonmajor Governmental Funds:

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains three nonmajor special revenue funds:

1. The Child Development Fund is used to account for resources committed to child development programs maintained by the District.
2. The Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's food service operations.
3. The Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.

**Debt Service Funds** are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. The District maintains two nonmajor debt service fund:

1. The Debt Service Fund is used to account for the escrow accounts held for the repayment of the certificates of participation.
2. The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

**Capital Projects Funds** are used to account for the acquisition and/or construction of governmental fixed assets. The District maintains three nonmajor capital projects funds:

1. The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).
2. The Building Fund is used to account for the acquisition of governmental capital facilities and buildings from the sale of general obligation bonds.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Fund Accounting (Continued)

3. The Special Reserve for Capital Outlay Projects Fund is used to account for the accumulation of general fund moneys for capital outlay purposes.

F. 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 District Superintendent during the fiscal year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund in the financial statements.

Formal budgetary integration was employed as a management control device during the fiscal 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.

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 and Inflows of Resources, Liabilities, and Net Position/Fund Balances

1. Deposits and Investments

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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 federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with the Los Angeles County Treasury was not available.

2. Inventories and Prepaid Items

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and charged as expenditures when used. Reported inventories are equally offset by a fund balance nonspendable, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Assets, Deferred Outflows and Inflows of Resources, Liabilities, and Net Position/Fund Balances (Continued)

2. Inventories and Prepaid Items (Continued)

The District’s central warehouse and cafeteria inventory is valued at cost using First-in-First-out (FIFO).

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period and has chosen to report expenditures when purchased.

3. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities,” the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has three items which qualify for reporting in this category; refer to Note 1 H.9 for deferred loss on refunding. Note 10 and Note 14 for a detailed listing of the deferred outflows of resources the District has recognized in relation to its Pensions and OPEB.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Note 10 and Note 14 for a detailed list of the deferred inflows of revenues the District has recognized in relation to its Pensions and OPEB.

4. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more, and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair 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 capital assets or materially extend the capital asset’s lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using the straight-line basis over the following estimated useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	5-8 years

5. Right to Use Leased Assets

The District has recorded right to use leased assets as a result of implementing GASB Statement No. 87. The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. Assets, Deferred Outflows and Inflows of Resources, Liabilities, and Net Position/Fund Balances (Continued)

6. Unearned Revenue

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

7. Compensated Absences

Employees of the District earn vacation, sick leave, and other leave benefits in accordance with Board policy, bargaining unit agreements, and State law. The District recognizes a liability for compensated absences in accordance with GASB Statement No. 101, Compensated Absences, which was implemented in the current fiscal year.

Under GASB 101, a compensated absences liability is recognized when (1) the leave accumulates, (2) the leave is attributable to services already rendered, and (3) it is more likely than not that the leave will be used for time off or otherwise paid or settled.

The entire compensated absences liability is reported on the government-wide Statement of Net Position. For governmental funds, only the portion of the liability expected to be liquidated with expendable financial resources (typically when qualifying events such as retirements or resignations occur before year-end but are unpaid at year-end) is recognized.

Vacation Leave - Vacation benefits are earned based on years of service and may be carried forward subject to District policy limits. Vacation is payable upon separation of employment. The District recognizes a liability for all vacation leave earned but not yet taken.

Sick Leave - Employees accrue sick leave at the rate of one day per month worked and may accumulate it without limit. Sick leave is available for health-related absences. Historically, the District did not recognize a liability for accumulated sick leave because employees were not paid for unused sick leave upon separation.

Upon implementation of GASB 101, the District evaluated historical usage patterns and determined that employees routinely use accumulated sick leave for compensated time off, and that such usage is more likely than not to occur. Based on this evaluation, the District determined that accumulated sick leave meets the recognition criteria under GASB 101.

Although employees are not paid for unused sick leave upon termination, accumulated sick leave is used to provide paid time off in future periods, resulting in future salary-related payments. Because these future payments represent a consumption of financial resources attributable to services already rendered, the District recognized a liability for sick-leave compensated absences beginning in fiscal year 2024–25. The District determined that it was not practicable to restate beginning net position; therefore, the effect of implementing GASB Statement No. 101, Compensated Absences, was recognized in the current fiscal year.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bonds payable reported net of applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

9. Deferred Loss on Refunding/Amortization of Bond Premium and Discount

The deferred loss on refunding in the government-wide financial statements represents the difference between the cost of the old debt and the cost of the refunding. As the amount is directly related to the debt, the amount is deferred and amortized over the life, shorter of the old or new debt, using the straight-line method.

Bond premium and discount are being amortized on the straight-line method over the life of the bonds on the government-wide statements.

10. Fund Balance

As of June 30, 2025, fund balances of the governmental funds are classified as follows:

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

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

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

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the district's adopted policy, only the governing board or director may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

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

11. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

*Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents net position of the District, not restricted for any project or other purpose.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property Taxes

The County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the County. The levy is based on the assessed values 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 alternate 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 fiscal 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 Control Funding Formula (LCFF) local sources by the District.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those reported.

L. Future Accounting Pronouncements

Statement No. 103	"Financial Reporting Model Improvements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.
Statement No. 104	"Disclosure of Certain Capital Assets"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.
Statement No. 105	"Subsequent Events"	The provisions of this statement are effective for fiscal years beginning after June 15, 2026.

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 2 – CASH AND INVESTMENTS**

The District's cash and investments at June 30, 2025 consisted of the following:

Cash and investments with County Treasury	\$ 56,270,536
Cash on hand and in banks	33,696
Cash in revolving fund	24,000
Total cash and investments	<u>\$ 56,328,232</u>

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash in County Treasury, statement of net position	\$ 56,270,536
Cash on hand and in banks, statement of net position	33,696
Cash in revolving fund, statement of net position	24,000
Total cash and investments	<u>\$ 56,328,232</u>

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool (\$56,270,536 as of June 30, 2025). The fair value of this pool as of that date, as provided by the District, was \$56,270,536. The District is considered to be an involuntary participant in the external pool. Interest is deposited in the participating funds. The County is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand and in banks (\$33,696 as of June 30, 2025) and in the revolving fund (\$24,000) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investment in the local government investment pool administered by the County of Los Angeles. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to 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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.



**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Disclosures Relating to Interest Rate Risk (Continued)

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

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
Los Angeles County Investment Pool	\$ 56,270,536	\$ 56,270,536	\$ -	\$ -	\$ -
Total	<u>\$ 56,270,536</u>	<u>\$ 56,270,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, 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. Presented below is the minimum rating required by the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>			
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
Los Angeles County Investment Pool	\$ 56,270,536	N/A	\$ -	\$ -	\$ -	\$ -	\$ 56,270,536
Total	<u>\$ 56,270,536</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,270,536</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allow financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2025, none of the District's deposits with financial institutions were in excess of federal depository insurance limits.

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Custodial Credit Risk (Continued)

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Los Angeles County Investment Pool).

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the Los Angeles County Investment Pool, however, this external pool is not measured under Level 1, 2, or 3.

**NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

There was no excess of expenditures over appropriations in any individual funds.

**NOTE 4 – ACCOUNTS RECEIVABLE**

Receivables at June 30, 2025, consist of the following:

	General Fund	County School Facilities Fund	Other Governmental Funds	Total
Federal Government:				
Federal programs	\$ 740,915	\$ -	\$ 516,266	\$ 1,257,181
State Government:				
Lottery	158,505	-	-	158,505
Other state	809,082	-	468	809,550
Local Sources:				
Interest	239,148	109,386	124,477	473,011
Miscellaneous	191,274	-	101,663	292,937
<b>Totals</b>	<u>\$ 2,138,924</u>	<u>\$ 109,386</u>	<u>\$ 742,874</u>	<u>\$ 2,991,184</u>

**NOTE 5 – INTERFUND TRANSACTIONS**

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/expenses. 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. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 5 – INTERFUND TRANSACTIONS (Continued)**

Interfund Transfers

For the fiscal year ended June 30, 2025, the District made the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Fund:		
General Fund	\$ -	\$ 418,390
Nonmajor Funds:		
Deferred Maintenance Fund	418,390	
<b>Totals</b>	<u>\$ 418,390</u>	<u>\$ 418,390</u>

**NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the fiscal year ended June 30, 2025 is as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2025</u>
Capital assets, not being depreciated:					
Land	\$ 958,706	\$ -	\$ -	\$ -	\$ 958,706
Construction in progress	2,685,972	2,362,700	-	(4,202,556)	846,116
Total capital assets, not being depreciated	<u>3,644,678</u>	<u>2,362,700</u>	<u>-</u>	<u>(4,202,556)</u>	<u>1,804,822</u>
Capital assets being depreciated/amortized:					
Buildings and improvements	80,673,443	-	-	4,202,556	84,875,999
Machinery, equipment, and vehicles	1,399,424	25,274	-	-	1,424,698
Right to use assets - equipment	354,947	-	-	-	354,947
Total capital assets being depreciated	<u>82,427,814</u>	<u>25,274</u>	<u>-</u>	<u>4,202,556</u>	<u>86,655,644</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(22,390,404)	(1,561,927)	-	-	(23,952,331)
Machinery, equipment, and vehicles	(498,810)	(86,617)	-	-	(585,427)
Right to use assets - equipment	(177,473)	(70,989)	-	-	(248,462)
Total accumulated depreciation/amortization	<u>(23,066,687)</u>	<u>(1,719,533)</u>	<u>-</u>	<u>-</u>	<u>(24,786,220)</u>
Total capital assets, being depreciated/amortized, net	<u>59,361,127</u>	<u>(1,694,259)</u>	<u>-</u>	<u>4,202,556</u>	<u>61,869,424</u>
Total capital assets	<u>\$ 63,005,805</u>	<u>\$ 668,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,674,246</u>

Depreciation/amortization expense was charged to governmental activities as follows

Amortization unallocated	\$ 70,989
Depreciation unallocated	<u>1,648,544</u>
Total depreciation/amortization expense	<u>\$ 1,719,533</u>

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 7 – LONG-TERM LIABILITIES – SCHEDULE OF CHANGES**

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2025, is shown below:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due within One Year
General obligation bonds/ notes:					
Principal balance	\$ 52,670,000	\$ -	\$ (2,510,000)	\$ 50,160,000	\$ 1,755,000
Unamortized premium	1,039,707	-	(51,758)	987,949	51,758
Unamortized discount	(351,414)	-	33,071	(318,343)	(20,716)
Compensated absences	248,879	1,685,136	-	1,934,015	923,425
Lease payable	184,670	-	(72,075)	112,595	74,452
Totals	<u>\$ 53,791,842</u>	<u>\$ 1,685,136</u>	<u>\$ (2,600,762)</u>	<u>\$ 52,876,216</u>	<u>\$ 2,783,919</u>

The outstanding bonded debt of the District at June 30, 2025 is:

Bond/Note Description	Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Balance Outstanding July 1, 2024	Issued Current Year	Redeemed Current Year	Balance Outstanding June 30, 2025
2012 Refunding	07/24/12	2.000-3.625%	08/01/2033	\$ 5,425,000	\$ 4,900,000	\$ -	\$ (425,000)	\$ 4,475,000
2014 Refunding	08/07/14	2.000-5.000%	08/01/2036	6,240,000	4,335,000	-	(270,000)	4,065,000
2016 Refunding	06/22/16	2.000-4.000%	08/01/2039	12,800,000	10,145,000	-	(510,000)	9,635,000
2017 2008 Series C	12/14/17	4.000%	08/01/2047	1,800,000	1,800,000	-	-	1,800,000
2017 2014 Series A	12/14/17	2.000-4.000%	08/01/2047	7,200,000	7,185,000	-	(30,000)	7,155,000
2019 Refunding Series A	09/11/19	1.872-3.125%	08/01/2043	11,660,000	9,695,000	-	(800,000)	8,895,000
2019 Refunding Series B	09/11/19	2.125-3.210%	08/01/2041	6,715,000	6,715,000	-	-	6,715,000
2021 2014 Series B	09/22/21	2.3-8.0%	08/01/2050	9,125,000	7,895,000	-	(475,000)	7,420,000
				<u>\$ 60,965,000</u>	<u>\$ 52,670,000</u>	<u>\$ -</u>	<u>\$ (2,510,000)</u>	<u>\$ 50,160,000</u>

**NOTE 8 – GENERAL OBLIGATION BONDS**

2012 General Obligation Refunding Bonds

On July 24, 2012, the District, pursuant to a resolution adopted by its Board of Education, issued the 2012 General Obligation Refunding Bonds in the amount of \$5,425,000 with stated interest rates ranging from 2.00% to 3.625%. The proceeds from the sale of the bonds were used to advance refund the 2000 General Obligation Bonds, Series B, in the amount of \$5,035,000. As of June 30, 2025, the principal balance outstanding on these bonds was \$4,475,000.

2014 General Obligation Refunding Bonds

On July 9, 2014, the District, pursuant to a resolution adopted by its Board of Education, issued the 2014 General Obligation Refunding Bonds in the amount of \$6,240,000 with stated interest rates ranging from 2.00% to 5.00%. The proceeds from the sale of the bonds were used to advance refund the 2000 General Obligation Bonds, Series C, in the amount of \$6,100,000. As of June 30, 2025, the principal balance outstanding on these bonds was \$4,065,000.

2016 General Obligation Refunding Bonds

On June 22, 2016, the District, pursuant to a resolution adopted by its Board of Education, issued the 2016 General Obligation Refunding Bonds in the amount of \$12,800,000 with stated interest rates ranging from 2.00% to 4.00%. The proceeds from the sale of the bonds were used to advance refund the 2000 General Obligation Bonds Series D and the 2008 General Obligation Bonds Series A, in the amount of \$4,585,000 and \$8,215,000, respectively. As of June 30, 2025, the principal balance outstanding on these bonds was \$9,635,000.

2017 General Obligation Bonds Election 2008 Series C

On December 14, 2017, the District, pursuant to a resolution adopted by its Board of Education, issued the 2017 General Obligation Bonds in the amount of \$1,800,000 with stated interest rates at 4.00%. The proceeds from the sale of the bonds were used to finance District's capital improvements projects. As of June 30, 2025, the principal balance outstanding on these bonds was \$1,800,000.

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 8 – GENERAL OBLIGATION BONDS (Continued)**

2019 General Obligation Refunding Bonds

On October 9, 2019, the District, pursuant to a resolution adopted by its Board of Education, issued the 2019 General Obligation Bonds. Series A, in the amount of \$11,660,000 with stated interest rates from 1.872% to 3.125%. The proceeds from the sale of the bonds were used to advance refund the 2011 General Obligation Bonds Series A and 2013 General Obligation Bonds Election 2008 Series B, in the amount of \$4,970,000 and \$3,882,846, respectively. As of June 30, 2025, the principal balance outstanding on these bonds was \$8,895,000.

On October 9, 2019, the District, pursuant to a resolution adopted by its Board of Education, issued the 2019 General Obligation Bonds. Series B, in the amount of \$6,715,000 with stated interest rates from 2.125% to 3.210%. The proceeds from the sale of the bonds were used to advance refund the 2013 General Obligation Bonds Election 2008, Series B, in the amount of \$3,409,917. As of June 30, 2025, the principal balance outstanding on these bonds was \$6,715,000.

Election 2014

On November 4, 2014, District voters approved general obligation bonds totaling \$30,000,000. Proceeds from the sale of the bonds will be used to finance new construction, renovation, modernization and equipping of school facilities. The 2014 Series A Bonds and the 2014 Series T-2 Bonds are the first two series of bonds under the 2014 Authorization. After 2021 bonds were issued, there is \$12,895,000 of 2014 Authorization remaining.

2017 General Obligation Bonds Election 2014 Series A

On December 14, 2017, the District, pursuant to an amended resolution adopted by its Board of Education, issued the 2017 General Obligation Bonds in the amount of \$7,980,000. The issue consisted of: a) Current Interest Series T-2 Bonds in the amount of \$780,000, and b) Series A Term bonds in the amount of \$7,200,000. Yields to maturity range from 2.00% to 4.00% for the Series A Term bonds and fully mature on August 1, 2047. The proceeds from the sale of the bonds were used to finance new construction, renovation, modernization and equipping of school facilities. As of June 30, 2025, the principal balance outstanding on the 2014 Series A bonds was \$7,155,000.

2021 General Obligation Bonds Election 2014 Series B

On September 22, 2021, the District, pursuant to a resolution adopted by its Board of Education, issued the 2021 General Obligation Bonds in the amount of \$9,125,000 with stated interest rates from 0.20% to 2.55%. The proceeds from the sale of the bonds were used to provide funds for the modernization, upgrading and equipping of public education facilities. As of June 30, 2025, the principal balance outstanding on these bonds was \$7,420,000.

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2025, are as follows:

Election 2008

Fiscal Year Ending June 30,	2017 2008 Series C		
	Principal	Interest	Total
2026	\$ -	\$ 72,000	\$ 72,000
2027	-	72,000	72,000
2028	-	72,000	72,000
2029	-	72,000	72,000
2030	-	72,000	72,000
2031-2035	-	360,000	360,000
2036-2040	-	360,000	360,000
2041-2045	395,000	352,100	747,100
2046-2048	1,405,000	87,500	1,492,500
	<u>\$ 1,800,000</u>	<u>\$ 1,519,600</u>	<u>\$ 3,319,600</u>

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 8 – GENERAL OBLIGATION BONDS (Continued)**

Election 2014

2017 2014 Series A			
Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 40,000	\$ 259,581	\$ 299,581
2027	55,000	257,681	312,681
2028	70,000	255,181	325,181
2029	90,000	251,981	341,981
2030	105,000	248,081	353,081
2031-2035	845,000	1,162,580	2,007,580
2036-2040	1,495,000	970,321	2,465,321
2041-2045	2,430,000	592,763	3,022,763
2046-2048	2,025,000	110,165	2,135,165
	<u>\$ 7,155,000</u>	<u>\$ 4,108,334</u>	<u>\$ 11,263,334</u>

2021 2014 Series B			
Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 25,000	\$ 211,785	\$ 236,785
2027	25,000	209,785	234,785
2028	25,000	207,785	232,785
2029	30,000	205,585	235,585
2030	40,000	202,785	242,785
2031-2035	620,000	939,025	1,559,025
2036-2040	1,130,000	780,150	1,910,150
2041-2045	1,725,000	592,925	2,317,925
2046-2050	2,940,000	323,269	3,263,269
2051	860,000	10,965	870,965
	<u>\$ 7,420,000</u>	<u>\$ 3,684,059</u>	<u>\$ 11,104,059</u>

2012 General Obligation Refunding Bonds

2012 Refunding Bonds			
Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 435,000	\$ 157,294	\$ 592,294
2027	450,000	142,632	592,632
2028	465,000	126,900	591,900
2029	475,000	110,153	585,153
2030	495,000	92,572	587,572
2031-2033	2,155,000	173,476	2,328,476
	<u>\$ 4,475,000</u>	<u>\$ 803,027</u>	<u>\$ 5,278,027</u>

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 8 – GENERAL OBLIGATION BONDS (Continued)**

2014 General Obligation Refunding Bonds

2014 Refunding Bonds			
Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 275,000	\$ 147,900	\$ 422,900
2027	290,000	139,425	429,425
2028	300,000	130,388	430,388
2029	310,000	120,663	430,663
2030	320,000	110,226	430,226
2031-2035	1,770,000	341,539	2,111,539
2036-2037	800,000	32,200	832,200
	<u>\$ 4,065,000</u>	<u>\$ 1,022,341</u>	<u>\$ 5,087,341</u>

2016 General Obligation Refunding Bonds

2016 Refunding Bonds			
Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 520,000	\$ 297,444	\$ 817,444
2027	530,000	281,644	811,644
2028	545,000	263,344	808,344
2029	560,000	244,444	804,444
2030	585,000	226,297	811,297
2031-2035	3,195,000	826,025	4,021,025
2036-2040	3,700,000	283,200	3,983,200
	<u>\$ 9,635,000</u>	<u>\$ 2,422,398</u>	<u>\$ 12,057,398</u>

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 8 – GENERAL OBLIGATION BONDS (Continued)**

2019 General Obligation Refunding Bonds

2019 Refunding Series A			
Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 460,000	\$ 251,737	\$ 711,737
2027	475,000	241,697	716,697
2028	480,000	231,250	711,250
2029	485,000	220,090	705,090
2030	500,000	207,743	707,743
2031-2035	1,295,000	870,930	2,165,930
2036-2040	490,000	775,312	1,265,312
2041-2044	4,710,000	396,406	5,106,406
	<u>\$ 8,895,000</u>	<u>\$ 3,195,165</u>	<u>\$ 12,090,165</u>

2019 Refunding Series B			
Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ -	\$ 207,932	\$ 207,932
2027	25,000	207,666	232,666
2028	60,000	206,725	266,725
2029	105,000	204,803	309,803
2030	150,000	201,681	351,681
2031-2035	1,520,000	902,468	2,422,468
2036-2040	3,195,000	540,810	3,735,810
2041-2042	1,660,000	49,999	1,709,999
	<u>\$ 6,715,000</u>	<u>\$ 2,522,084</u>	<u>\$ 9,237,084</u>



**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 9 – LEASE PAYABLE**

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreement was executed on December 27, 2021 to lease 12 copy machines and requires 60 monthly payments of \$6,417. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.25%, which is contract stated rate. As a result of the lease, the District has recorded a right to use leased asset with a net book value of \$106,485 at June 30, 2025. The right to use leased asset is discussed in more detail in Note 1.H.5 and Note 6.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Fiscal Year Ending June 30,	Lease Payable		
	Principal	Interest	Total
2026	\$ 74,452	\$ 2,557	\$ 77,009
2027	38,143	362	38,505
	<u>\$ 112,595</u>	<u>\$ 2,919</u>	<u>\$ 115,514</u>

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

At June 30, 2025, net OPEB liability and related deferred outflows of resources are as follows:

	District OPEB Plan	MPP Program OPEB Plan	Total
Deferred outflows of resources:			
Differences between expected and actual experience	\$ 200,389	\$ -	\$ 200,389
Changes in assumption	105,425	-	105,425
Total deferred outflows of resources	<u>\$ 305,814</u>	<u>\$ -</u>	<u>\$ 305,814</u>
Deferred inflows of resources:			
Differences between expected and actual experience	\$ 336,708	\$ -	\$ 336,708
Changes in assumption	619,615	-	619,615
Total deferred inflows of resources	<u>\$ 956,323</u>	<u>\$ -</u>	<u>\$ 956,323</u>
Net OPEB liabilities:	<u>\$ 8,214,342</u>	<u>\$ 104,314</u>	<u>\$ 8,318,656</u>
Total net OPEB liabilities	<u>\$ 8,214,342</u>	<u>\$ 104,314</u>	<u>\$ 8,318,656</u>

Plan Description

The Postemployment Benefit Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the Rosemead School District. The District provides medical, dental, and vision benefits to certain retirees and their covered eligible dependents. The District pays a portion of the cost for eligible retirees, spouses, and dependents. All active employees who retire directly from the District and meet the eligibility criteria may participate. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Retiree health care coverage is listed as follows:

**Teachers (Certificated)**

- Retirees aged 55 to 65, with at least 10 years of service, who were designated as Teachers (Certificated) at retirement, are offered a subsidy by the District equal to the least expensive medical plan offered to the District’s active employees. The District pays the full employee only premium.
- Retirees may enroll in dental and vision coverage, however, the entire cost of such coverage is the responsibility of the retiree.

**Management (Non-Teaching)**

- Retirees aged 55 to 65, with at least 10 years of service, who were designated as Non-Teaching (Management) at retirement, are offered a subsidy by the District equal to the actual cost of the HMO or PPO, dental, and vision employee only premiums.

**Classified (Non-Teaching)**

Hired prior to July 1, 1995:

- Retirees aged 55 to 65, with at least 10 years of service, who were designated as Non-Teaching (Classified) at retirement, are offered a subsidy by the District equal to the actual cost of the HMO or PPO premium, up to \$1,825 per year.

Hired after July 1, 1995:

- Retirees designated as Non-Teaching (Classified) at retirement do not have retiree coverage.

Retired after July 1, 2022:

- Retirees aged 55 to 65, with at least 15 years of service, are eligible for any District offered and approved medical plan, up to the cost of the District paid health contribution (benefits cap). Anything that exceeds that amount, the retiree shall pay the difference between the medical plan cost and the benefits cap.
- The annual benefits cap is \$11,000 effective July 1, 2022.
- Retirees may enroll in dental and vision coverage however the entire cost of such coverage is the responsibility of the retiree.

Part-time employee’s subsidy is pro-rated based on a percent of scheduled hours worked, not less than 50% of a full-time equivalent.

Eligibility

Employees of the District are eligible for retiree health benefits if they are between 55-65 years of age as of the last day of work prior to retirement and have 10 or more of years of service with the District. Membership in the plan consisted of the following at June 30, 2025, the date of the latest actuarial valuation:

Active plan members	280
Inactive employees or beneficiaries currently receiving benefit payments	18
Total	<u>298</u>

Contribution

The obligation of the District to contribute to the plan is established and may be amended by the Board. For the fiscal year ended June 30, 2025, the District made contributions based on an actuarially determined rate.

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Funding method	Entry Age Normal Cost, level percent of pay
Discount Rate	4.81% as of June 30, 2025 and 4.21% as of June 30, 2024
Inflation	2.75%
Aggregate payroll Increases	2.75%
Mortality Rate	Based on the expectation that future experience under the plan will be materially consistent with the assumptions utilized in the CalSTRS' and CalPERS' valuations. CalSTRS' mortality rates are from the 2021 experience study and the CalPERS' mortality rates are from the 2020 experience study.
Healthcare Trend Rate	An annual healthcare cost trend rate of 5.50% initially reduced by decrements to an ultimate of 4.50% therefore.

Discount Rate

The discount rate under GASB Statement No. 75 is required to be a blend of the long-term expected rate of return (ROR) to the extent funded and the 20-year municipal bond rate. Specifically, an initial projection is made using the ROR on irrevocable OPEB plan assets and, as long as the plan's net position and projected contributions associated with current participants are expected to fully cover projected benefit payments (including expenses), this long-term rate may be used. For years in which the net position is not projected to cover projected benefit payments, the discount rate used is equal to the 20-year municipal bond yield. A single discount rate is then determined as a blend of the two rates, which produces the same discounted present value of benefits as the dual rate calculation. Since the OPEB is not funded through an irrevocable trust, the municipal bond rate was selected for all years. As of June 30, 2025, a rate of 4.81% was used. As of June 30, 2024, a rate of 4.21% was used.

Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2024	\$ 8,088,630	\$ -	\$ 8,088,630
Changes Recognized for the Measurement Period:			
Service Cost	345,208	-	345,208
Interest on the total OPEB liability	352,643	-	352,643
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	(218,356)	-	(218,356)
Contributions from the employer	-	353,783	(353,783)
Net investment income	-	-	-
Administrative expenses	-	-	-
Benefit payments	(353,783)	(353,783)	-
Net Changes during July 1, 2024 to June 30, 2025	125,712	-	125,712
Balance at June 30, 2025 (Measurement Date)	\$ 8,214,342	\$ -	\$ 8,214,342

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Sensitivity of the Net OPEB Liability to changes in the discount rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.81 percent) or 1-percentage-point higher (5.81 percent) than the current discount rate:

Plan's Net OPEB Liability (Asset)		
Current Discount Rate - 1%	Current Discount Rate	Current Discount Rate + 1%
\$ 8,769,713	\$ 8,214,342	\$ 7,698,672

Sensitivity of the Net OPEB Liability to changes in the health care cost trend rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.50 percent) or 1-percentage-point higher (6.50 percent) than the current healthcare cost trend rates:

Plan's Net OPEB Liability (Asset)		
Current Trend Rate - 1%	Current Healthcare Cost Trend Rate	Current Trend Rate + 1%
\$ 7,552,466	\$ 8,214,342	\$ 8,883,848

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$547,496. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Change in assumptions	\$ 105,425	\$ 619,615
Differences between expected and actual experience	200,389	336,708
Total	<u>\$ 305,814</u>	<u>\$ 956,323</u>

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

Fiscal year ended June 30,	Amount
2026	\$ (151,644)
2027	(119,047)
2028	(119,135)
2029	(77,336)
2030	(66,026)
Thereafter	(117,321)
Total	<u>\$ (650,509)</u>

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS MEDICARE PREMIUMS PAYMENT PROGRAM (OPEB)**

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS' audited financial information are publicly available reports that can be found on the CalSTRS' website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

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

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

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

At June 30, 2025, the District reported a liability of \$104,314 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school. At June 30, 2024, the District's proportion was 0.039135%.

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$5,187.

Actuarial Assumptions

The District's net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023 that was rolled forward to determine the June 30, 2024 total OPEB liability, based on the following actuarial methods and assumptions:

Discount Rate	3.93%
Mortality Rate	Custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries
Medicare Part A Premium Costs Trend Rate	5.00%
Medicare Part B Premium Costs Trend Rate	6.00%

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS MEDICARE PREMIUMS PAYMENT PROGRAM (OPEB)**  
**(Continued)**

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP–2022) table issued by the Society of Actuaries.

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer’s 20-Bond GO Index from Bondbuyer.com as of June 30, 2024, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

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

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	<u>1% Decrease 2.93%</u>	<u>Discount Rate 3.93%</u>	<u>1% Increase 4.93%</u>
District's proportionate share of the net OPEB liability	\$ 112,552	\$ 104,314	\$ 97,070

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

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	<u>1% Decrease (4.0% Part A and 5.5% Part B)</u>	<u>Current Healthcare Cost Trend Rates (5.0% Part A and 6.5% Part B)</u>	<u>1% Increase (6.0% Part A and 7.5% Part B)</u>
Net OPEB Liability	\$ 96,635	\$ 104,314	\$ 112,886

OPEB Plan Fiduciary Net Position

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2024, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer. For more information on the Surplus Money Investment Fund, see <https://www.treasurer.ca.gov/pmia-laif/pmia/index.asp>.

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 12 – JOINT VENTURES (Joint Powers Agreements)**

The Rosemead School District participates in one joint venture under joint power agreements (JPAs): MERGE Risk Management. MERGE arranges for and provides self-insurance for the workers' compensation insurance claims and property and liability insurance for its member school districts. The District pays an annual premium which serves as a pool for payment of claims.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the Rosemead School District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters and is governed by a board consisting of representatives from each member District. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPAs.

The relationship between the Rosemead School District and the JPA is such that the JPA is not a component unit of the Rosemead School District for financial reporting purposes.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

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.

Litigation

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits of any financial consequence are pending.

County School Facilities Funds

The District is currently involved in several construction and modernization projects funded through the State of California Proposition 47 general obligation bonds and reported in the County School Facilities Fund. These projects are subject to future audits by the State, which may result in other adjustments to the fund.

Construction Commitments

According to the District's staff and attorney, the District had contractual agreements with outside firms for capital program construction and professional services in the amount of \$4,258,961 at June 30, 2025.

NOTE 14 – PENSION PLANS

State Teachers’ Retirement System (CalSTRS)

A. General Information about the Pension Plan

**Plan Descriptions** – All qualified California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system are eligible to participate in the CalSTRS’ Pension Plans, multiple-employer, cost-sharing defined benefit plans administered by the California State Teacher’s Retirement System (CalSTRS). Benefit provisions under the Plans are established by the Teachers’ Retirement Law (California Education Code Section 22000 et seq), as enacted and amended by the California Legislature. The benefit terms of the plans may be amended through legislation CalSTRS 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 CalSTRS’ website.

**Benefits Provided** – The CALSTRS’ Defined Benefit Program has two benefit formulas:

CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS.

CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on members’ final compensation, age, and years of service credit. In addition, the retirement program provides benefits to members upon disability and survivors/beneficiaries upon death of eligible members.

After earning five years of credited service, members become 100 percent vested in retirement benefits.

After five years of credited service, a member (prior to age 60 if under Coverage A, no age limit if under Coverage B, as defined in Education Code Sections 24001 and 24101, respectively) is eligible for disability benefits of up to 50.0 percent of final compensation plus 10.0 percent of final compensation for each eligible child, up to a maximum addition of 40.0 percent. The member must have a disability that will exceed a period of 12 or more months to qualify for benefit.

Any compensation for service in excess of one year in a school year due to overtime or additional assignments is credited to the Defined Benefit Supplement Program so long as it is under the creditable compensation limit. Other compensation, such as allowances, bonuses, cash in-lieu of fringe benefits, limited-period compensation or compensation determined to have been paid to enhance a benefit, are not creditable to any CalSTRS’ benefit program.

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	50-63	55-65
Monthly benefits, as a % of eligible comp	2.0% to 2.4%	2.0%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	19.100%	19.100%
Required state contribution rates	10.828%	10.828%

\*Amounts are limited to 120% of Social Security Wage Base



**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 14 – PENSION PLANS (Continued)**

**State Teachers' Retirement System (CalSTRS) (Continued)**

**A. General Information about the Pension Plan (Continued)**

Specific details for the retirement, disability, or death benefit calculations for each of the pension plans are available in the CalSTRS' Annual Comprehensive Financial Report (ACFR). The CalSTRS' ACFR is available online at <http://www.calstrs.com/annual-comprehensive-financial-report>.

**Contributions** – Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

**On-Behalf Payments** – The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions to CalSTRS.

For the fiscal year ended June 30, 2025, the contributions recognized as part of pension expense was as follows:

Contribution – employer	\$ 3,478,862
Contribution – state	\$ 1,270,184
Contribution – state on behalf payments	\$ 1,669,207

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2025, the District reported net pension liability for its proportionate share of the net pension liability in the amount of \$18,018,450 and the State's proportionate share of the net pension liability associated with the District in the amount of \$7,739,062.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 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 plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.02683%, which increased by 0.00206% from its proportion measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$906,101. At June 30, 2025, 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
Difference between expected and actual experience	\$ 2,038,277	\$ 788,407
Changes of assumptions	78,871	1,230,439.00
Changes in proportions	2,161,191	741,048
Net difference between projected and actual earnings on pension plan investments	-	1,382,534.00
Differences between District contributions and proportionate share of contributions	87,979	73,613
District contributions subsequent to the measurement date	3,330,381	-
Total	<u>\$ 7,696,699</u>	<u>\$ 4,216,041</u>

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

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**NOTE 14 – PENSION PLANS (Continued)**

**State Teachers' Retirement System (CalSTRS) (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

\$3,330,381 reported as deferred outflows of resources related to 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 as pension expense as follows:

Fiscal Year Ended June 30,	Amount
2026	\$ (1,373,586)
2027	1,452,915
2028	(251,902)
2029	(74,132)
2030	271,244
Thereafter	125,738
	<u>\$ 150,277</u>

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Experience Study <sup>1</sup>	July 1, 2007-June 30, 2022
Actuarial Cost Method	Entry age actuarial cost method
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Payroll Growth	3.25%
Post-retirement Benefit Increases	2.00% simple for DB (annually)
	Maintain 85% purchasing power level for DB

<sup>1</sup>Both a five-year period (July 1, 2017 – June 30, 2022) and 15-year period were considered in the 2024 experience study; however, assumptions were primarily based on the results of the 15-year study. Additional information is available in the 2024 experience analysis report available at CalSTRS.com.

<sup>2</sup>Net of investment expenses but gross of administrative expenses.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultant (Pension Consulting Alliance-PCA) as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, the consulting actuary (Milliman) reviews the return assumptions for reasonableness based on the most current capital market assumptions. Best estimates of 10-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 table on the next page:

**NOTE 14 – PENSION PLANS (Continued)**

**State Teachers' Retirement System (CalSTRS) (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Rate of Return</u>	<u>Long-Term** Expected Real Rate of Return</u>
Public Equity	38%	8.00%	5.25%
Real Estate	15%	6.80%	4.05%
Private Equity	14%	9.50%	6.75%
Fixed Income	14%	5.20%	2.45%
Risk Mitigating Strategies	10%	5.00%	2.25%
Inflations Sensitive	7%	6.40%	3.65%
Cash/Liquidity	2%	2.80%	0.05%
	<u>100%</u>		

\*20- to 30-year geometric average.

\*\*Real rates of return are net of assumed 2.75% inflation.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1 percent) and assuming 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.

**Sensitivity of the 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, 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 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease		6.10%
Net Pension Liability	\$	32,048,928
Current Discount Rate		7.10%
Net Pension Liability	\$	18,018,450
1% Increase		8.10%
Net Pension Liability	\$	6,302,420

**Pension Plan Fiduciary Net Position** —Detailed information about pension plan's fiduciary net position is available in the separately issued CalSTRS' financial reports.

**C. Payable to the Pension Plan**

The District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2025.

**NOTE 14 – PENSION PLANS (Continued)**

**California Public Employees' Retirement System (CalPERS)**

**A. General Information About the Pension Plan**

Plan Description - The Rosemead School 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 CalPERS. Plan membership consists of non-teaching and non-certificated employees of public schools (K-12), community college districts, offices of education, charter, and private schools (elective) in the State of California. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS' Executive Office, 400 P Street, Sacramento, California 95814.

**Benefits Provided**—The CalPERS' Defined Benefit Program has two benefit formulas:

CalPERS 2% at 55: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalPERS.

CalPERS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalPERS.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members.

After earning five years of credited service, members become 100 percent vested in retirement benefits.

A family benefit is available if an active member dies and has at least one year of credited service.

Members' accumulated contributions are refundable with interest upon separation from CalPERS. The board determines the credited interest rate each fiscal year.

The member's benefit is reduced dollar for dollar, regardless of age, for the first 180 days after retirement if the member performs activities in the public schools that could be creditable to CalPERS, unless the governing body of the school district takes specified actions with respect to a member who is above normal retirement age.

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly For Life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.17 - 2.5%	1.0 - 2.5%
Required employee contribution rates	7.0%	8.0%
Required employer contribution rates	27.050%	27.050%

Specific details for retirement, disability, or death benefit calculations for each of the pension plans are available in the CalPERS' Annual Comprehensive Financial Report (ACFR). The CalPERS' ACFR is available online at <https://www.calpers.ca.gov/page/forms-publications>.

**ROSEMEAD SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 14 – PENSION PLANS (Continued)****California Public Employees' Retirement System (CalPERS) (Continued)**

### A. General Information About the Pension Plan (Continued)

Contributions – Section 20814 (c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate of employees.

For the fiscal year ended June 30, 2025, the contributions recognized as part of pension expense was as follows:

Contribution – employer	\$ 1,899,567
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### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2025, the District reported net pension liability for its proportionate share of the net pension liability was \$12,003,310.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 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 plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.0359%, which decreased by 0.00144% from its proportion measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$1,893,917. At June 30, 2025, 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
Difference between expected and actual experience	\$ 1,006,302	\$ 85,907
Changes of assumptions	265,314	-
Changes in proportions	319,729	550,692
Net difference between projected and actual earnings on pension plan investments	466,259	-
Differences between District contributions and proportionate share of contributions	97,985	-
District contributions subsequent to the measurement date	2,036,031	-
	<u>\$ 4,191,620</u>	<u>\$ 636,599</u>

NOTE 14 – PENSION PLANS (Continued)

California Public Employees’ Retirement System (CalPERS) (Continued)

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

\$2,036,031 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Amount
2026	\$ 398,464
2027	1,029,188
2028	238,868
2029	(147,530)
	<u>\$ 1,518,990</u>

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds
Post-retirement Benefit Increases	2.00% until PPPA floor on purchasing power applies, 2.30% thereafter

<sup>1</sup>The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2022 published by the Society of Actuaries.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated 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.

**NOTE 14 – PENSION PLANS (Continued)**

**California Public Employees’ Retirement System (CalPERS) (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectation’s as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates are net of administrative expenses.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 (1),(2)</u>
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	<u>100%</u>	

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

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

**Discount Rate** - The discount rate used to measure the total pension liability for PERF B 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.

NOTE 14 – PENSION PLANS (Continued)

California Public Employees’ Retirement System (CalPERS) (Continued)

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the DiscountRate* – The following presents the District’s proportionate share of the net pension liability, calculated using the discount rate, 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 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease		5.90%
Net Pension Liability	\$	17,831,016
Current Discount Rate		6.90%
Net Pension Liability	\$	12,003,310
1% Increase		7.90%
Net Pension Liability	\$	7,189,160

*Pension Plan Fiduciary Net Position* —Detailed information about pension plan's fiduciary net position is available in the separately issued CalPERS’ financial reports.

C. Payable to the Pension Plan

At June 30, 2025, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2025.

NOTE 15 – COMPENSATED ABSENCES

The District accrues accumulated unpaid vacation, sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee as described in Note 1. The District at June 30, 2025, had an outstanding accrued balance of unpaid vacation, sick leave, and associated employee related costs of \$1,934,015 that will be liquidated from various funding sources in future years.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**ROSEMEAD SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
LCFF Source				
State apportionments	\$ 17,929,299	\$ 21,031,212	\$ 1,733,992	\$ (19,297,220)
Education Protection Act	7,435,283	4,315,476	7,536,241	3,220,765
Local sources	6,278,824	6,278,824	22,366,911	16,088,087
Federal	1,789,926	2,355,666	2,007,729	(347,937)
Other state	4,047,550	8,054,421	8,281,861	227,440
Other local	2,660,329	4,243,031	3,972,038	(270,993)
Total revenues	40,141,211	46,278,630	45,898,772	(379,858)
<b>Expenditures:</b>				
Certificated salaries	17,600,361	18,471,515	18,044,835	426,680
Classified salaries	6,746,115	6,604,217	6,604,217	
Employee benefits	10,663,294	10,900,523	10,900,522	1
Books and supplies	3,336,158	3,291,510	2,558,540	732,970
Contracted services and other operating expenditures	9,136,726	10,388,087	9,771,806	616,281
Capital outlay	1,001,150	1,081,410	498,744	582,666
Other outgo	591,422	683,800	683,800	
Debt service				
Principal	72,075	72,075	72,075	
Interest	4,934	4,934	4,934	
Total expenditures	49,152,235	51,498,071	49,139,473	2,358,598
Excess of revenues over (under) expenditures	(9,011,024)	(5,219,441)	(3,240,701)	1,978,740
<b>Other Financing Sources (Uses):</b>				
Transfers out		(418,390)	(418,390)	
Total other financing sources (uses)		(418,390)	(418,390)	
Net change in fund balance	(9,011,024)	(5,637,831)	(3,659,091)	1,978,740
Fund balance, July 1, 2024	25,985,248	25,985,248	25,985,248	
Fund balance, June 30, 2025	\$ 16,974,224	\$ 20,347,417	\$ 22,326,157	\$ 1,978,740

**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
Last 10 Years  
As of June 30, 2025

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The following table provides required supplementary information regarding the District's CALPERS' Pension Plan.

<u>Fiscal Year</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability as percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2016	0.04140%	\$ 6,074,395	\$ 4,640,906	130.89%	79.43%
2017	0.03960%	7,812,113	4,745,674	164.62%	73.90%
2018	0.03788%	9,042,234	4,830,062	187.21%	71.87%
2019	0.03872%	10,322,848	5,191,134	198.86%	70.85%
2020	0.03835%	11,175,726	5,436,142	205.58%	70.05%
2021	0.03705%	11,369,052	5,445,226	208.79%	70.00%
2022	0.03677%	7,476,064	5,282,169	141.53%	80.97%
2023	0.03575%	12,300,198	5,620,000	218.86%	69.76%
2024	0.03215%	11,637,270	5,836,196	199.40%	69.96%
2025	0.03359%	12,003,310	7,119,816	168.59%	72.29%

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for CalPERS.

**Changes in Assumptions**

There were no changes in economic assumptions since the previous valuations for CalPERS.

**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
Last 10 Years  
As of June 30, 2025

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The following table provides required supplementary information regarding the District's CALSTRS' Pension Plan.

Fiscal Year	Proportion of the net pension liability	Proportionate share of the net pension liability	State's proportionate share of the net pension liability associated with the District	Total	Covered payroll	Proportionate share of the net pension liability as percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.02540%	\$ 17,086,831	\$ 9,916,908	\$ 27,003,739	\$ 11,669,764	146.42%	74.02%
2017	0.02590%	20,920,172	12,311,874	33,232,046	12,800,783	163.43%	70.04%
2018	0.02466%	22,808,585	13,885,397	36,693,982	13,146,797	173.49%	69.46%
2019	0.02469%	22,693,014	13,129,465	35,822,479	13,293,770	170.70%	70.99%
2020	0.02393%	21,614,813	21,379,416	42,994,229	13,264,023	162.96%	72.56%
2021	0.02508%	24,308,389	16,283,926	40,592,315	13,136,211	185.05%	71.82%
2022	0.02381%	10,833,645	6,291,024	17,124,669	12,832,297	84.42%	87.21%
2023	0.02509%	17,434,556	9,604,783	27,039,339	14,481,779	120.39%	81.20%
2024	0.02477%	18,864,360	9,289,390	28,153,750	15,069,545	125.18%	80.62%
2025	0.02683%	18,018,450	7,739,062	25,757,512	18,213,937	98.93%	80.62%

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for CalSTRS.

**Changes in Assumptions**

There were no changes in economic assumptions since the previous valuations for CalSTRS.

**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
Last 10 Years  
As of June 30, 2025

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The following table provides required supplementary information regarding the District's CALPERS' Pension Plan.

Fiscal Year	Contractually Required Contribution - District	Contributions - District	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2016	\$ 562,220	\$ (562,220)	\$ -	\$ 4,745,674	11.847%
2017	670,799	(670,799)	-	4,830,062	13.888%
2018	806,235	(806,235)	-	5,191,134	15.531%
2019	981,876	(981,876)	-	5,436,142	18.062%
2020	1,073,853	(1,073,853)	-	5,445,226	19.721%
2021	1,093,409	(1,093,409)	-	5,282,169	20.700%
2022	1,287,542	(1,287,542)	-	5,620,000	22.910%
2023	1,480,643	(1,480,643)	-	5,836,196	25.370%
2024	1,899,567	(1,899,567)	-	7,119,816	26.680%
2025	2,036,031	(2,036,031)	-	7,526,917	27.050%

**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
Last 10 Years  
As of June 30, 2025

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The following table provides required supplementary information regarding the District's CALSTRS' Pension Plan.

Fiscal Year	Contractually Required Contribution - District	Contribution in relation to the actuarially determined contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2016	\$ 1,373,524	\$ (1,373,524)	\$ -	\$ 12,800,783	10.73%
2017	1,653,867	(1,653,867)	-	13,146,797	12.58%
2018	1,918,291	(1,918,291)	-	13,293,770	14.43%
2019	2,159,383	(2,159,383)	-	13,264,023	16.28%
2020	2,246,292	(2,246,292)	-	13,136,211	17.10%
2021	2,072,416	(2,072,416)	-	12,832,297	16.15%
2022	2,450,317	(2,450,317)	-	14,481,779	16.92%
2023	2,878,283	(2,878,283)	-	15,069,545	19.10%
2024	3,478,862	(3,478,862)	-	18,213,937	19.10%
2025	3,330,381	(3,330,381)	-	17,436,550	19.10%

**ROSEMEAD SCHOOL DISTRICT**
**SCHEDULE OF CHANGE IN NET OPEB LIABILITY AND RELATED RATIOS**

Last 10 Years\*

As of June 30, 2025

Employer Fiscal Year End Measurement Period	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
	2024-25 <sup>1</sup>	2023-24 <sup>1</sup>	2022-23 <sup>1</sup>	2021-22 <sup>1</sup>	2020-21 <sup>1</sup>	2019-20 <sup>1</sup>	2018-19 <sup>1</sup>	2017-18 <sup>1</sup>
Total OPEB Liability								
Service Cost	\$ 345,208	\$ 240,069	\$ 221,848	\$ 348,682	\$ 294,081	\$ 288,558	\$ 267,070	\$ 274,415
Interest on the Total OPEB Liability	352,643	256,320	239,822	136,709	145,409	148,448	169,625	168,980
Changes of Benefit Terms	-	2,297,703	398,009	(175,811)	-	-	-	-
Difference between Expected and Actual Experience	-	(314,498)	-	453,245	-	(483,872)	-	-
Changes of Assumptions	(218,356)	5,524	(39,934)	(862,386)	234,779	(82,740)	87,542	67,138
Benefit Payments	(353,783)	(346,204)	(260,733)	(266,740)	(270,882)	(348,306)	(233,751)	(186,127)
Net Change in Total OPEB Liability	125,712	2,138,914	559,012	(366,301)	403,387	(477,912)	290,486	324,406
Total OPEB Liability - Beginning	8,088,630	5,949,716	5,390,704	5,757,005	5,353,618	5,831,530	5,541,044	5,216,638
Total OPEB Liability - Ending	<u>\$ 8,214,342</u>	<u>\$ 8,088,630</u>	<u>\$ 5,949,716</u>	<u>\$ 5,390,704</u>	<u>\$ 5,757,005</u>	<u>\$ 5,353,618</u>	<u>\$ 5,831,530</u>	<u>\$ 5,541,044</u>
OPEB Fiduciary Net Position								
Contributions from the Employer	\$ 353,783	\$ 346,204	\$ 260,733	\$ 266,740	\$ 270,882	\$ 348,306	\$ 233,751	\$ 186,127
Net Investment Income	-	-	-	-	-	-	-	-
Administrative Expenses	-	-	-	-	-	-	-	-
Benefit Payments	(353,783)	(346,204)	(260,733)	(266,740)	(270,882)	(348,306)	(233,751)	(186,127)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Net OPEB Liability - Ending	<u>\$ 8,214,342</u>	<u>\$ 8,088,630</u>	<u>\$ 5,949,716</u>	<u>\$ 5,390,704</u>	<u>\$ 5,757,005</u>	<u>\$ 5,353,618</u>	<u>\$ 5,831,530</u>	<u>\$ 5,541,044</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll	\$ 22,412,004	\$ 21,812,169	\$ 17,168,330	\$ 15,066,154	\$ 15,526,798	\$ 15,042,347	\$ 17,249,279	\$ 18,420,182
Net OPEB Liability as a Percentage of Covered Payroll	36.65%	37.08%	34.66%	35.78%	37.08%	35.59%	33.81%	30.08%

<sup>1</sup> Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable.

## Notes to Schedule:

## Change of Assumptions:

- 1 The discount rate as of the beginning of the fiscal year changed from 4.13% to 4.21% to reflect the adoption of GASB Statement No. 75.
- 2 The discount rate as of the end of the fiscal year changed from 4.21% to 4.81% based on the change in 20 year municipal bond yields.
- 3 The actuarial cost method changed to the Entry Age Normal method to reflect the adoption of GASB Statement No. 75.
- 4 The mortality, termination, and retirement rates were updated to reflect the CalPERS/CalSTRS 2021 experience study.
- 5 Morbidity rates were updated based on the 2019 PEMHCA risk scores developed by CalPERS to be used for participants of the CalPERS Health Benefits Program
- 6 The healthcare cost trend was updated to a graded scale beginning with 5.5% in the 2024/2025 fiscal year grading down to an ultimate rate of 4.50% in the 2028/2029 fiscal year and beyond

\*- Fiscal year 2018 was the 1st year of implementation, therefore only eight years are shown.

**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY AND RELATED RATIOS**  
**MEDICARE PREMIUM PAYMENT PROGRAM**  
Last 10 Years\*  
As of June 30, 2025

Employer Fiscal Year End Measurement Period	June 30, 2025 June 30, 2024	June 30, 2024 June 30, 2023	June 30, 2023 June 30, 2022	June 30, 2022 June 30, 2021	June 30, 2021 June 30, 2020	June 30, 2020 June 30, 2019	June 30, 2019 June 30, 2018	June 30, 2018 June 30, 2017
District's proportion of the net OPEB liability	0.039135%	0.036635%	0.037655%	0.035783%	0.038014%	0.036989%	0.038827%	0.039254%
District's proportionate share of the net OPEB liability	\$ 104,314	\$ 111,164	\$ 124,040	\$ 150,192	\$ 161,098	\$ 137,746	\$ 148,618	\$ 165,145
District's covered payroll <sup>1</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan's total OPEB liability	\$ 263,860,000	\$ 300,566,000	\$ 326,345,000	\$ 398,864,000	\$ 420,782,000	\$ 369,413,000	\$ 381,228,000	\$ 420,749,000
Plan's fiduciary net position	\$ (2,688,000)	\$ (2,871,000)	\$ (3,066,000)	\$ (3,174,000)	\$ (3,003,000)	\$ (2,984,000)	\$ (1,542,000)	\$ 41,000,000
Plan fiduciary net position as a percentage of the total OPEB liability	-1.019%	-0.955%	-0.939%	-0.796%	-0.714%	-0.808%	-0.404%	9.745%

\* This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively.  
Years will be added to this schedule in future fiscal years until 10 years of information is available

<sup>1</sup> As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program, therefore, the covered payroll disclosure is not applicable.



**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS - OPEB**  
Last 10 Years  
As of June 30, 2025

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Per GASB Statement No. 75 paragraph 57c., these disclosures are only required if the employer calculates an Actuarially Determined Contribution (ADC). The District does not currently calculate an ADC.

## **SUPPLEMENTARY INFORMATION SECTION**

**ROSEMEAD SCHOOL DISTRICT**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2025

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	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Totals
<b>Assets</b>				
Cash in County Treasury	\$ 3,615,189	\$ 3,715,262	\$ 814,372	\$ 8,144,823
Cash on hand and in banks	1,000	1,500		2,500
Revolving cash fund		1,000		1,000
Accounts receivable	118,441	470,239	3,820	592,500
Inventory, at cost		35,606		35,606
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 3,734,630</u>	<u>\$ 4,223,607</u>	<u>\$ 818,192</u>	<u>\$ 8,776,429</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 101,694	\$ 80,642	\$ -	\$ 182,336
Unearned revenue	493,543			493,543
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>595,237</u>	<u>80,642</u>		<u>675,879</u>
<b>Fund balances:</b>				
Nonspendable				
Revolving cash		1,000		1,000
Store inventories		35,606		35,606
Restricted	2,053,936	3,720,740		5,774,676
Assigned	1,085,457	385,619	818,192	2,289,268
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>3,139,393</u>	<u>4,142,965</u>	<u>818,192</u>	<u>8,100,550</u>
Total liabilities and fund balances	<u>\$ 3,734,630</u>	<u>\$ 4,223,607</u>	<u>\$ 818,192</u>	<u>\$ 8,776,429</u>

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**ROSEMEAD SCHOOL DISTRICT****NONMAJOR SPECIAL REVENUE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

For the Fiscal Year Ended June 30, 2025

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Totals
<b>Revenues:</b>				
Federal	\$ 535,325	\$ 1,680,401	\$ -	\$ 2,215,726
Other state	1,472,445	1,090,175		2,562,620
Other local	173,194	717,109	14,516	904,819
Total revenues	2,180,964	3,487,685	14,516	5,683,165
<b>Expenditures:</b>				
Certificated salaries	117,500			117,500
Classified salaries	596,644	859,887		1,456,531
Employee benefits	354,045	399,747		753,792
Books and supplies	594,055	1,349,339		1,943,394
Contracted services and other operating expenditures	38,170	43,272		81,442
Capital outlay		63,639	13,611	77,250
Other outgo	54,171	61,268		115,439
Total expenditures	1,754,585	2,777,152	13,611	4,545,348
Excess of revenues over (under) expenditures	426,379	710,533	905	1,137,817
<b>Other Financing Sources:</b>				
Transfers in			418,390	418,390
Total other financing sources			418,390	418,390
Net change in fund balances	426,379	710,533	419,295	1,556,207
Fund balances, July 1, 2024	2,713,014	3,432,432	398,897	6,544,343
Fund balances, June 30, 2025	\$ 3,139,393	\$ 4,142,965	\$ 818,192	\$ 8,100,550

**ROSEMEAD SCHOOL DISTRICT****NONMAJOR SPECIAL REVENUE FUNDS****COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2025

	Child Development Fund		
	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Federal	\$ 370,000	\$ 535,325	\$ 165,325
Other state	2,079,585	1,472,445	(607,140)
Other local	107,574	173,194	65,620
Total revenues	2,557,159	2,180,964	(376,195)
<b>Expenditures:</b>			
Certificated salaries	117,500	117,500	
Classified salaries	632,308	596,644	35,664
Employee benefits	354,046	354,045	1
Books and supplies	594,056	594,055	1
Contracted services and other operating expenditures	116,260	38,170	78,090
Capital outlay			
Other outgo	79,225	54,171	25,054
Total expenditures	1,893,395	1,754,585	138,810
Excess of revenues over (under) expenditures	663,764	426,379	(237,385)
<b>Other Financing Sources:</b>			
Transfers in			
Total other financing sources			
Net change in fund balances	663,764	426,379	(237,385)
Fund balances, July 1, 2024	2,713,014	2,713,014	
Fund balances, June 30, 2025	\$ 3,376,778	\$ 3,139,393	\$ (237,385)

Cafeteria Fund			Deferred Maintenance Fund		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ 1,586,832	\$ 1,680,401	\$ 93,569	\$ -	\$ -	\$ -
1,068,126	1,090,175	22,049			
577,520	717,109	139,589	11,900	14,516	2,616
3,232,478	3,487,685	255,207	11,900	14,516	2,616
990,201	859,887	130,314			
423,114	399,747	23,367			
2,362,235	1,349,339	1,012,896			
125,908	43,272	82,636			
63,640	63,639	1	213,612	13,611	200,001
74,531	61,268	13,263			
4,039,629	2,777,152	1,262,477	213,612	13,611	200,001
(807,151)	710,533	1,517,684	(201,712)	905	202,617
			418,390	418,390	
			418,390	418,390	
(807,151)	710,533	1,517,684	216,678	419,295	202,617
3,432,432	3,432,432		398,897	398,897	
\$ 2,625,281	\$ 4,142,965	\$ 1,517,684	\$ 615,575	\$ 818,192	\$ 202,617

(Continued)

**ROSEMEAD SCHOOL DISTRICT****NONMAJOR SPECIAL REVENUE FUNDS****COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL (CONTINUED)**

For the Fiscal Year Ended June 30, 2025

	Totals		
	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Federal	\$ 1,956,832	\$ 2,215,726	\$ 258,894
Other state	3,147,711	2,562,620	(585,091)
Other local	696,994	904,819	207,825
Total revenues	5,801,537	5,683,165	(118,372)
<b>Expenditures:</b>			
Certificated salaries	117,500	117,500	
Classified salaries	1,622,509	1,456,531	165,978
Employee benefits	777,160	753,792	23,368
Books and supplies	2,956,291	1,943,394	1,012,897
Contracted services and other operating expenditures	242,168	81,442	160,726
Capital outlay	277,252	77,250	200,002
Other outgo	153,756	115,439	38,317
Total expenditures	6,146,636	4,545,348	1,601,288
Excess of revenues over (under) expenditures	(345,099)	1,137,817	1,482,916
<b>Other Financing Sources:</b>			
Transfers in	418,390	418,390	
Total other financing sources	418,390	418,390	
Net change in fund balances	73,291	1,556,207	1,482,916
Fund balances, July 1, 2024	6,544,343	6,544,343	
Fund balances, June 30, 2025	\$ 6,617,634	\$ 8,100,550	\$ 1,482,916



**ROSEMEAD SCHOOL DISTRICT**  
**NONMAJOR DEBT SERVICE FUND**  
**BALANCE SHEET**  
June 30, 2025

---

	Debt Service Fund	Bond Interest and Redemption Fund	Totals
<b>Assets</b>			
Cash in County Treasury	\$ 240,724	\$ 2,646,122	\$ 2,886,846
Accounts receivable	2,238		2,238
Total assets	<u>\$ 242,962</u>	<u>\$ 2,646,122</u>	<u>\$ 2,889,084</u>
<b>Liabilities and Fund Balances</b>			
Fund balance:			
Restricted	<u>\$ 242,962</u>	<u>\$ 2,646,122</u>	<u>\$ 2,889,084</u>
Total fund balances	<u>242,962</u>	<u>2,646,122</u>	<u>2,889,084</u>
Total liabilities and fund balances	<u>\$ 242,962</u>	<u>\$ 2,646,122</u>	<u>\$ 2,889,084</u>

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**ROSEMEAD SCHOOL DISTRICT**  
**NONMAJOR DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2025

---

	Debt Service Fund	Bond Interest and Redemption Fund	Totals
<b>Revenues:</b>			
Other state	\$ -	\$ 15,146	\$ 15,146
Other local	12,139	3,357,148	3,369,287
Total revenues	12,139	3,372,294	3,384,433
<b>Expenditures:</b>			
Debt service			
Principal		2,510,000	2,510,000
Interest		1,675,078	1,675,078
Total expenditures		4,185,078	4,185,078
Excess of revenues over expenditures	12,139	(812,784)	(800,645)
Fund balances, July 1, 2024	230,823	3,458,906	3,689,729
Fund balances, June 30, 2025	<u>\$ 242,962</u>	<u>\$ 2,646,122</u>	<u>\$ 2,889,084</u>

**ROSEMEAD SCHOOL DISTRICT**  
**NONMAJOR DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2025**

	Debt Service Fund		
	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Other state	\$ -	\$ -	\$ -
Other local	9,318	12,139	2,821
Total revenues	9,318	12,139	2,821
<b>Expenditures:</b>			
Debt service			
Principal			
Interest			
Total expenditures			
Excess of revenues over (under) expenditures	9,318	12,139	2,821
Fund balances, July 1, 2024	230,823	230,823	
Fund balance, June 30, 2025	<u>\$ 240,141</u>	<u>\$ 242,962</u>	<u>\$ 2,821</u>

Bond Interest and Redemption Fund			Totals		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	15,146	\$ 15,146	\$ -	\$ 15,146	\$ 15,146
3,157,844	3,357,148	199,304	3,167,162	3,369,287	202,125
3,157,844	3,372,294	214,450	3,167,162	3,384,433	217,271
2,510,000	2,510,000		2,510,000	2,510,000	
1,675,078	1,675,078		1,675,078	1,675,078	
4,185,078	4,185,078		4,185,078	4,185,078	
(1,027,234)	(812,784)	214,450	(1,017,916)	(800,645)	217,271
3,458,906	3,458,906		3,689,729	3,689,729	
\$ 2,431,672	\$ 2,646,122	\$ 214,450	\$ 2,671,813	\$ 2,889,084	\$ 217,271

**ROSEMEAD SCHOOL DISTRICT**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2025

---

	Capital Facilities Fund	Building Fund	Special Reserve for Capital Outlay Projects Fund	Totals
<b>Assets</b>				
Cash in County Treasury	\$ 1,191,545	\$ 2,995,666	\$ 794,145	\$ 4,981,356
Accounts receivable	<u>112,617</u>	<u>31,903</u>	<u>3,616</u>	<u>148,136</u>
Total assets	<u><u>\$ 1,304,162</u></u>	<u><u>\$ 3,027,569</u></u>	<u><u>\$ 797,761</u></u>	<u><u>\$ 5,129,492</u></u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 72,770</u>	<u>\$ -</u>	<u>\$ 72,770</u>
Total liabilities	<u></u>	<u>72,770</u>	<u></u>	<u>72,770</u>
Fund balances:				
Restricted	1,304,162	2,954,799		4,258,961
Assigned	<u></u>	<u></u>	<u>797,761</u>	<u>797,761</u>
Total fund balances	<u>1,304,162</u>	<u>2,954,799</u>	<u>797,761</u>	<u>5,056,722</u>
Total liabilities and fund balances	<u><u>\$ 1,304,162</u></u>	<u><u>\$ 3,027,569</u></u>	<u><u>\$ 797,761</u></u>	<u><u>\$ 5,129,492</u></u>

**ROSEMEAD SCHOOL DISTRICT****NONMAJOR CAPITAL PROJECTS FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

For the Fiscal Year Ended June 30, 2025

	Capital Facilities Fund	Building Fund	Special Reserve for Capital Outlay Projects Fund	Totals
<b>Revenues:</b>				
Other local	\$ 327,721	\$ 265,711	\$ 455,851	\$ 1,049,283
Total revenues	327,721	265,711	455,851	1,049,283
<b>Expenditures:</b>				
Books and supplies			101,461	101,461
Contracted services and other operating expenditures		341,040	1,599	342,639
Capital outlay		1,593,253		1,593,253
Total expenditures		1,934,293	103,060	2,037,353
Excess of revenues over (under) expenditures	327,721	(1,668,582)	352,791	(988,070)
Fund balances, July 1, 2024	976,441	4,623,381	444,970	6,044,792
Fund balances, June 30, 2025	\$ 1,304,162	\$ 2,954,799	\$ 797,761	\$ 5,056,722

**ROSEMEAD SCHOOL DISTRICT**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2025

---

	Capital Facilities Fund		
	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Other local	\$ 268,398	\$ 327,721	\$ 59,323
Total revenues	268,398	327,721	59,323
<b>Expenditures:</b>			
Books and supplies			
Contracted services and other operating expenditures			
Capital outlay	500,000		500,000
Total expenditures	500,000		500,000
Excess of revenues over (under) expenditures	(231,602)	327,721	559,323
Fund balances, July 1, 2024	976,441	976,441	
Fund balances, June 30, 2025	<u>\$ 744,839</u>	<u>\$ 1,304,162</u>	<u>\$ 559,323</u>



---

Building Fund			Special Reserve for Capital Outlay Projects Fund		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ 61,000	\$ 265,711	\$ 204,711	\$ 166,837	\$ 455,851	\$ 289,014
61,000	265,711	204,711	166,837	455,851	289,014
623,957	341,040	282,917	141,481	101,461	40,020
2,739,198	1,593,253	1,145,945	1,600	1,599	1
3,363,155	1,934,293	1,428,862	143,081	103,060	40,021
(3,302,155)	(1,668,582)	1,633,573	23,756	352,791	329,035
4,623,381	4,623,381		444,970	444,970	
\$ 1,321,226	\$ 2,954,799	\$ 1,633,573	\$ 468,726	\$ 797,761	\$ 329,035

(Continued)

**ROSEMEAD SCHOOL DISTRICT**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (Continued)**  
For the Fiscal Year Ended June 30, 2025

---

	Totals		
	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Other local	\$ 496,235	\$ 1,049,283	\$ 553,048
Total revenues	496,235	1,049,283	553,048
<b>Expenditures:</b>			
Books and supplies	141,481	101,461	40,020
Contracted services and other operating expenditures	625,557	342,639	282,918
Capital outlay	3,239,198	1,593,253	1,645,945
Total expenditures	4,006,236	2,037,353	1,968,883
Excess of revenues over (under) expenditures	(3,510,001)	(988,070)	2,521,931
Fund balances, July 1, 2024	6,044,792	6,044,792	
Fund balances, June 30, 2025	<u>\$ 2,534,791</u>	<u>\$ 5,056,722</u>	<u>\$ 2,521,931</u>

## ROSEMEAD SCHOOL DISTRICT

### ORGANIZATION

June 30, 2025

---

The Rosemead School District (the “District”) was established May 4, 1859 under the name of Mission School District. On April 1, 1878, the District was renamed the Savannah School District. It became the present Rosemead School District on June 11, 1928. The District currently encompasses an area of approximately 3.13 square miles situated in portions of the Cities of El Monte, San Gabriel, Temple City, and Rosemead, in the County of Los Angeles. There were no changes in the boundaries of the District during the current fiscal year. The District is currently operating four elementary schools and one middle school.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2025 were as follows:

#### BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Ms. Nancy Armenta	President	November, 2026
Mr. Ronald Esquivel	Clerk	November, 2028
Mrs. Diane Benitez	Member	November, 2026
Mrs. Veronica Peña	Member	November, 2028
Mr. John Quintanilla	Member	November, 2026

#### ADMINISTRATION

Dr. Philip D'Agostino  
Superintendent and Board of Trustees Secretary

Dr. Maria C. Rios  
Assistant Superintendent, Administrative Services

Dr. Jennifer Fang  
Assistant Superintendent, Educational Services

Mr. Joshua Behnke  
Director of Fiscal Services

Mr. John Rivera  
Director of Nutrition Services & Wellness

**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**For the Fiscal Year Ended June 30, 2025**

	Second Period Report	Revised Second Period Report	Annual Report
Regular Elementary			
Transitional Kindergarten through Third	985.92	986.69	988.03
Fourth through Sixth	739.13	739.17	740.01
Seventh and Eighth	493.47	493.36	493.15
Extended Year Special Education			
Transitional Kindergarten through Third	2.11	2.11	2.11
Fourth through Sixth	1.31	1.31	1.31
Seventh and Eighth	0.56	0.56	0.56
Special Education – Nonpublic, Nonsectarian			
Transitional Kindergarten through Third	-	-	-
Fourth through Sixth	1.84	1.84	1.86
Seventh and Eighth	0.91	0.91	0.93
Extended Year Special Education – Nonpublic, Nonsectarian			
Transitional Kindergarten through Third	-	-	-
Fourth through Sixth	0.10	0.10	0.10
Seventh and Eighth	-	-	-
Total Average Daily Attendance	2,225.35	2,226.05	2,228.06

There were no audit findings which resulted in necessary revisions to attendance. The revised second period report was completed by the District prior to audit completion.

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**For the Fiscal Year Ended June 30, 2025**

---

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes Approved <sup>1</sup>	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days Approved <sup>1</sup>	Total Instructional Days	Status <sup>2</sup>
Transitional Kindergarten	36,000	51,090	900	51,990	177	3	180	Complied
Kindergarten	36,000	51,090	900	51,990	177	3	180	Complied
1st Grade	50,400	50,145	885	51,030	177	3	180	Complied
2nd Grade	50,400	50,145	885	51,030	177	3	180	Complied
3rd Grade	50,400	50,145	885	51,030	177	3	180	Complied
4th Grade	54,000	54,420	960	55,380	177	3	180	Complied
5th Grade	54,000	54,420	960	55,380	177	3	180	Complied
6th Grade	54,000	54,420	960	55,380	177	3	180	Complied
7th Grade	54,000	57,887	1,014	58,901	177	3	180	Complied
8th Grade	54,000	57,887	1,014	58,901	177	3	180	Complied

<sup>1</sup> The District submitted a J-13A Waiver Request for loss of instructional minutes and days due to an emergency closure resulting from [Los Angeles County Fires]. The J-13A Waiver was approved by the California Department of Education on [April 21, 2025] for the minutes and days as follows:

Grade Span	Approved Minutes	Approved Days
TK - K	900	3
1 - 3	885	3
4 - 6	960	3
7 - 8	1,014	3

<sup>2</sup> Determination of compliance is based on the actual minutes and days plus the J-13A approved minutes and days for the 2024-25 fiscal year.

Districts must maintain their instructional minutes as defined in Education Code Section 46207 and days requirement of Education Code Section 41420.

The District has received incentive funding for increasing instructional time as provided by the Incentive for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Section 46200 through 46206. The District met or exceeded its targeted funding.

**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2025**

General Fund (note 2)	(Budget) 2026 (note 3)	2025	2024	2023
Revenues and other financial sources	\$ 44,881,115	\$ 45,898,772	\$ 50,438,921	\$ 49,685,246
Expenditures	51,544,857	49,139,473	48,282,413	41,657,434
Other uses and transfers out	205,901	418,390	-	-
Total outgo	51,750,758	49,557,863	48,282,413	41,657,434
Change in fund balance	(6,869,643)	(3,659,091)	2,156,508	8,027,812
Restatements	-	-	(55,216)	-
Ending fund balance	\$ 15,456,514	\$ 22,326,157	\$ 25,985,248	\$ 23,883,956
Available reserves (note 1)	\$ 1,552,524	\$ 1,486,721	\$ 1,448,473	\$ 1,303,857
Available reserves as a percentage of total outgo	3.0%	3.0%	3.0%	3.1%
Total long-term debt	\$ 50,092,297	\$ 52,876,216	\$ 53,791,842	\$ 62,113,446
Average daily attendance at P-2	2,197	2,225	2,221	2,200

This schedule discloses the District's financial trends by displaying past fiscal years' data along with current fiscal 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.

The General Fund balance has decreased by \$1,557,799 over the past two fiscal years. The fiscal year 2025-2026 budget projects a decrease of \$6,869,643. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, and other uses (total outgo).

The District has incurred an operating surplus in two of the past three fiscal years, and anticipates a deficit during the 2025-2026 fiscal year. Total long-term debt has decreased \$9,237,230 over the past two fiscal years.

Average daily attendance (ADA) has increased by 25 over the past two fiscal years. A decrease of 28 ADA is anticipated during the fiscal year 2025-2026.

**NOTES:**

- 1 Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.
- 2 General Fund amounts include activity related to the consolidation of the Special Reserve for Postemployment Benefits Fund.
- 3 Budget 2026 is included for analytical purpose only and has not been subject to audit.

**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Numbers	Federal Expenditures	
<b>Federal Programs:</b>				
U.S. Department of Education:				
Passed through the California Department of Education:				
Every Student Succeeds Act (ESEA)				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 835,124	***
Title II, Part A, Supporting Effective Instructional	84.367	14341	86,845	
Title III, English Learner Student Program	84.365	14346	136,515	
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	36,471	
Elementary and Secondary School Emergency Relief (ESSERIII) Fund	84.425	15559	344,037	***
<b>Special Education (IDEA) State Grants Cluster:</b>				
Basic Local Assistance, Part B	84.027A	13379	546,316	
Preschool Grant, Part B	84.173A	13430	8,709	
Preschool Staff Development, Part B	84.173A	13431	82	
Mental Health Allocation Plan	84.027A	15197	13,630	
Total Special Education Cluster			<u>568,737</u>	
Total U.S. Department of Education			<u>2,007,729</u>	
U.S. Department of Agriculture:				
Passed through the California Department of Education:				
Child Nutrition Cluster				
Child Nutrition: School Programs (NSL Sec 4)	10.555	13523	187,882	
Child Nutrition: School Programs (NSL Sec 11)	10.555	13524	938,135	
Child Nutrition: School Programs (School Breakfast Needy)	10.553	13526	287,306	
USDA Commodities*	10.555	**	203,439	
Total Child Nutrition Cluster			<u>1,616,762</u>	
Child Care Food Program (Meal Reimbursement)	10.558	13529	535,325	
Equipment Assistance Grants	10.579	14906	63,639	
Total U.S. Department of Agriculture			<u>2,215,726</u>	
Total Expenditures of Federal Awards			<u>\$ 4,223,455</u>	

\* Indicated a noncash expenditures

\*\* Pass-Through Entity Identifying Number not available or not applicable

\*\*\*Denotes major program

See note to Schedule of Expenditures of Federal Awards

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**ROSEMEAD SCHOOL DISTRICT****NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Fiscal Year Ended June 30, 2025

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Rosemead School District and is presented on the modified accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the District's basic financial statements.

The District has elected not to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

For the fiscal year ended June 30, 2025, the District did not have payments passed through to other agencies.

**ROSEMEAD SCHOOL DISTRICT**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH**  
**AUDITED FINANCIAL STATEMENTS**  
June 30, 2025

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	General Fund*	Child Development Fund
	<u>                    </u>	<u>                    </u>
June 30, 2025 Annual Financial and Budget Report Fund Balances	\$ 22,326,157	\$ 3,077,367
Understatement of Accounts Receivable	<u>                    </u>	62,026
June 30, 2025 Audited Financial Statements Fund Balances	<u><u>\$ 22,326,157</u></u>	<u><u>\$ 3,139,393</u></u>

\* Included Special Reserve for Postemployment Benefits Fund Balance in an amount of \$2,175,156

	Bond Service Fund	Bond Interest and Redemption Fund
	<u>                    </u>	<u>                    </u>
June 30, 2025 Annual Financial and Budget Report Fund Balances	\$ 242,962	\$ 2,646,122
June 30, 2025 Audited Financial Statements Fund Balances	<u><u>\$ 242,962</u></u>	<u><u>\$ 2,646,122</u></u>

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities as reported on the annual financial and budget report to the audited financial statements.

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Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 4,142,965	\$ 818,192	\$ 2,954,799	\$ 1,304,162	\$ 11,873,685	\$ 797,761
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 4,142,965</u>	<u>\$ 818,192</u>	<u>\$ 2,954,799</u>	<u>\$ 1,304,162</u>	<u>\$ 11,873,685</u>	<u>\$ 797,761</u>

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**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  
Rosemead School District  
Rosemead, 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 Rosemead School District (the "District"), as of and for the fiscal year ended June 30, 2025, 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 27, 2026.

**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*.

**OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA**

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### **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.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
January 27, 2026



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

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

Board of Trustees  
Rosemead School District  
Rosemead, California

**Report on State Compliance**

**Opinion**

We have audited the Rosemead School District's (the "District") compliance with the types of compliance requirements described in the *2024-2025 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, California Code of Regulations, Section 19810, that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2025.

In our opinion, the 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 state compliance for the fiscal year ended June 30, 2025.

**Basis for Opinion**

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 *2024-2025 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, California Code of Regulations, Section 19810. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance 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 its state Programs.

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## 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 *2024-2025 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations, Section 19810 Act* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we 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 *2024-2025 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
<b>Local Education Agencies Other Than Charter Schools:</b>	
Attendance	Yes
Teacher certification and misassignments	Yes
Independent study	Not Applicable
Continuation education	Not Applicable
Instructional time	Yes
Instructional materials	Yes
Ratios of administrative employees to teachers	Yes
Classroom teacher salaries	Yes
Early retirement incentive	Not Applicable
Gann limit calculation	Yes
School accountability report card	Yes
Juvenile court schools	Not Applicable
Middle or early college high schools	Not Applicable
K-3 grade span adjustment	Yes
Apprenticeship: Related and supplemental instruction	Not Applicable
Comprehensive school safety plan	Yes
District of choice	Not Applicable
Home to school transportation reimbursement	Yes

Description	Procedures Performed
<b>School Districts, County Offices of Education, And Charter Schools:</b>	
Proposition 28 arts and music in schools	Yes
After/before school education and safety program	Yes
Proper expenditures of education protection account funds	Yes
Unduplicated local control funding 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)	Yes
Career technical education incentive grant	Yes
Expanded learning opportunities program	Yes
Transitional kindergarten	Yes
Kindergarten continuance	Yes
<b>Charter schools:</b>	
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

The term “not applicable” is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

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.

### 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 on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-2025 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
January 27, 2026



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

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**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  
Rosemead School District  
Rosemead, California

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the Rosemead School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2025.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

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## **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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
January 27, 2026

## **FINDINGS AND RECOMMENDATIONS SECTION**

**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
June 30, 2025

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**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u>  X  </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u> None reported	
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u> No	

*Federal Awards*

Internal control over major federal programs:			
Material weakness(es) identified?	_____ Yes	<u>  X  </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u> None reported	

Type of auditor’s report issued on compliance for major federal programs:	<u>Unmodified</u>
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR 200.516 (a)	_____ Yes	<u>  X  </u> No
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Identification of major programs

<u>Assistance Listing Number (s)</u>	<u>Name of Federal Program or Cluster</u>
84.425 _____	ESSER III _____
84.010 _____	<u>Title I, Part A, Basic Grants Low-Income and Neglected</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
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Auditee qualified as low-risk auditee:	<u>  X  </u> Yes	_____ No
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*State Awards*

Any audit findings disclosed that are required to be reported in accordance with Guide for Annual Audit of K-12 Local Education Agencies and State Compliance Reporting?	_____ Yes	<u>  X  </u> No
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Type of auditor’s report issued on compliance for state programs:	<u>Unmodified</u>
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**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
June 30, 2025

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**Section II – Financial Statement Findings**

There were no findings related to the financial statements for the fiscal year ended June 30, 2025.

**Section III – Federal Award Findings**

There were no findings on federal awards.

**Section IV – State Award Findings**

There were no findings on state awards.

**ROSEMEAD SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
June 30, 2025

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**Section II – Financial Statement Findings**

There were no prior year findings related to the financial statements for the fiscal year ended June 30, 2024.

**Section III – Federal Award Findings**

There were no prior year findings on federal awards.

**Section IV – State Award Findings**

There were no prior year findings on state awards.



## APPENDIX C

### GENERAL INFORMATION ABOUT THE CITY OF ROSEMEAD AND LOS ANGELES COUNTY

*The following information concerning the City of Rosemead (the “City”) and Los Angeles County (the “County”) is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the City, the County, the State of California (the “State”) or any of its political subdivisions (other than the District), and none of the City, the County, the State or any of its political subdivisions (other than the District) is liable therefor.*

#### General

**The City.** The City is a small city located in the eastern inland area of the County and was incorporated in August 1959. The City has a total area of 5.5 square miles, of which 0.19% is water. During the Spanish Colonial era, the area that is now the City was part of the San Gabriel Mission, and the first Anglo-American pioneers began settling in the City's area in the mid 19th Century.

**The County.** Located along the southern coast of the State, the County covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The County includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties.

Almost half of the County is mountainous and some 14% is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the county is a semi-dry plateau, the beginning of the vast Mojave Desert.

According to the County Regional Planning Commission, the 86 incorporated cities in the county covered about 1,344 square miles or 27% of the total county. About 16% of the land in the county was devoted to residential use and over two thirds of the land was open space and vacant.

#### Population

The following table lists population estimates for the City, the County and the other major cities in the County as of January 1 each year for the last five calendar years.

#### CITY OF ROSEMEAD, LOS ANGELES COUNTY, STATE OF CALIFORNIA Estimated Population

<u>Area</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City of Rosemead	50,986	50,349	50,171	50,296	50,501
Los Angeles County	9,966,353	9,870,212	9,834,286	9,848,643	9,876,811
State of California	39,369,530	39,179,680	39,228,444	39,420,663	39,529,101

*Source: State Department of Finance estimates (as of January 1).*

## Employment and Industry

The District is included in the Los Angeles-Long Beach-Glendale Metropolitan Division ("MD"). The seasonally adjusted unemployment rate in the County remained unchanged over the month at 5.7% in September 2025 from a revised 5.7% in August 2025, and was below the rate of 6.1% a year ago. Civilian employment increased by 8,000 to 4,797,000 in September 2025, while unemployment remained unchanged over the month at 292,000. The civilian labor force increased by 8,000 over the month to 5,089,000 in September 2025. All the above figures are seasonally adjusted. The unadjusted unemployment rate for the County was 5.9% in September 2025.

The State seasonally adjusted unemployment rate was 5.6% in September 2025, 5.5% in August 2025, and 5.5% a year ago in September 2024. The comparable estimates for the nation were 4.4% in September 2025, 4.3% in August 2025, and 4.1% a year ago. The table below lists employment by industry group for the County for the past five years for which data is available.

**LOS ANGELES-LONG BEACH-GLENDALE MD  
(LOS ANGELES COUNTY)  
Annual Average Civilian Labor Force, Employment and Unemployment,  
Employment by Industry  
(March 2024 Benchmark)**

	2020	2021	2022	2023	2024
Civilian Labor Force <sup>(1)</sup>	4,972,600	4,999,700	5,021,800	5,055,300	5,109,800
Employment	4,363,200	4,551,600	4,771,700	4,799,000	4,812,600
Unemployment	609,400	448,100	250,100	256,200	297,200
Unemployment Rate	12.3%	9.0%	5.0%	5.1%	5.8%
<b><u>Wage and Salary Employment:</u></b> <sup>(2)</sup>					
Agriculture	4,400	4,600	4,800	4,700	4,800
Mining and Logging	1,700	1,600	1,700	1,700	1,700
Construction	146,600	149,000	151,300	151,200	150,900
Manufacturing	315,400	313,100	321,700	318,400	310,800
Wholesale Trade	201,100	202,600	204,400	200,200	195,300
Retail Trade	375,700	396,100	405,500	404,900	400,100
Trans., Warehousing and Utilities	207,900	215,200	223,600	217,900	218,600
Information	191,100	208,800	234,900	193,100	189,800
Finance and Insurance	132,300	129,000	126,600	122,600	120,000
Real Estate and Rental and Leasing	80,900	84,100	89,200	88,300	88,800
Professional and Business Services	601,000	630,800	666,900	656,800	657,800
Educational and Health Services	821,700	844,400	871,100	920,300	969,400
Leisure and Hospitality	393,700	434,200	512,400	534,100	537,400
Other Services	128,800	135,700	153,000	157,400	158,400
Federal Government	50,200	47,700	47,100	47,900	48,300
State Government	89,000	90,700	95,400	98,500	100,300
Local Government	431,000	421,900	427,500	435,800	442,500
<b>Total, All Industries</b> <sup>(3)</sup>	<b>4,172,500</b>	<b>4,309,700</b>	<b>4,536,900</b>	<b>4,553,700</b>	<b>4,594,700</b>

(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 largest manufacturing and non-manufacturing employers as of December 2025 in the County are shown below, in alphabetical order.

### LOS ANGELES COUNTY Major Employers December 2025

Employer Name	Location	Industry
All Nations Church	Sylmar	Churches
California State Univ Nrthrdg	Northridge	Schools-Universities & Colleges Academic
California State-Long Beach	Long Beach	Schools-Universities & Colleges Academic
Cedars-Sinai Health System	West Hollywood	Health Care Management
County-Los Angeles Fire Dept	Commerce	Non-Profit Organizations
Emanate Health Queen-The Vly	West Covina	Hospitals
Infineon Technologies Americas	El Segundo	Semiconductor Devices (mfrs)
Kaiser Permanente Los Angeles	Los Angeles	Hospitals
Live Nation	Los Angeles	Entertainment Bureaus
Long Beach City Hall	Long Beach	City Hall
Longshore Dispatch	Wilmington	Labor Organizations
Los Angeles County Fire Dept	Acton	Fire Departments
Los Angeles County Sheriff	Monterey Park	Government Offices-County
Los Angeles General Med Ctr	Los Angeles	Hospitals
Los Angeles Intl Airport-Lax	Los Angeles	Airports
Los Angeles Medical Ctr	Los Angeles	Pathologists
Los Angeles Police Dept	Los Angeles	Police Departments
PIH Health	Whittier	Health Care Management
Security Industry Specialist	Culver City	Security Systems Consultants
Six Flags Magic Mountain	Valencia	Amusement & Theme Parks
Sony Pictures Entrtn Inc	Culver City	Motion Picture Producers & Studios
UCLA Community Based Learning	Los Angeles	Junior-Community College-Tech Institutes
Vision X	Los Angeles	Call Centers
Walt Disney Co	Burbank	Amusement & Theme Parks
Water Garden Management	Santa Monica	Office Buildings & Parks

*Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2025 2nd edition.*

## Effective Buying Income

Effective buying income ("EBI") is designated by Sales and Marketing Management Magazine as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor 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, personal 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), non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. EBI is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis.

The following table summarizes the EBI for the City, the County, the State and the United States for the period 2022 through 2026.

**CITY OF ROSEMEAD, LOS ANGELES COUNTY,  
STATE OF CALIFORNIA, AND THE UNITED STATES  
Effective Buying Income  
2022 through 2026**

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2022	City of Rosemead	\$1,087,499	\$61,751
	County of Los Angeles	327,445,237	71,404
	State of California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Rosemead	\$1,059,290	\$60,378
	County of Los Angeles	332,188,114	71,057
	State of California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Rosemead	\$1,129,641	\$64,820
	County of Los Angeles	342,046,555	74,246
	State of California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Rosemead	\$1,148,824	\$66,088
	County of Los Angeles	351,923,537	75,103
	State of California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	City of Rosemead	\$1,270,045	\$71,072
	County of Los Angeles	398,695,554	83,737
	State of California	1,730,654,738	90,403
	United States	13,932,177,817	75,433

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Source: Claritas, LLC.

## Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during the first two quarters of calendar year 2025 in the City were reported to be \$272,911,341, a 0.76% decrease from the total taxable sales of \$274,996,625 reported during the comparable two quarters of calendar year 2024.

**CITY OF ROSEMEAD**  
**Taxable Retail Sales**  
**Calendar Years 2020 through 2024**  
**(Dollars in Thousands)**

	<b>Retail Stores</b>		<b>Total All Outlets</b>	
	<b>Number of Permits</b>	<b>Taxable Transactions</b>	<b>Number of Permits</b>	<b>Taxable Transactions</b>
2020	824	\$360,182	1,399	\$401,859
2021	808	438,148	1,375	527,948
2022	823	513,343	1,393	575,782
2023	854	547,216	1,418	585,216
2024	867	521,567	1,459	570,246

*Source: State Department of Tax and Fee Administration.*

Total taxable sales during the first two quarters of calendar year 2025 in the County were reported to be \$98,152,153,919, a 2.79% decrease from the total taxable sales of \$100,970,751,576 reported during the comparable two quarters of calendar year 2024.

**LOS ANGELES COUNTY**  
**Taxable Retail Sales**  
**Calendar Years 2020 through 2024**  
**(Dollars in Thousands)**

	<b>Retail Stores</b>		<b>Total All Outlets</b>	
	<b>Number of Permits</b>	<b>Taxable Transactions</b>	<b>Number of Permits</b>	<b>Taxable Transactions</b>
2020	226,643	\$113,415,974	376,990	\$157,737,984
2021	208,412	139,000,373	349,061	192,524,203
2022	210,441	150,622,624	354,092	213,716,609
2023	202,366	146,164,088	342,582	208,502,835
2024	202,854	143,821,035	344,742	205,810,069

*Source: State Department of Tax and Fee Administration.*

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## APPENDIX D

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL LLP]

[Closing Date]

Board of Trustees  
Rosemead School District  
3907 Rosemead Blvd.  
Rosemead, California 91770

**OPINION:**     \$\_\_\_\_\_ Rosemead School District  
                         (Los Angeles County, California)  
                         2026 Refunding General Obligation Bonds

Members of the Board of Trustees:

We have acted as bond counsel to the Rosemead School District (the “District”) in connection with the issuance by the District of \$\_\_\_\_\_ principal amount of Rosemead School District (Los Angeles County, California) 2026 Refunding General Obligation Bonds, dated the date hereof (the “Bonds”), under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550 of said Code (the “**Bond Law**”) and a resolution adopted by the Board of Trustees of the District (the “Board”) on February 5, 2026 (the “Bond Resolution”). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and certifications and opinions 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 issue the Bonds and to perform its obligations under the Bond Resolution.
2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.
3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Los Angeles is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted however that interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,



## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
**ROSEMEAD SCHOOL DISTRICT**  
(Los Angeles County, California)  
**2026 Refunding General Obligation Bonds**

#### **CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Rosemead School District (the “**District**”) in connection with the issuance and delivery of the captioned bonds (the “**Bonds**”). The captioned Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on February 5, 2026 (the “**Resolution**”). U.S. Bank Trust Company, National Association, 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 (currently March 31).

“*Dissemination Agent*” means, initially, Fieldman, Rolapp & Associates, Inc. doing business as Applied Best Practices, Irvine, California, 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 U.S. Bank Trust Company, National Association, or any successor thereto.

*“Participating Underwriter”* means the original purchaser 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, 2027 with the report for the 2025-26 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(b). 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 following information for the most recently completed fiscal year, or, if available at the time of filing the Annual Report, the then-current fiscal year:

- (i) Assessed value of taxable property in the jurisdiction of the District as shown on the equalized assessment roll;
- (ii) Assessed valuation of the properties of the top twenty secured property taxpayers in the District as measured by secured assessed value;
- (iii) Property tax collection levies, collection and delinquencies, but only so long as the District's general obligation bond collections are not included on a Teeter Plan established by the County and only if available to the District;
- (iv) The District's most recently adopted Budget or approved interim report with budgeted figures, which is available at the time of filing the Annual Report; and
- (v) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of Section 4, 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 MSRB 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: \_\_\_\_\_, 2026

**ROSEMEAD 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](http://www.dtcc.com). *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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## **APPENDIX G**

### **LOS ANGELES COUNTY INVESTMENT POOL INVESTMENT POLICY AND INVESTMENT REPORT**

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**ELIZABETH BUENROSTRO GINSBERG**  
TREASURER AND TAX COLLECTOR

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

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

**Board of Supervisors**

**HILDA L. SOLIS**  
First District

**HOLLY J. MITCHELL**  
Second District

**LINDSEY P. HORVATH**  
Third District

**JANICE HAHN**  
Fourth District

**KATHRYN BARGER**  
Fifth District

**ADOPTED**

**BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES**

March 11, 2025

18 March 11, 2025

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

**EDWARD YEN**  
EXECUTIVE OFFICER

Dear Supervisors:

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

**SUBJECT**

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

**IT IS RECOMMENDED THAT THE BOARD:**

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

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The requested actions allow the Treasurer to continue to invest County funds and funds of other depositors in the County Treasury pursuant to the Investment Policy. On March 19, 2024, pursuant to Government Code (GC) Section 27000.1, and subject to GC Section 53607, your Board delegated to the Treasurer the annual authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury. GC Section 27000.1 states that subsequent to your Board's delegation, the Treasurer shall thereafter assume full responsibility for those transactions until your Board either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided in GC Section 53607. This action requests renewal of the annual delegation.

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

Based on our analysis and in consideration of current market conditions, we recommend no changes to the Investment Policy for 2025. However, we have provided the annual update to the limitation calculation for intermediate-term, medium-term, and long-term holdings (Attachment III).

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

On March 9, 2021, your Board approved changes to the Investment Policy in areas related to the consideration of Environmental, Social and Corporate Governance (ESG). Consistent with the 2021 Investment Policy, we incorporated Sustainalytics ESG scores as part of our analysis of investment issuers and have taken action to reduce investments if an issuer's composite ESG score is weaker than the median score for its industry. To date, the consideration of ESG scores in determining our issuers' investment limits has not impacted the County Treasury's return on investments.

In Fiscal Year (FY) 2023-24, the percentage of approved issuers with ESG scores increased to 58%, from 57% the prior year. Our purchase volume from issuers with ESG scores increased, from \$30.3 billion in FY 2022-23, to \$33.2 billion in FY 2023-24. This increase is largely attributable to the growth in the investment pool size.

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

The recommended action supports County Strategic Plan North Star 3, Realize tomorrow's government today; Focus Area Goal G, Internal Controls and Processes; Strategy ii. Manage and Maximize County Assets.

#### **FISCAL IMPACT/FINANCING**

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

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

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

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

There is no impact on current services.



The Honorable Board of Supervisors

3/11/2025

Page 3

Respectfully submitted,

A handwritten signature in cursive script, reading "Elizabeth Buenrostro Ginsberg". The signature is written in dark ink and is positioned above the printed name.

ELIZABETH BUENROSTRO GINSBERG

Treasurer and Tax Collector

EBG:LP:DJJ:JK:bp

Enclosures

c: Chief Executive Officer  
Executive Officer, Board of Supervisors  
Auditor-Controller  
County Counsel

**COUNTY OF LOS ANGELES  
TREASURER AND TAX COLLECTOR  
INVESTMENT POLICY**

**Authority to Invest**

Pursuant to Government Code Section 27000.1 and Los Angeles County Code 2.52.025, the Los Angeles County Board of Supervisors has delegated to the Treasurer the authority to invest and reinvest the funds of the County and the funds of other depositors in the County Treasury.

**Fundamental Investment Policy**

The Treasurer, a trustee, is inherently a fiduciary and subject to the prudent investor standard. Accordingly, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing investments, the investment decisions SHALL be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity would use with like aims.

All investments SHALL be governed by the Government Code and comply with the specific limitations set forth within this Investment Policy. Periodically, it may be necessary and prudent to make investment decisions beyond the limitations set forth in the Investment Policy that are otherwise permissible by California Government Code. In these special circumstances, ONLY the Treasurer is permitted to give written approval to operate outside the limitations set forth within this Investment Policy.

**Pooled Surplus Investment Portfolio**

The Treasurer SHALL establish and maintain a Pooled Surplus Investment (PSI) portfolio. The PSI portfolio SHALL be used to provide safe, liquid investment opportunities for pooled surplus funds deposited into the County Treasury.

The investment policies of the PSI portfolio SHALL be directed by and based on three prioritized objectives. The primary objective SHALL be to ensure the safety of principal. The secondary objective SHALL be to meet the liquidity needs of the PSI participants, which might be reasonably anticipated. The third objective SHALL be to achieve a return on funds invested, without undue compromise of the first two objectives.

PSI revenue/loss distribution SHALL be shared on a pro-rata basis with the PSI participants. PSI revenue/loss distribution will be performed monthly, net of administrative costs authorized by Government Code Section 27013 which includes employee salaries and benefits and services and supplies, for investing, depositing or handling funds, and the distribution of interest income, based on the PSI participants' average daily fund balance as recorded on the Auditor-Controller's accounting records. Administrative costs SHALL be deducted from the monthly PSI revenue/loss distribution on the basis of one-twelfth of the budgeted costs and adjusted periodically to actual costs.

Investments purchased with the intent to be held to maturity SHALL be accounted for in the Non-Trading partition of the PSI portfolio. Investments purchased with the intent to be sold prior to maturity SHALL be accounted for in the Trading partition of the PSI portfolio. The investments in the Trading partition SHALL NOT exceed \$500 million without specific written approval of the Treasurer.

In the event that a decision is made to transfer a given security from one partition to another, it MAY be transferred at cost; however, the difference between the market value, exclusive of accrued interest, at the time of transfer and the purchase price, exclusive of accrued interest, SHALL be computed and disclosed as unrealized profit or loss.

All PSI investments SHALL be categorized according to the period of time from settlement date to maturity date as follows:

- SHORT-TERM investments are for periods of up to ONE YEAR.
- INTERMEDIATE-TERM investments are for periods of ONE YEAR to THREE YEARS.
- MEDIUM-TERM investments are for periods of over THREE YEARS to FIVE YEARS.
- LONG-TERM investments are for periods of over FIVE YEARS.

PSI investments SHALL be limited to the short-term category except that the Investment Office of the Treasurer's Office MAY make PSI investments in accordance with the limitations imposed in Attachments I, II, III, and IV (all of which are attached hereto and incorporated by this reference.)

The weighted average maturity target of the PSI portfolio is a range between 1.0 and 4.0 years. For purposes of maturity classification, the maturity date SHALL be the nominal maturity date or the unconditional put option date, if one exists.

The total PSI portfolio investments with maturities in excess of one year SHALL NOT exceed 75% of the last 24 months' average total cash and investments, after adjustments, as indicated in Attachment III.

### **Business Continuity Plan**

The Treasurer's Business Continuity Plan (BCP) serves to sustain the performance of mission-critical Treasury functions in the event of a local or widespread emergency. The BCP includes written guidelines to perform critical Treasury functions, contact

information for key personnel, authorized bank representatives and broker/dealers. The Treasurer's Office implemented its BCP in 2007.

### **Liquidity of PSI Investments**

Short-term liquidity SHALL further be maintained and adjusted monthly so that sufficient anticipated cash is available to fully meet unanticipated withdrawals of discretionary deposits, adjusted for longer-term commitments, within 90 days.

Such liquidity SHALL be monitored where, at the beginning of each month, the par value for maturities in the next 90 days plus projected PSI deposits for 90 days, divided by the projected PSI withdrawals for 90 days plus discretionary PSI deposits, is equal to or greater than one.

The liquidation of investments is not required solely because the discretionary liquidity withdrawal ratio is less than one; however, investments SHALL be limited to a maximum maturity of 30 days until such time as the discretionary liquidity withdrawal ratio is equal to or greater than one.

The sale of any PSI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

### **Specific Purpose Investment Portfolio**

The Treasurer SHALL maintain a Specific Purpose Investment (SPI) portfolio to manage specific investment objectives of the SPI participants. Specific investments may be made with the approval of the requesting entity's governing body and the approval of the Treasurer. Revenue/loss distribution of the SPI portfolio SHALL be credited to the specific entity for which the investment was made. The Treasurer reserves the right to establish and charge the requesting entity fees for maintaining the entity's SPI portfolio.

Investments SHALL be limited to the short-term category, as defined above in the previous section for PSI investments, except when requested by a depositing entity and with the approval of the Treasurer, a longer term investment MAY be specifically made and held in the SPI portfolio.

The sale of any SPI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

### **Execution, Delivery, and Monitoring of Investments**

The Treasurer SHALL designate, in writing, personnel authorized to execute investment transactions.

All transactions SHALL be executed on a delivery versus payment basis.

The Treasurer or his authorized designees, in purchasing or obtaining any securities in a negotiable, bearer, registered, or nonregistered format, requires delivery of the securities to the Treasurer or designated custodial institution, by book entry, physical delivery, or by third party custodial agreement.

All investment transactions made by the Investment Office SHALL be reviewed by the Internal Controls Branch to assure compliance with this Investment Policy.

### **Reporting Requirements**

The Treasurer SHALL provide the Board of Supervisors with a monthly report consisting of, but not limited to, the following:

- All investments detailing each by type, issuer, date of maturity, par value, historical cost, market value and the source of the market valuation.
- Month-end bank balances for accounts under the control of the Treasurer.
- A description of funds, investments, or programs that are under the management of contracted parties, including lending programs for the Treasurer.
- A description of all investment exceptions, if any, to the Investment Policy.
- A statement denoting the ability of the PSI portfolio to meet the anticipated cash requirements for the participants for the next six months.

### **Discretionary Treasury Deposits and Withdrawal of Funds**

At the sole discretion of the Treasurer, PSI deposits may be accepted from local agencies not required to deposit their funds with the Los Angeles County Treasurer, pursuant to Government Code Section 53684.

At the time such deposits are made, the Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Such projections may be adjusted periodically as prescribed by the Treasurer but in no event less than semi-annually.

In accordance with Government Code Section 27136, all requests for withdrawal of such funds, for the purpose of investing or depositing these funds elsewhere SHALL be evaluated, prior to approving or disapproving the request, to ensure that the proposed withdrawal will not adversely affect the principal deposits of the other PSI participants.

If it is determined that the proposed withdrawal will negatively impact the principal deposits of the other PSI participants, the Treasurer may delay such withdrawals until the impact can be mitigated.

### **Broker/Dealers Section**

Broker/Dealers SHALL be limited to primary government dealers as designated by the Federal Reserve Bank or institutions meeting one of the following:

A. Broker/Dealers with minimum capitalization of \$500 million and who meet all five of the below listed criteria:

1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;
2. Be a member of the Financial Industry Regulatory Authority and;
3. Be registered with the Securities and Exchange Commission and;
4. Have been in operation for more than five years; and
5. Have a minimum annual trading volume of \$100 billion in money market instruments or \$500 billion in United States (U.S.) Treasuries and Agencies.

B. Emerging firms that meet all of the following:

1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;
2. Maintain office(s) in California and;
3. Maintain a minimum capitalization of \$250,000 and, at the time of application, have a maximum capitalization of no more than \$10 million.

Commercial Paper and Negotiable Certificates of Deposit may be purchased directly from issuers approved by the Treasurer.

An approved Treasurer Broker/Dealer list SHALL be maintained. Firms SHALL be removed from the approved Broker/Dealer list and trading suspended with firms failing to accurately and timely provide the following information:

- A. Confirmation of daily trade transactions and all open trades in effect at month-end.
- B. Response to auditor requests for confirmation of investment transactions.
- C. Response to the Internal Controls Branch requests for needed information.

### **Honoraria, Gifts, and Gratuities Limitations**

The Treasurer, Chief Deputy Treasurer and Tax Collector and designated Treasurer and Tax Collector employees SHALL be governed by the provision of the State's Political Reform Act, the Los Angeles County Code relating to Lobbyists, and the Los Angeles County Code relating to post government employment of County officials.

### **Investment Limitations**

The Investment Office SHALL NOT invest in inverse floating rate notes, range notes, or interest only strips that are derived from a pool of mortgages.

The Investment Office SHALL NOT invest in any security that could result in zero interest if held to maturity.

For investment transactions in the PSI portfolio, the Investment Office SHALL obtain approval of the Treasurer before recognizing any loss exceeding \$100,000 per transaction, calculated using amortized cost.

Proceeds from the sale of notes or funds set aside for the repayment of notes SHALL NOT be invested for a term that exceeds the term of the notes. Funds from bond proceeds may be invested in accordance with Government Code Section 53601(m), which permits investment according to the statutory provisions governing the issuance of those bonds, or in lieu of any statutory provisions to the contrary, in accordance with the approved financing documents for the issuance.

### **Consideration of Environmental, Social, and Corporate Governance (ESG) Scores**

The Treasurer considers that environmental, social and governance (ESG) factors may financially impact the safety, liquidity and yield of investment opportunities. The Treasurer therefore may pursue pragmatic and cost-effective means to consider such factors to fulfill the objectives set forth for the PSI Portfolio.

The Treasurer may also seek to further the County's sustainability goals and enhance the transition to a green economy, consistent with the County's Sustainability Plan, Our County, in its investment decisions, as long as such investments achieve substantially equivalent safety, liquidity and yield compared to other investment opportunities.

### **Permitted Investments**

Permitted Investments SHALL be limited to the following:

#### **A. Obligations of the U.S. Government, its agencies and instrumentalities**

1. Maximum maturity: None.
2. Maximum total par value: None.
3. Maximum par value per issuer: None.
4. Federal agencies: Additional limits in Section G apply if investments are Floating Rate Instruments.

#### **B. Municipal Obligations from the approved list of municipalities** (Attachment IV)

1. Maximum maturity: As limited in Attachment IV.
2. Maximum total par value: 10% of the PSI portfolio.

#### **C. Asset-Backed Securities**

1. Maximum maturity: Five years.
2. Maximum total par value: 20% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
4. All Asset-Backed securities must be rated in a rating category of "AA" or its equivalent or better rating and the issuer's corporate debt rating must be in a rating category of "A" or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO).



**D. Bankers' Acceptance Domestic and Foreign**

1. Maximum maturity: 180 days and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. The aggregate total of Bankers' Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:
  - a) The total shareholders' equity of depository bank.
  - b) The total net worth of depository bank.

**E. Negotiable Certificates of Deposit (CD)**

1. Maximum maturity: Three years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: Aggregate total of Domestic and Euro CD's are limited to 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Must be issued by:
  - a) National or State-chartered bank, or
  - b) Savings association or Federal association, or
  - c) Federal or State credit union, or
  - d) Federally licensed or State-licensed branch of a foreign bank.
5. Euro CD's:
  - a) Maximum maturity: One year and limits outlined in Attachment I for issuer's current credit rating.

- b) Maximum total par value: 10% of the PSI portfolio.
  - c) Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
  - d) Limited to London branch of National or State-chartered banks.
6. The aggregate total of Bankers Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:
- a) The total shareholders' equity of depository bank.
  - b) The total net worth of the depository bank.

#### **F. Corporate and Depository Notes**

- 1. Maximum maturity: Three years and limits outlined in Attachment I for the issuer's current credit rating.
- 2. Maximum total par value: 30% of the PSI portfolio.
- 3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
- 4. Notes MUST be issued by:
  - a) Corporations organized and operating within the U.S.
  - b) Depository institutions licensed by the U.S or any State and operating within the U.S.
- 5. Additional limits in Section G apply if note is a Floating Rate Note Instrument.

#### **G. Floating Rate Notes**

Floating Rate Notes included in this category are defined as any instrument that has a coupon or interest rate that is adjusted periodically due to changes in a base or benchmark rate.

- 1. Maximum maturity: Seven years, provided that Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 million par value may be greater than five years to maturity.

2. Maximum total par value: 10% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Benchmarks SHALL be limited to commercially available U.S. dollar denominated indexes.
5. The Investment Office SHALL obtain the prospectus or the issuer term sheet prior to purchase for all Floating Rate Notes and SHALL include the following on the trade ticket:
  - a) Specific basis for the benchmark rate.
  - b) Specific computation for the benchmark rate.
  - c) Specific reset period.
  - d) Notation of any put or call provisions.

#### **H. Commercial Paper**

1. Maximum maturity: 270 days and limits outlined in Attachment I for the issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: The lesser of 10% of the PSI portfolio or the limits outlined in Attachment I for the issuer's current credit rating.
4. Credit: Issuing Corporation - Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):
  - a) The entity meets the following criteria:
    - 1) Is organized and operating in the U.S. as a general corporation.
    - 2) Has total assets in excess of \$500 million.
    - 3) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a NRSRO.

b) The entity meets the following criteria:

- 1) Is organized in the U.S. as a Limited Liability Company or Special Purpose Corporation.
- 2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
- 3) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

#### **I. Shares of Beneficial Interest**

1. Money Market Fund (MMF) - Shares of beneficial interest issued by diversified management companies known as money market mutual funds, registered with the Securities and Exchange Commission in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulation. The company SHALL have met either of the following criteria:

- a) Attained the highest possible rating by not less than two NRSROs.
- b) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized in Government Code Section 53601 and with assets under management in excess of five hundred million dollars (\$500,000,000).

Maximum total par value: 15% of the PSI portfolio. However, no more than 10% of the PSI may be invested in any one fund.

2. State of California's Local Agency Investment Fund (LAIF) pursuant to Government Code Section 16429.1.
3. Trust Investments – Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in securities and obligations authorized in Section 53601 (a) to (o) of the Government Code. To be eligible, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
  - a) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
  - b) The adviser has not less than five years of experience investing in the

securities and obligations authorized in Section 53601 (a) to (o) of the Government Code.

- c) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

#### **J. Repurchase Agreement**

1. Maximum maturity: 30 days.
2. Maximum total par value: \$1 billion.
3. Maximum par value per dealer: \$500 million.
4. Agreements must be in accordance with approved written master repurchase agreement.
5. Agreements must be fully secured by obligations of the U.S. Government, its agencies and instrumentalities. The market value of these obligations that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less than monthly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. If a repurchase agreement matures the next business day after purchase, the repurchase agreement is not out of compliance with this collateralization requirement if the value of the collateral falls below the 102% requirement at the close of business on settlement date.

#### **K. Reverse Repurchase Agreement**

1. Maximum term: One year.
2. Maximum total par value: \$500 million. Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
3. Maximum par value per broker: \$250 million.
4. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the

Treasurer.

5. Agreements SHALL only be made for the purpose of enhancing investment revenue.
6. Agreements must be in accordance with approved written master repurchase agreement.
7. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.
8. The security to be sold on a reverse repurchase agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
9. The proceeds of the reverse repurchase agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
10. The proceeds of the reverse repurchase agreement SHALL be invested in instruments with maturities occurring at or before the maturity of the reverse repurchase agreement.
11. In no instance SHALL the investment from the proceeds of a reverse repurchase agreement be sold as part of a subsequent reverse repurchase agreement.

#### **L. Forwards, Futures and Options**

Forward contracts are customized contracts traded in the Over The Counter Market where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Future contracts are standardized contracts traded on recognized exchanges where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Option contracts are those traded in either the Over The Counter Market or recognized exchanges where the purchaser has the RIGHT but not the obligation to buy or sell a specific amount of an underlying asset at a specific price within a specific time period.

1. Maximum maturity: 90 days.
2. Maximum aggregate par value: \$100 million.
3. Maximum par value per counterparty: \$50 million. Counterparties for Forward and Option Contracts limited to those on the approved Treasurer and Tax Collector list and must be rated "A" or better from at least one nationally recognized rating agency.
4. The underlying securities SHALL be an obligation of the U.S. Government and its agencies and instrumentalities.
5. Premiums paid to an option seller SHALL be recognized as an option loss at the time the premium is paid and SHALL not exceed \$100,000 for each occurrence or exceed a total of \$250,000 in any one quarter. Premiums received from an option purchase SHALL be recognized as an option gain at the time the premium is received.
6. Complex or hybrid forwards, futures or options defined as agreements combining two or more categories are prohibited unless specific written approval of the Treasurer is obtained PRIOR to entering into the agreement.
7. Open forward, future, and option contracts SHALL be marked to market weekly and a report SHALL be prepared by the Internal Controls Branch.
8. In conjunction with the sale of bonds, the Treasurer MAY authorize exceptions to maturity and par value limits for forwards, futures and options.

#### **M. Interest Rate Swaps**

Interest Rate Swaps SHALL be used only in conjunction with the sale of bonds approved by the Board of Supervisors. In accordance with Government Code Section 53534, these agreements SHALL be made only if all bonds are rated in one of the three highest rating categories by two nationally recognized rating agencies and only upon receipt, from any rating agency rating the bonds, of written evidence that the agreement will not adversely affect the rating. Further, the counterparty to such an agreement SHALL be rated "A" or better from at least one nationally recognized rating agency selected by the Treasurer, or the counterparty SHALL provide an irrevocable letter of credit from an institution rated "A" or better from at least one nationally recognized rating agency acceptable to the Treasurer.

## **N. Securities Lending Agreement**

Securities lending agreements are agreements under which the Treasurer agrees to transfer securities to a borrower who, in turn agrees to provide collateral to the Treasurer. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the Treasurer in return for the collateral.

1. Maximum term: 180 days.
2. Maximum par value: Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
3. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.
4. Agreements SHALL only be made for the purpose of enhancing investment revenue.
5. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.
6. The security to be sold on securities lending agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
7. The proceeds of the securities lending agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
8. In no instance SHALL the investment from the proceeds of a securities lending agreement be sold as part of a subsequent reverse repurchase agreement or securities lending agreement.

## **O. Supranationals**

Supranationals are multilateral lending institutions that provide development financing, advisory services and other financial services to their member



countries to promote improved living standards through sustainable economic growth.

Supranational investments are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by any of the supranational institutions identified in Government Code Section 53601(q), with a maximum remaining maturity of five years or less, and which are eligible for purchase and sale within the United States. Supranational investments shall be rated in a rating category of "AA" or its equivalent or better by a NRSRO and shall not exceed 30% of the PSI portfolio.

1. Maximum maturity: Five years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

Permitted Investments are also subject to limitation based on the ESG score of individual issuers in comparison to the ESG score of the issuer's business sector, as rated by Sustainalytics. The limitation methodology is shown in Attachment II.

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

**MINIMUM CREDIT RATING  
DOMESTIC ISSUERS**

Investment Type	Maximum Maturity	Issuer Rating (1)			Investment Limit
		S&P Global	Moody's Analytics	Fitch Ratings	
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM
		A-1/AA	P-1/Aa	F1/AA	\$600MM
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$600MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (2)	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$600MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days

Notes:

- (1) All issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
- (2) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.

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

**MINIMUM CREDIT RATING  
FOREIGN ISSUERS**

Investment Type	Maximum Maturity	Issuer Rating (1)			Investment Limit
		S&P Global	Moody's Analytics	Fitch Ratings	
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM
		A-1/AA	P-1/Aa	F1/AA	\$450MM
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days.
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$450MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (2)	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$450MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days

Notes:

- (1) All issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
- (2) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.

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

**MINIMUM CREDIT RATING  
SUPRANATIONAL ISSUERS**

Issuer Rating (1)			Investment Limit (2)
S&P Global	Moody's Analytics	Fitch Ratings	
AAA	Aaa	aaa	30% of PSI Portfolio, of which 20% of the PSI Portfolio may be between 2 and 5 years.
AA	Aa	aa	20% of PSI Portfolio, of which 10% of the PSI Portfolio may be between 2 and 5 years.

Notes:

- (1) The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
- (2) Maximum combined par value for all issuers is limited to 30% of the PSI portfolio.

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

**MINIMUM CREDIT RATING  
COMMERCIAL PAPER**

Maximum Maturity	Issuer Rating (1) (2)			Investment Limit (3)
	S&P Global	Moody's Analytics	Fitch Ratings	
270 days	A-1	P-1	F1	\$1.5 Billion

Notes:

- (1) The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
- (2) If an issuer has a long-term rating, it must be rated in a rating category of "A" or its equivalent or higher.
- (3) Maximum combined par value for all issuers is limited to 40% of the PSI portfolio.

**ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE (ESG) SCORE  
IMPACT ON INVESTMENT LIMITS**

If an issuer's Sustainalytics ESG score is weaker than the median Sustainalytics ESG score of its business sector, investment limits will be subject to the following investment limit reductions:

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

County of Los Angeles  
Treasurer and Tax Collector  
Investment Policy  
ATTACHMENT III

**LIMITATION CALCULATION FOR  
INTERMEDIATE-TERM, MEDIUM-TERM AND LONG-TERM HOLDINGS  
(Actual \$)**

Average Investment Balance and Available Cash (1)	\$54,855,027,336
Less:	
▪ 50% of Discretionary Deposits (1)	(\$1,780,447,842)
Average Available Balance	\$53,074,579,494
Multiplied by the Percent Available for Investment Over One Year	75%
Equals the Available Balance for Investment Over One Year	\$39,805,934,621
Intermediate-Term (From 1 to 3 Years) ▪ One-third of the Available Balance for Investment	\$13,268,644,874
Medium-Term and Long-Term (Greater Than 3 Years) ▪ Two-thirds of Available Balance for Investment (2)	\$26,537,289,747

(1) 24 Month Average from December 2022 to November 2024.

(2) Any unused portion of the Medium-Term and Long-Term available balance may be used for Intermediate-Term investments.

### **APPROVED LIST OF MUNICIPAL OBLIGATIONS**

1. Any obligation issued or caused to be issued by the County of Los Angeles on its behalf or on behalf of other Los Angeles County affiliates. If on behalf of other Los Angeles County affiliates, the affiliate must have a minimum rating of "A3" (Moody's Analytics) or "A-" (S&P Global or Fitch Ratings). The maximum maturity is limited to 30 years.
2. Any short- or medium-term obligation issued by the State of California or a California local agency with a minimum Moody's Analytics rating of "MIG-1" or "A2" or a minimum S&P Global rating of "SP-1" or "A." Maximum maturity limited to five years.



## THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (Treasury Pool). As of December 31, 2025, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

<u>Local Agency</u>	<u>Invested Funds (in billions)</u>
County of Los Angeles and Special Districts	\$29.226
Schools and Community Colleges	27.374
Discretionary Participants	<u>3.562</u>
Total	\$60.162

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	94.09%
Discretionary Participants:	
Independent Public Agencies	5.80%
County Bond Proceeds and Repayment Funds	<u>0.11%</u>
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 11, 2025, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Report of Investments dated January 30, 2026, the December 31, 2025, book value of the Treasury Pool was approximately \$60.162 billion, and the corresponding market value was approximately \$58.982 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of December 31, 2025:

<b><u>Type of Investment</u></b>	<b><u>% of Pool</u></b>
Certificates of Deposit	3.49
U.S. Government and Agency Obligations	68.44
Bank Acceptances	0.00
Commercial Paper	28.04
Municipal Obligations	0.03
Corporate Notes & Deposit Notes	0.00
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	<u>0.00</u>
	100.00

The Treasury Pool is highly liquid. As of December 31, 2025, approximately 42.93% of the investments mature within 60 days, with an average of 380 days to maturity for the entire portfolio.



