

NEW ISSUE – BOOK ENTRY ONLY

RATING:
Moody's: "Aa1"
(See "RATING" herein.)

In the opinion of Dannis Woliver Kelley, Bond Counsel to the District, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Bonds with certain covenants contained in the Resolution authorizing the Bonds and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and will not be included in computing the alternative minimum taxable income of the owners thereof; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing alternative minimum tax imposed on certain corporations. See "TAX MATTERS" herein.



\$25,500,000*
BURLINGAME ELEMENTARY SCHOOL DISTRICT
(SAN MATEO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS,
ELECTION OF 2020, SERIES C

Dated: Date of Delivery

Due: August 1, as shown on inside cover page.

The Burlingame Elementary School District (San Mateo County, California) General Obligation Bonds, Election of 2020, Series C (the "Bonds") are being issued by the Burlingame Elementary School District (the "District") to (i) finance the acquisition, construction, furnishing and equipping of District facilities, as more fully described herein under the caption "THE PROJECTS" and (ii) pay certain costs of issuance associated therewith. The Bonds were authorized at an election within the District held on March 3, 2020 (the "Election"), at which more than fifty-five percent of the requisite registered voters voting on the proposition voted to authorize the issuance and sale of \$97,000,000 aggregate principal amount of general obligation bonds of the District (the "Authorization"). The Bonds are intended to be the third and final series of general obligation bonds issued under the Authorization.* The Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof.

The Bonds are general obligations of the District only and are not obligations of the County of San Mateo (the "County"), the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* property taxes without limitation as to rate or amount (except for certain personal property which is taxable at limited rates), for each fiscal year upon the taxable property within the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of and interest on each Bond as the same becomes due and payable.

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing on February 1, 2026. See "THE BONDS" herein.

The Bonds will be issued in book-entry form only, in denominations of \$5,000 or integral multiples thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as 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 – Book-Entry Only System."

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

MATURITY SCHEDULE

On Inside Cover Page

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval of legality by Dannis Woliver Kelley, Long Beach, California, Bond Counsel, and certain other conditions. Dannis Woliver Kelley, Long Beach, California, is acting as Disclosure Counsel for the issue and Kutak Rock LLP is acting as counsel to the Underwriter. It is anticipated that the Bonds will be available for delivery in definitive form in New York, New York, through the facilities of DTC on or about December 16, 2025.

STIFEL

The Date of this Official Statement is: _____, 2025.

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the 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, qualification or filing under the securities laws of any such jurisdiction.

MATURITY SCHEDULE

\$25,500,000*

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
(SAN MATEO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS,
ELECTION OF 2020, SERIES C**

\$_____ Serial Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹ (121457)</u>
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\$_____ % Term Bonds due August 1, 20__; Yield _____%, CUSIP¹ 121457__

* Preliminary, subject to change.

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BURLINGAME ELEMENTARY SCHOOL DISTRICT

Board of Trustees¹

Doug Brown, *Vice-President*
Katie Jay, *Clerk*
Nicole Mustafa, *Member*
Chaitanya Bhuskute, *Member*

District Administration

Dr. Marla Silversmith, *Superintendent*
Don Scatena, *Deputy Superintendent*
Matthew Pavao, *Assistant Superintendent*
Jennifer Baker, *Interim Executive Fiscal Director*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
Long Beach, California

Municipal Advisor

KNN Public Finance, A Limited Liability Company
Berkeley, California

Paying Agent and Costs of Issuance Custodian

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

¹ Dan Devoy resigned from the Board effective November 18, 2025. On November 18, 2025, Semonti Stephens was appointed by the Board to serve as an Interim Board member and is expected to be sworn in on December 9, 2025 to fill the remainder of Mr. Devoy's term through December 2026.

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as a representation of facts.

The information and expressions of opinion 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. Although certain information set forth in this Official Statement has been provided by the County of San Mateo (the "County"), the County has not approved this Official Statement and the County is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "SAN MATEO COUNTY POOLED INVESTMENT FUND."

The Underwriter may offer and sell the Bonds to certain securities dealers, institutional investors, banks or others at prices lower or higher than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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

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

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.

\$25,500,000*
BURLINGAME ELEMENTARY SCHOOL DISTRICT
(SAN MATEO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2020, SERIES C

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, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

General

The Burlingame Elementary School District (the “District”) proposes to issue \$25,500,000* aggregate principal amount of its General Obligation Bonds, Election of 2020, Series C (the “Bonds”) under and pursuant to a bond authorization (the “Authorization”) for the issuance and sale of not more than \$97,000,000 of general obligation bonds approved by more than 55% of the requisite qualified voters of the District voting on the proposition at a general election held on March 3, 2020 (the “Election”). On October 7, 2020, the District issued its \$33,500,000 General Obligation Bonds, Election of 2020, Series A (the “Series A Bonds”) and on July 11, 2023, the District issued its \$38,000,000 General Obligation Bonds, Election of 2020, Series B (the “Series B Bonds”) pursuant to the Authorization. The Bonds are intended to be the third and final series of bonds to be issued pursuant to the Authorization. Subsequent to the issuance of the Bonds, no general obligation bonds will remain for issuance pursuant to the Authorization.*

Proceeds from the sale of the Bonds will be used to finance the acquisition, construction, furnishing and equipping of District facilities and pay certain costs of issuance associated therewith. See “THE BONDS – Purpose of Issue” and “THE PROJECTS” herein.

The Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof.

Registration

The Bank of New York Mellon Trust Company, N.A. will act as the initial registrar, transfer agent and paying agent for the Bonds (the “Paying Agent”). As long as The Depository Trust Company, New York, New York (“DTC”) is the registered owner of the Bonds and DTC’s book entry-method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. See “THE BONDS – Description of the Bonds” herein.

The District

The District, formed in 1913, is located south of San Francisco in San Mateo County (the “County”), serving the City of Burlingame (the “City”), a small portion of the Town of Hillsborough, and adjacent portions of unincorporated County. The area within the District has an estimated population of

* Preliminary, subject to change.

approximately 31,000 people. Currently, the District operates six elementary schools and one intermediate school. Average daily attendance for fiscal year 2025-26 is budgeted to be 3,323.81 students and the property within the District has a fiscal year 2025-26 assessed value of \$19,830,551,268.

The District's audited financial statements for the fiscal year ended June 30, 2024, are attached hereto as APPENDIX B. For further information concerning the District, see the caption "BURLINGAME ELEMENTARY SCHOOL DISTRICT" herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Bonds are not payable from the General Fund of the District. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal and interest on the Bonds when due. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

Continuing Disclosure

The District has covenanted that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed by the District in connection with the Bonds. See "THE BONDS – Continuing Disclosure Agreement," "CONTINUING DISCLOSURE" herein and APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

Professionals Involved in the Offering

Dannis Woliver Kelley, Long Beach, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, is acting as paying agent for the Bonds. KNN Public Finance, a Limited Liability Company, Berkeley, California, is acting as Municipal Advisor to the District in connection with the issuance of the Bonds. Kutak Rock LLP, Denver, Colorado, is acting as counsel to the Underwriter with respect to the Bonds. Dannis Woliver Kelley, KNN Public Finance, LLC and The Bank of New York Mellon Trust Company, N.A. will receive compensation from the District contingent upon the sale and delivery of the Bonds. Kutak Rock LLP will receive compensation from the Underwriter contingent upon the sale and delivery of the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR

REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Closing Date

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about December 16, 2025.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the Government Code of the State of California (the “Government Code”) (commencing with Section 53506), applicable provisions of the Education Code of the State (the “Education Code”) and pursuant to a resolution of the Board of Trustees of the District (the “Board”) adopted on November 18, 2025 (the “Resolution”).

Purpose of Issue

The net proceeds of the Bonds will be used to finance certain capital improvements for the District as specified in the District bond proposition submitted at the Election, which includes, among other things: the modernization and renovation of outdated classrooms, restrooms, and school facilities to support 21st-century learning; fixing of damaged or leaky roofs; improvements to facilities for student safety; and upgrade of inadequate electrical systems (the “Projects”). See “THE PROJECTS” herein.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued only as fully registered bonds in denominations of \$5,000 principal amount or integral multiples thereof. The Bonds will mature on the dates and in the amounts and bear interest at the rates per annum, all as set forth on the inside cover page of this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

Book-Entry Only System

The Bonds will be issued under a book-entry system, evidencing ownership of the Bonds in denominations of \$5,000 principal amount or integral multiples thereof, with no physical distribution of Bonds made to the public. DTC will act as depository for the Bonds, which will be immobilized in their custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or by wire transfer of same day funds by The Bank of New York Mellon Trust Company, N.A., as Paying Agent, to Cede &

Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM” herein.

Payment of the Bonds

Interest on the Bonds is payable commencing February 1, 2026, and semiannually thereafter on February 1 and August 1 of each year (each, an “Interest Payment Date”). The Bonds shall be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof.

Interest on each Bond shall accrue from its dated date at the interest rates applicable thereto as set forth on the inside cover page hereof. Interest shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date (the “Record Date”). Interest will be payable from the Interest Payment Date next preceding the date of registration thereof, unless it is registered prior to the close of business on January 15, 2026, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of \$1,000,000 or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Redemption*

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

[Remainder of page intentionally left blank].

* Preliminary; subject to change.

Mandatory Redemption. The Bonds maturing August 1, 20__ are subject to mandatory sinking fund redemption on August 1 of each year set forth below (each a "Mandatory Sinking Fund Payment Date") and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Payment Date (August 1)	Principal Amount to be Redeemed
_____	_____

⁽¹⁾ Maturity.

In the event that a portion of the Bonds maturing on August 1, 20__ is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 principal amount of such Bonds optionally redeemed.

Selection of Bonds for Redemption

If less than all of the Bonds are subject to redemption and are called for redemption, such Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Bonds of any given maturity are called for redemption, the portions of such Bonds of a given maturity to be redeemed shall be determined by lot.

Notice of Redemption

Notice of any redemption of the Bonds shall be mailed by the Paying Agent, postage prepaid, not less than 20 nor more than 45 days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the registration books held by the Paying Agent, and (ii) as may be further required in accordance with the Continuing Disclosure Agreement. Each notice of redemption shall state (i) the date of such notice; (ii) the name of the Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price; (v) the Bonds and the dates of maturity or maturities of Bonds to be redeemed; (vi) if less than all of the Bonds of any maturity are to be redeemed, the distinctive numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

Right to Rescind Notice of Redemption

The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund

or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of and interest and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Effect of Notice of Redemption

Neither the failure to receive the notice of redemption as described above, nor any defect in such notice shall affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of interest on the date fixed for redemption. When notice of redemption has been given substantially as provided for in the Resolution, and when the redemption price of the Bonds called for redemption is set aside for the redemption thereof, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date shall be entitled to payment thereof only from the Interest and Sinking Fund or the trust fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Transfer and Exchange

If the Bonds are no longer in book-entry-only form, any Bond may be exchanged for Bonds of like tenor, series, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Defeasance

If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all of the outstanding Bonds all or any part of the principal, interest and premium, if any, on the Bonds at the times and in the manner provided in the Resolution and in the Bonds, or as described in the following paragraph, or as otherwise provided by law consistent with the Resolution, then such Owners shall cease to be entitled to the obligation of the District as provided in the Resolution, and such obligation and all agreement and covenants of the District and of the County to such Owners under the Resolution and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by the Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of the Resolution relating to unclaimed moneys shall apply in all events.

For purposes of defeasance of the Bonds, the District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent, selected by the District, at or before maturity, money or non-callable direct obligations of the United States of America (including zero

interest bearing State and Local Government Series) or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the Interest and Sinking Fund, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Continuing Disclosure Agreement

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the District will enter into a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), substantially in the form of APPENDIX D hereto, on or prior to the delivery of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain information as set forth therein. See “CONTINUING DISCLOSURE” herein and APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto.

SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Bonds
Original Issue Premium
Total Sources

Uses of Funds

Deposit to Building Fund
Deposit to Interest and Sinking Fund
Costs of Issuance⁽¹⁾
Total Uses

⁽¹⁾ Includes Underwriter’s discount, Bond and Disclosure Counsel fees, Municipal Advisor fees, paying agent fees, rating agency fees, and other costs of issuance.

District Investments; Application of Proceeds

The San Mateo County Treasurer-Tax Collector (the “Treasurer”) manages, in accordance with Government Code Section 53600 et seq., funds deposited with the Treasurer by school and community college districts located in the County, various special districts, and some cities within the State of California. State law generally requires that all moneys of the County, school and community college districts and certain special districts located in the County be held in the County’s pooled investment fund (the “Pooled Investment Fund”).

The composition and value of investments under management in the Pooled Investment Fund vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally. For a further discussion of the Pooled Investment Fund, see the caption “SAN MATEO COUNTY POOLED INVESTMENT FUND” herein.

The net proceeds from the sale of the Bonds (other than premium) shall be paid to the County to the credit of the Burlingame Elementary School District Building Fund (the “Building Fund”) established pursuant to the Resolution and shall be disbursed for the payment of the costs of acquiring and constructing the Projects (as described below). See “THE PROJECTS” herein. Any premium or accrued interest received by the District from the sale of the Bonds will be deposited in the Interest and Sinking Fund. Earnings on the investment of moneys in either the Building Fund or the Interest and Sinking Fund will be retained in the respective fund and used only for the purposes to which the respective fund may lawfully be applied. Moneys in the Interest and Sinking Fund may only be applied to make payments of principal of and interest, and premium, if any, on bonds of the District. All funds held in the Building Fund and the Interest and Sinking Fund will be invested by the Treasurer.

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DEBT SERVICE SCHEDULE

The following table summarizes the annual principal and interest payments on the Bonds, assuming no optional redemption.

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

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The table on the following page shows the annual debt service payments on all of the District's outstanding general obligation bonds, comprising its Election of 2007 General Obligation Bonds, Series C-1 (the "2007C-1 Bonds"); Election of 2012 General Obligation Bonds, Series B (the "2012B Bonds"); 2016 General Obligation Refunding Bonds (the "2016 Refunding Bonds"); Election of 2016 General Obligation Bonds, Series A (the "2016A Bonds"); Election of 2016 General Obligation Bonds, Series B (the "2016B Bonds"); 2019 General Obligation Refunding Bonds (the "2019 Refunding Bonds"); the Series A Bonds, the 2020 General Obligation Refunding Bonds (the "2020 Refunding Bonds"); the Series B Bonds, 2025 General Obligation Refunding Bonds (the "2025 Refunding Bonds"), and the Bonds (assuming no optional redemptions). See "BURLINGAME ELEMENTARY SCHOOL DISTRICT – District Debt Structure" herein for additional information concerning the District's outstanding general obligation bonds.

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DEBT SERVICE ON ALL OUTSTANDING GENERAL OBLIGATION BONDS

Bond Year Ending (August 1)	2007C-1 Bonds	2012B Bonds	2016 Refunding Bonds	2016A Bonds	2016B Bonds	2019 Refunding Bonds	Series A Bonds	2020 Refunding Bonds	Series B Bonds	2025 Refunding Bonds	The Bonds	Aggregate Total
2026	\$870,000.00	\$266,600.00	\$1,516,600.00	\$1,423,750.00	\$1,413,550.00	\$984,650.00	\$896,150.00	\$1,452,462.10	\$2,911,750.00	\$1,144,000.00		
2027	835,000.00	266,600.00	1,702,100.00	1,509,150.00	1,430,550.00	945,314.00	896,150.00	1,523,013.70	1,604,500.00	1,148,750.00		
2028	840,000.00	266,600.00	1,880,850.00	1,590,900.00	1,450,750.00	920,558.50	896,150.00	1,605,694.50	1,679,500.00	1,151,750.00		
2029	850,000.00	266,600.00	2,077,600.00	1,667,400.00	1,478,950.00	880,689.10	896,150.00	1,688,835.96	1,780,750.00	1,148,000.00		
2030	855,000.00	266,600.00	2,263,200.00	1,743,650.00	1,514,750.00	861,058.70	986,150.00	1,768,419.90	1,796,750.00	1,147,750.00		
2031	860,000.00	266,600.00	2,458,600.00	1,814,400.00	1,557,750.00	845,907.60	1,107,550.00	1,844,921.86	1,786,500.00	1,145,750.00		
2032	865,000.00	266,600.00	2,678,000.00	1,879,650.00	1,607,550.00	809,486.50	1,263,950.00	1,942,762.30	1,746,250.00	1,147,000.00		
2033	1,010,000.00	266,600.00	--	1,944,400.00	1,663,750.00	3,253,582.60	1,373,750.00	2,030,834.00	1,752,500.00	1,151,250.00		
2034	1,015,000.00	266,600.00	--	2,003,400.00	1,732,900.00	3,427,913.10	1,538,550.00	2,120,366.00	1,713,000.00	1,148,250.00		
2035	5,245,000.00	266,600.00	--	2,056,650.00	1,808,900.00	--	1,595,950.00	2,216,414.00	1,780,000.00	1,148,250.00		
2036	--	266,600.00	--	2,429,150.00	1,571,450.00	--	1,659,950.00	2,313,710.00	1,853,250.00	1,146,000.00		
2037	--	266,600.00	--	2,538,600.00	1,604,850.00	--	1,718,850.00	2,402,120.00	1,932,250.00	1,146,500.00		
2038	--	266,600.00	--	2,609,500.00	1,681,150.00	--	1,785,200.00	2,519,963.50	2,006,500.00	1,144,500.00		
2039	--	1,496,600.00	--	2,463,200.00	1,974,000.00	--	1,853,700.00	2,622,389.00	2,091,000.00	--		
2040	--	1,497,400.00	--	2,574,600.00	2,016,800.00	--	1,919,200.00	2,279,697.50	2,180,000.00	--		
2041	--	1,496,200.00	--	2,578,200.00	2,176,750.00	--	1,991,700.00	2,400,133.00	2,268,000.00	--		
2042	--	1,498,000.00	--	2,678,000.00	2,240,250.00	--	2,065,900.00	--	2,364,750.00	--		
2043	--	1,497,600.00	--	--	--	--	2,146,900.00	--	2,459,500.00	--		
2044	--	--	--	--	--	--	2,227,300.00	--	2,557,000.00	--		
2045	--	--	--	--	--	--	2,306,900.00	--	2,666,750.00	--		
2046	--	--	--	--	--	--	2,395,500.00	--	2,777,750.00	--		
2047	--	--	--	--	--	--	2,507,500.00	--	2,869,500.00	--		
2048	--	--	--	--	--	--	2,603,587.50	--	2,987,500.00	--		
2049	--	--	--	--	--	--	2,701,112.50	--	3,110,000.00	--		
2050	--	--	--	--	--	--	2,799,956.26	--	3,241,250.00	--		
2051	--	--	--	--	--	--	--	--	6,280,250.00	--		
2052	--	--	--	--	--	--	--	--	6,531,000.00	--		
2053	--	--	--	--	--	--	--	--	--	--		
Total	\$13,245,000.00	\$10,951,600.00	\$14,576,950.00	\$35,504,600.00	\$28,924,650.00	\$12,929,160.10	\$44,133,756.26	\$32,731,737.32	\$68,727,750.00	\$14,917,750.00		

THE PROJECTS

The District will apply the net proceeds of the Bonds to finance the acquisition, construction, furnishing and equipping of District facilities in accordance with the bond proposition approved at the Election which includes the ballot measure and a project list. The “Smaller Classes, Safer Schools, and Financial Accountability Act,” a Constitutional amendment known as Proposition 39, controls the method by which the District will expend Bond proceeds on its capital improvements. Prior to the Election, the District prepared and submitted to the Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the Bonds, which was then submitted to the voters at the Election (the “Project List”). The District will prioritize and may not undertake to complete all components of the Project List.

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the District, and the Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds. The *ad valorem* property taxes collected for payment of principal of and interest on the Bonds shall be deposited to the Interest and Sinking Fund of the District held by the County prior to being transferred to the Paying Agent for payment of the Bonds.

The District received authorization to issue \$97,000,000 aggregate principal amount of general obligation bonds pursuant to an election of the qualified electors within the District on March 3, 2020. The Bonds are intended to be the third and final series of bonds issued under the Authorization. Subsequent to the issuance of the Bonds, no general obligation bonds will remain for issuance under the Authorization.*

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts receive property taxes for payment of voter-approved bonds as well as for general operating purposes.

Local property taxation is the responsibility of various county officers. School districts whose boundaries extend into more than one county are treated for property tax purposes as separate jurisdictions in each county in which they are located. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer and tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer and tax collector, as *ex officio* treasurer of each school district located in the county, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due.

* Preliminary; subject to change.

Restrictions on use of *Ad Valorem* Taxes and Statutory Lien on Debt Service

Under State of California (“State”) law, school districts may levy *ad valorem* taxes (in addition to their share of the 1% county tax to pay operating expenses) only to pay principal of and interest on general obligation bonds that, like the Bonds, are approved at an election to finance specified projects or are bonds issued to refund such general obligation bonds. Moreover, State law provides that the *ad valorem* taxes may be levied to pay the principal of and interest on bonds and for no other purpose. Consequently, under State law, the District is not authorized to divert revenue from *ad valorem* taxes levied to pay the Bonds to a purpose other than payment of the Bonds. Such *ad valorem* taxes are held by the County separate and apart from other funds of the County and the District. See “SOURCES AND USES OF FUNDS – District Investments; Application of Proceeds” hereinabove.

Pursuant to Section 53515 of the State Government Code, effective for any bonds issued on or after January 1, 2016, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

Under the Resolution, the District has pledged, as security for the Bonds and the interest thereon, the proceeds from the levy of the *ad valorem* tax which the County levies and receives and all interest earnings thereon (the “Pledged Moneys”). The Pledged Moneys shall be used to pay the principal of and interest on the Bonds when and as the same shall become due and payable.

The Bonds are the general obligations of the District, payable solely from Pledged Moneys and do not constitute an obligation of the County except as provided in the Resolution. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon. Other than the Pledged Moneys, no funds or accounts of the District are pledged to payment of the Bonds.

TAX BASE FOR REPAYMENT OF THE BONDS

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

***Ad Valorem* Property Taxation**

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. 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 secured by the assessee’s fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee’s fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer’s enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent, if unpaid, on August 31 and are subject to a 10% delinquency penalty. Unsecured property taxes remaining unpaid on October 31 are also subject to an additional penalty of one and one half percent per month on the first day of each month thereafter. The additional penalties shall continue to attach until the time of payment or until the time a court judgment is entered for the amount of unpaid taxes and penalties, whichever occurs first.

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 respective 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 recordation 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, bank accounts or possessory interests belonging or assessed to the taxpayer.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES” herein.

The State Constitution currently requires a credit of \$7,000 of the taxable value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies. Current law also provides, upon application, a basis exemption of \$100,000 increased by inflation for veterans with specified disabilities or for unmarried spouses of deceased veterans. The exemption may be raised to \$150,000 if the applicant meets the income limit of \$40,000.

In addition, certain classes of property such as cemeteries, free public libraries and museums, public schools, churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

The following table presents the historical assessed valuation in the District since fiscal year 2014-15. The District's total assessed valuation is \$19,830,551,268 for fiscal year 2025-26.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
Summary of Assessed Valuations in District
Fiscal Years 2014-15 Through 2025-26

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2014-15	\$8,607,879,331	\$2,560,452	\$307,681,987	\$8,918,121,770	--
2015-16	9,190,523,175	2,763,435	325,315,085	9,518,601,695	6.73%
2016-17	9,914,355,384	2,763,435	329,523,360	10,246,642,179	7.65
2017-18	10,583,148,779	2,763,435	338,802,594	10,924,714,808	6.62
2018-19	11,215,514,797	2,763,435	345,084,566	11,563,362,798	5.85
2019-20	12,056,250,564	3,841,026	360,539,512	12,420,631,102	7.41
2020-21	13,422,234,604	3,841,026	351,839,604	13,777,915,234	10.93
2021-22	14,098,285,623	3,841,026	359,686,163	14,461,812,812	4.96
2022-23	15,528,512,033	3,841,026	454,124,624	15,986,477,683	10.54
2023-24	16,608,936,692	2,540,870	548,939,473	17,160,417,035	7.34
2024-25	17,946,899,484	2,695,197	607,221,399	18,556,816,080	8.14
2025-26	19,187,480,878	2,695,197	640,375,193	19,830,551,268	6.86

Source: *California Municipal Statistics, Inc.*

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, or toxic contamination, or other impacts of climate change and global warming, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "SECURITY FOR THE BONDS."

Natural Disasters Impacting Assessed Valuations

Drought Conditions. Water shortfalls resulting from the driest conditions in recorded State history caused a State-wide drought State of Emergency for California in 2014 and the imposition by State regulators of reductions in water usage through 2017 when the State-wide drought ended in almost all California counties.

During fiscal years 2020-21, 2021-22, and 2022-23, much of the State experienced Severe or Extreme Drought, pursuant to the U.S. Drought Monitor Classification Scheme. Beginning in April, 2021, Governor Newsom signed several executive orders relating to the drought, including declaring states of emergency due to drought in the State. On January 4, 2022, State Water Board adopted emergency use regulations prohibiting certain wasteful water practices such as watering ornamental

landscapes during rain and using potable water to clean hard surfaces and driveways. In June, 2022, additional emergency water conservation regulations took effect limiting watering of ornamental grasses in certain locations followed by additional water use regulations in December prohibiting wasteful water use practices. On March 24, 2023, as a result of rain and snowfall in the State, Governor Newsom rolled back many of the water use restrictions in his previous drought-related executive orders but left in place certain measures aimed at wasteful water uses as well as preserving ground water supplies. In September, 2024, Governor Newsom lifted the drought states of emergency in 19 counties, including the County.

Currently, according to the U.S. Drought Monitor, approximately 49% of the State is not experiencing any drought, while approximately 19% of the State is experiencing abnormally dry conditions, approximately 22% of the State is experiencing Moderate Drought and approximately 10% is experiencing Severe Drought. The County is not experiencing any dry or drought conditions. The District cannot predict if water usage restrictions might be imposed again or what impact such restrictions, if imposed, might have on the assessed valuation of the District and the local economy.

Wildfires. In recent years, certain portions of the State were affected by large-scale wildfires which destroyed both natural lands and residential and commercial properties and resulted in large-scale property value reductions in the impacted areas. The District has not been materially impacted by recent wildfires.

The State Fire Marshal identifies areas in the State as moderate, high, and very high fire hazard severity zones based on the severity of fire hazard that is expected to prevail in those areas. The District is not located in a fire hazard severity zone.

Earthquakes. All jurisdictions in California are subject to the effects of damaging earthquakes. Earthquakes are considered a threat to the District due to the highly active seismic region and the proximity of fault zones, which could influence the entire southern coastal portion of the State. An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such a quake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake can easily exceed the resources of the District and other local public entities and would require a high level of self-help, coordination and cooperation.

The District is located in the greater San Francisco Bay area, which has a high likelihood of future earthquakes as it straddles the San Andreas fault system. The territory within the District has experienced approximately 5,244 earthquakes since 1931, with the largest earthquake within 30 miles of the District, being a 4.8 magnitude, which occurred in 1980. There is a 97.87% chance of a major earthquake (i.e., a 5.0 magnitude or greater) within 50 miles of the District within the next 50 years.

Climate Change. Climate change caused by human activities may have adverse effects on the property within the boundaries of the District. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts and wildfires as well as increased risk of flooding and a rise in sea levels. Projections of the impacts of global climate change are complex and depend on many factors that are outside 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. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts.

The occurrence of natural disasters within the boundaries of the District could result in substantial damage to property within the District (including District properties) and, in turn, could substantially reduce assessed valuations of such property.

Pandemic. The outbreak of COVID-19 and the corresponding measures to prevent its spread caused widespread unemployment and economic slowdown in the United States, the State and the County. Such economic slowdown created risk for economic recession or depression or a general market decline in real estate values which in turn could have led to a reduction of assessed values in the District.

The District cannot make any representation regarding the effects that drought, flooding, changes in economic conditions (caused by pandemic, tariffs or otherwise), fire conditions, earthquakes, or other natural disasters has had, or may have on the value of taxable property within the District, or to what extent such conditions could cause disruptions to economic activity, destroy property, reduce land values and adversely impact other economic activity within the boundaries of the District.

Re-assessments and Appeals of Assessed Valuations

Pursuant to California Proposition 8 of November 1978 (“Proposition 8”), property owners may apply for a reduction of their property tax assessment by filing a written application, in a form prescribed by the State Board of Equalization (“SBE”), with the appropriate county board of equalization or assessment appeals board. In most cases, an appeal is filed because the applicant believes that present market conditions (such as lower residential home sale prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIII A of the California Constitution.”

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.

County assessors, at their discretion, may also, from time to time, review certain property types purchased between specific time periods (e.g., all single family homes and condominiums purchased shortly prior to widespread declines in the fair market value of residential real estate within the county, as occurred between 2009 and 2011) and may proactively, temporarily reduce the assessed value of qualifying properties to Proposition 8 assessed values without owner appeal therefor.

A property that has been reassessed under Proposition 8, whether pursuant to owner appeal or due to county assessor review, is subsequently reviewed annually to determine its lien date value. Assuming no change in ownership or new construction, and if and as market conditions improve, the assessed value of a property with a Proposition 8 assessed value in place may increase as of each property tax lien date by more than the standard annual inflationary factor growth rate allowed under Article XIII A (currently, a 2% annual maximum) until such assessed value again equals the Article XIII A base year value for such property as adjusted for inflation and years of ownership, at which point such property is again taxed pursuant to Article XIII A and base year values may not be increased by more than the standard Article XIII A annual inflationary factor growth rate. A change in ownership while a property

is subject to a Proposition 8 reassessment assessed valuation will cause such assessed valuation to become fixed as a new Article XIII A base year value for such property. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIII A of the California Constitution” herein.

No assurance can be given that property tax appeals and reassessments in the future will not significantly reduce the assessed valuation of property within the District. However, any reduction in assessed value within the District would simply increase the tax rate necessary to pay the Bonds and any outstanding general obligations bonds of the District. The Board of Supervisors of the County is obligated to levy and collect *ad valorem* taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on outstanding general obligation bonds of the District.

Assessed Valuation by Jurisdiction

The table below sets forth the assessed valuation of the taxable property within the District by jurisdiction for fiscal year 2025-26.

BURLINGAME ELEMENTARY SCHOOL DISTRICT 2025-26 Assessed Valuation by Jurisdiction

<u>Jurisdiction:</u>	Assessed Valuation <u>in District</u>	% of <u>District</u>	Assessed Valuation <u>of Jurisdiction</u>	% of Jurisdiction <u>in District</u>
City of Burlingame	\$18,959,554,580	95.61%	\$18,977,304,657	99.91%
Town of Hillsborough	1,968,004	0.01	14,561,071,724	0.01
Unincorporated San Mateo County	<u>869,028,684</u>	<u>4.38</u>	29,898,848,011	2.91
Total District	\$19,830,551,268	100.00%		
San Mateo County	\$19,830,551,268	100.00%	\$341,533,872,615	5.81%

Source: *California Municipal Statistics, Inc.*

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Assessed Valuation by Land Use

The table below sets forth the assessed valuation of the taxable property within the District by land use for fiscal year 2025-26.

BURLINGAME ELEMENTARY SCHOOL DISTRICT 2025-26 Assessed Valuation and Parcels by Land Use

	2025-26 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial/Office	\$3,307,193,213	17.24%	508	5.52%
Industrial	1,364,676,125	7.11	187	2.03
Recreational	67,888,703	0.35	19	0.21
Government/Social/Institutional	100,661,316	0.52	84	0.91
Miscellaneous	<u>4,774,925</u>	<u>0.02</u>	<u>50</u>	<u>0.54</u>
Subtotal Non-Residential	\$4,845,194,282	25.25%	848	9.22%
Residential:				
Single Family Residence	\$10,327,927,109	53.83%	6,616	71.94%
Condominium/Townhouse	881,095,561	4.59	974	10.59
Hotel/Motel	606,193,684	3.16	12	0.13
2-4 Residential Units	289,862,055	1.51	261	2.84
5+ Residential Units/Apartments	<u>1,866,542,309</u>	<u>9.73</u>	<u>400</u>	<u>4.35</u>
Subtotal Residential	\$13,971,620,718	72.82%	8,263	89.84%
Vacant Parcels	\$370,665,878	1.93%	86	0.94%
Total	\$19,187,480,878	100.00%	9,197	100.00%

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

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Assessed Valuation of Single Family Homes

The following table sets forth ranges of assessed valuations of single family homes in the District for fiscal year 2025-26, including the median and average assessed value per single family parcel.

BURLINGAME ELEMENTARY SCHOOL DISTRICT Per Parcel 2025-26 Assessed Valuation of Single Family Homes

	No. of <u>Parcels</u>	2025-26 <u>Assessed Valuation</u>	Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>
Single Family Residential	6,616	\$10,327,927,109	\$1,561,053	\$1,342,380

2025-26 <u>Assessed Valuation</u>	No. of <u>Parcels⁽¹⁾</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>	Total <u>Valuation</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>
\$0 - \$199,999	627	9.477%	9.477%	\$ 90,169,380	0.873%	0.873%
\$200,000 - \$399,999	545	8.238	17.715	158,850,573	1.538	2.411
\$400,000 - \$599,999	514	7.769	25.484	255,863,543	2.477	4.889
\$600,000 - \$799,999	465	7.028	32.512	324,320,228	3.140	8.029
\$800,000 - \$999,999	457	6.907	39.420	410,258,543	3.972	12.001
\$1,000,000 - \$1,199,999	429	6.484	45.904	470,911,142	4.560	16.561
\$1,200,000 - \$1,399,999	384	5.804	51.708	498,356,651	4.825	21.386
\$1,400,000 - \$1,599,999	368	5.562	57.270	551,363,481	5.339	26.725
\$1,600,000 - \$1,799,999	343	5.184	62.455	582,330,514	5.638	32.363
\$1,800,000 - \$1,999,999	335	5.063	67.518	635,773,180	6.156	38.519
\$2,000,000 - \$2,199,999	333	5.033	72.551	698,117,497	6.760	45.278
\$2,200,000 - \$2,399,999	269	4.066	76.617	618,312,278	5.987	51.265
\$2,400,000 - \$2,599,999	293	4.429	81.046	732,516,016	7.093	58.358
\$2,600,000 - \$2,799,999	241	3.643	84.689	650,513,713	6.299	64.656
\$2,800,000 - \$2,999,999	220	3.325	88.014	635,713,434	6.155	70.812
\$3,000,000 - \$3,199,999	156	2.358	90.372	482,496,409	4.672	75.483
\$3,200,000 - \$3,399,999	131	1.980	92.352	431,616,133	4.179	79.662
\$3,400,000 - \$3,599,999	119	1.799	94.151	415,483,250	4.023	83.685
\$3,600,000 - \$3,799,999	66	0.998	95.148	244,463,452	2.367	86.052
\$3,800,000 - \$3,999,999	81	1.224	96.372	315,554,742	3.055	89.108
\$4,000,000 and greater	240	3.628	100.000	1,124,942,950	10.892	100.000
	6,616	100.000%		\$10,327,927,109	100.000%	

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

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Largest Taxpayers

The table below sets forth the largest local secured taxpayers within the District in fiscal year 2025-26.

BURLINGAME ELEMENTARY SCHOOL DISTRICT 2025-26 Largest Total Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2025-26 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	Burlingame Point LLC	Office Building	\$ 906,284,056	4.72%
2.	King 1699 Bayshore Owner LLC	Industrial	503,803,599	2.63
3.	Peninsula Owner LLC	Office Building	304,475,359	1.59
4.	HMC Burlingame Hotels LLC	Hotel	244,279,694	1.27
5.	HANIMPJV North Rollins Burlingame CA LLC	Undeveloped	226,363,170	1.18
6.	CP VII Adrian LLC	Apartments	189,981,072	0.99
7.	Anson Apartments LLC	Apartments	189,376,170	0.99
8.	EQR-Northpark LP	Apartments	142,695,779	0.74
9.	220 Park Road Owner LLC	Office Building	132,411,152	0.69
10.	Inland Amer Lodging Burlingame LLC	Hotel	130,755,587	0.68
11.	CP VIII 1766 ECR LLC	Apartments	106,240,796	0.55
12.	1095 Rollins Road LP	Apartments	100,110,603	0.52
13.	WDI One Bay LLC & One Bay Owner SFP LLC	Office Building	91,518,346	0.48
14.	DCT Rollins Road LLC	Industrial	85,763,945	0.45
15.	DW Burlingame Series Owner LLC	Office Building	79,981,679	0.42
16.	Bayswater Myrtle Venture LLC	Apartments	78,849,811	0.41
17.	PUR Skyline MMC II LLC	Apartments	73,998,972	0.39
18.	PPF/AHP OFF 1720 El Camino Real Owner LP	Office Building	69,708,629	0.36
19.	Topgolf USA Burlingame LLC	Recreational	63,967,722	0.33
20.	El Camino Operating LLC	Office Building	<u>61,747,740</u>	<u>0.32</u>
			<u>\$3,782,313,881</u>	<u>19.71%</u>

⁽¹⁾ 2025-26 local secured assessed valuation: \$19,187,480,878.

Source: *California Municipal Statistics, Inc.*

The top 20 taxpayers on the secured roll for 2025-26 account for 19.71% of the local secured assessed value in the District which is \$19,187,480,878. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for fiscal year 2025-26 is Burlingame Point LLC, accounting for 4.72% of the total secured assessed value in the District. No other secured taxpayer accounts for more than 2.63% of the total secured assessed value in the District. The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner. Each taxpayer listed above is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table above.

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Tax Rates

The following table sets forth tax rates levied in Tax Rate Area 4-001 located within the District for fiscal years 2021-22 through 2025-26.

BURLINGAME ELEMENTARY SCHOOL DISTRICT **Typical Tax Rate per \$100 Assessed Valuation (TRA 4-001)⁽¹⁾**

	2021-22	2022-23	2023-24	2024-25	2025-26
General Tax Rate	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Burlingame ESD	0.0728	0.0503	0.0595	0.0544	0.0596
San Mateo CCD	0.0227	0.0193	0.0476	0.0445	0.0420
San Mateo UHSD	0.0488	0.0504	0.0190	0.0178	0.0180
Total	\$1.1443	\$1.1200	\$1.1261	\$1.1167	\$1.1196

⁽¹⁾ 2025-26 assessed valuation of TRA 4-001 is \$12,093,421,929 which is 60.98% of the District's total assessed valuation.
Source: *California Municipal Statistics, Inc.*

The Teeter Plan

San Mateo County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") as provided for in Division 1, Part 8, Chapter 3 of the State Revenue and Taxation Code (commencing with Section 4701), which requires the County to pay 100% of secured property taxes due to local agencies in the fiscal year such taxes are due. Pursuant to these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

As a result of this method of tax collection, the K-12 districts, including the District, located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies if the conditions established under the applicable county's Teeter Plan are met. However, such districts are no longer entitled to share in the receipt of any penalties due to delinquent payments. This method of tax collection and distribution is subject to future discontinuance at such county's option if the delinquency rate for all *ad valorem* property taxes levied within the District exceeds 3% in any year, or if demanded by the participating taxing agencies. In the event that the Teeter Plan were terminated, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collection of the *ad valorem* property taxes and the delinquency rates experienced with respect to the parcels within the District.

Direct and Overlapping Debt

Numerous local agencies that provide public services overlap the District's service area. These local agencies have outstanding debt in the form of general obligation, lease revenue and special assessment bonds. The following table shows the District's estimated direct and overlapping bonded debt. The statement excludes self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations. The District and the Underwriter have not reviewed this table and there can be no assurance as to the accuracy of the information contained in the table; inquiries concerning the scope and methodology of procedures carried out to compile the information presented should be directed to California Municipal Statistics, Inc.

The following table is a statement of the District's direct and estimated overlapping bonded debt as of November 1, 2025:

BURLINGAME ELEMENTARY SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness

2025-26 Assessed Valuation: \$19,830,551,268

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 11/1/25</u>
San Mateo Community College District	5.806%	\$ 36,393,701
San Mateo Union High School District	17.149	125,033,216
Burlingame Elementary School District	100.000	<u>175,919,317</u>⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$337,346,234
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Mateo County General Fund Obligations	5.806%	\$29,841,881
San Mateo County Board of Education Certificates of Participation	5.806	309,460
City of Burlingame General Fund Obligations	99.906	34,517,523
City of Burlingame Pension Obligation Bonds	99.906	4,665,610
San Mateo County Mosquito and Vector Control District General Fund Obligations	5.806	<u>171,833</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$69,506,307
Less: City of Burlingame supported obligations		<u>1,166,403</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$68,339,904
 GROSS COMBINED TOTAL DEBT		 \$406,852,541 ⁽²⁾
NET COMBINED TOTAL DEBT		\$405,686,138

Ratios to 2025-26 Assessed Valuation:

Direct Debt (\$175,919,317)	0.89%
Total Direct and Overlapping Tax and Assessment Debt	1.70%
Gross Combined Total Debt	2.05%
Net Combined Total Debt	2.05%

⁽¹⁾ Does not include the Bonds.

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

Source: *California Municipal Statistics, Inc.*

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DISTRICT FINANCIAL INFORMATION

The information in this section concerning the operations of the District and the District's finances 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 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 approved by the voters pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County on all taxable property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

State Funding of Education

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as a part of the 2013-14 State budget, enacted the Local Control Funding Formula ("LCFF") beginning in fiscal year 2013-14, which replaced the revenue limit funding system and many categorical programs. The LCFF distributes resources to school districts through a guaranteed base funding grant (the "Base Grant") per unit of ADA. The average Base Grant per unit of ADA under the LCFF is more than the average revenue limit under the prior funding system. A Base Grant is assigned to each of four grade spans. Additional supplemental funding is made available based on the proportion of English language learners, low-income students and foster youth.

For fiscal year 2025-26, the LCFF provides to school districts and charter schools a Target Base Grant for each Local Education Agency ("LEA") equivalent to (a) \$11,323 per ADA for transitional kindergarten/kindergarten through grade 3; (b) \$10,411 per ADA for grades 4 through 6; (c) \$10,719 per ADA for grades 7 and 8; and (d) \$12,746 per ADA for grades 9 through 12. For fiscal year 2024-25, the LCFF also provides an adjusted add-on for Transitional Kindergarten ("TK") equal to \$5,545.

Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. With full implementation of the LCFF, the provision of a cost-of-living-adjustment ("COLA") is now subject to appropriation for such adjustment in the annual State budget. For fiscal year 2024-25 the COLA was 1.07% and for fiscal year 2025-26, the COLA is slightly higher at 2.30%. See "– State Budget Measures – 2024-25 State Budget" and "– 2025-26 State Budget" for information regarding the COLA for fiscal year 2024-25 and fiscal year 2025-26. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

The State budget for fiscal year 2021-22 also implemented a plan to expand the LCFF to include TK to all four-year olds. This plan has been phased-in in cohorts of TK students over a four-year period, which will be completed in fiscal year 2025-26.

School districts that serve students of limited English proficiency (“EL” students), students from low income families that are eligible for free or reduced priced meals (“LI” students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals (“FRPM”) and are not discussed separately herein). A supplemental grant add-on (each, a “Supplemental Grant”) is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts’ percentage of EL/LI student enrollment. School districts whose EL/LI student populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a “Concentration Grant”) equal to 65% of the applicable Base Grant multiplied by the percentage of such district’s unduplicated EL/LI student enrollment in excess of the 55% threshold.

ADA and Enrollment

The following table sets forth the historical ADA at P-2 and enrollment for fiscal years 2015-16 through 2024-25.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
Historical ADA and Enrollment
Fiscal Years 2015-16 through 2024-25

Fiscal Year	ADA	Enrollment
2015-16	3,241	3,353
2016-17	3,294	3,410
2017-18	3,387	3,507
2018-19	3,392	3,510
2019-20	3,408	3,534
2020-21 ¹	3,408	3,387
2021-22	3,165	3,312
2022-23	3,119	3,284
2023-24	3,192	3,319
2024-25	3,261	3,376

¹ Due to the COVID-19 pandemic, Average Daily Attendance was irregularly reported in 2021. Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

Source: *The District*.

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The following table sets forth the ADA, enrollment and the percentage of EL/LI enrollment for fiscal year 2024-25, budgeted for fiscal year 2025-26 and projections for fiscal years 2026-27 through 2027-28.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
ADA, English Language/Low Income Enrollment
Fiscal Years 2024-25 through 2027-28

ADA						
Fiscal Year	TK-3	4-6	7-8	Total ADA	Total Enrollment	Unduplicated Count (as % of Total Enrollment)
2024-25	813	1,111	736	3,261.12	3,376	27.96%
2025-26 ¹	852	1,135	784	3,323.81	3,414	24.78
2026-27 ²	874	1,086	761	3,287.20	3,372	24.82
2027-28 ²	896	1,062	720	3,240.12	3,336	24.73

¹ Budgeted.

² Projected.

Source: *The District*.

Due to the COVID-19 pandemic and related State budget-implementing legislation, California school districts, other than certain charter school districts, were held harmless against any loss of ADA for purposes of calculating apportionment in the 2020-21 fiscal year, with ADA for purposes of calculation of state funding based on ADA for fiscal year 2019-20. Additionally, due to State-wide declining enrollment trends, additional hold harmless measures have been instituted to shelter school districts from large annual revenue losses. For fiscal year 2021-22, ADA for funding purposes was based on ADA in fiscal year 2019-20. The fiscal year 2022-23 budget for the State permits school districts, on an on-going basis, to use the greater of the current year or prior year ADA or an average of the three prior years' ADA to calculate LCFF funding. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures."

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

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

Accountability. The State Board of Education has promulgated regulations regarding the expenditure of supplemental and concentration funding, including a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such district on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

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

Support and Intervention. The LCFF establishes a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before July 15 of each year, a county superintendent may seek clarification regarding the contents of a district’s LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district’s LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district’s budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

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

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

In the last five years, the District has adopted its annual LCAP in compliance with the LCFF.

Revenue Sources

The District categorizes its General Fund revenues into four sources. Each of these revenue sources is briefly described below. See “-Percentage of Revenue by Source” below for the percentage of total General Fund revenues from each of the four sources of revenue for fiscal years 2021-22 through 2025-26.

LCFF Sources. State funding under the LCFF consists of Base Grants and supplemental grants as described above. This category also includes local property taxes. See “-- State Funding of Education – Local Control Funding Formula” above.

Federal Revenues. The federal government provides funding under the Every Student Succeeds Act for several District programs, including special education programs.

On January 20, 2025, President Trump issued a series of executive orders, which include ensuring that federal funds are used in a manner approved by the current administration. In response to and in an effort to carry out such orders, on January 27, 2025, the White House Office of Management and Budget (“OMB”) released its memorandum M-25-13, Temporary Pause of Agency Grant, Loan, and Other Financial Assistance Programs (the “OMB Memorandum”). The OMB Memorandum directed federal agencies to temporarily pause all activities related to obligation or disbursement of all federal financial assistance in order to review spending for consistency with the Trump Administration’s policies, stating that the temporary pause was to become effective at 5:00 p.m. on January 28, 2025. The OMB Memorandum caused uncertainty as to whether certain Federal funding and grants would be paused.

Before the OMB Memorandum became effective, two separate lawsuits were filed in federal district courts in Rhode Island and the District of Columbia challenging the OMB Memorandum and seeking injunctions. On January 28, 2025, shortly before the OMB Memorandum became effective, a District of Columbia federal judge issued an emergency administrative stay through February 3, 2025, at which time a preliminary injunction hearing was set. On January 29, 2025, OMB rescinded the OMB Memorandum. Although the OMB Memorandum was rescinded, the executive orders are in effect and the matter is ongoing as spending reviews are ongoing. On January 31, 2025, a Rhode Island federal judge issued a temporary restraining order on the pause. On February 3, 2025, the District of Columbia federal judge issued a temporary restraining order as well. On February 10, 2025, the Rhode Island federal judge granted a motion for a preliminary injunction and issued an Enforcement Order clarifying the scope of the temporary restraining order and ordering the Trump Administration to release federal funds and comply with the earlier order. The Trump Administration appealed the temporary restraining order to the U.S. Court of Appeals for the First Circuit. The Trump Administration’s request to stay the temporary restraining order pending appeal was denied. The U.S. Department of Education released a letter, dated February 14, 2025, notifying schools and colleges to eliminate diversity, equity, and inclusion programs and initiatives by the end of the month or risk losing federal funding. The District cannot predict any action to be taken in carrying out the executive orders nor its effect on the District’s federal funding or operations of the District.

On March 20, 2025, President Trump signed an executive order aimed at terminating the United States Department of Education. On June 30, 2025, the Trump Administration announced it would be withholding approximately \$6.8 billion in federal funding due to be released on July 1, 2025 for certain Title I, II, III and IV programs, including migrant education, professional development, English-learner services, academic enrichment, before-and after-school programs, and adult basic and literacy education. However, on July 25, 2025, the federal government announced it was releasing \$5.5 billion of such education funding. The District cannot predict the types of possible federal funding cuts that may occur

or the extent of such cuts, if any, however, the District does not expect the withholding of such federal funds to have a material impact on the District's revenues or operations.

Other State Revenues. The District receives some other State revenues. These other State revenues are primarily restricted revenues funding items such as instructional materials and various block grants.

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 law requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instructional material.

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

Parcel Taxes. On November 4, 2014, voters within the District authorized the District to consolidate two previously approved parcel taxes, the Measure B parcel tax and the Measure E parcel tax, for a combined special tax of \$256 per parcel per year for 14 years (the "Measure L Parcel Tax"), commencing July 1, 2016. The Measure L Parcel Tax generates approximately \$2,000,000 annually for the District.

On November 5, 2024, voters within the District approved Measure GG, a special tax of \$0.14 per building square foot capped at \$2,500 and \$25 per unimproved parcel for eight years. Measure GG is expected to raise approximately \$3.6 million annually for the District.

Foundation Revenues. The District receives revenue from the Burlingame Community for Education Foundation ("BCE"), a 501(c)(3) non-profit public benefit corporation. BCE supports District schools by providing a grant at the end of each school year to be applied to the immediately succeeding fiscal year. At the end of the 2024-25 school year the District received approximately \$2.8 million from BCE.

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Percentage of Revenue by Source

The following table presents each revenue source of the District as a percentage of total General Fund revenues for fiscal years 2021-22 through 2025-26.

BURLINGAME ELEMENTARY SCHOOL DISTRICT Percentage of Revenue by Source⁽¹⁾ Fiscal Years 2021-22 through 2025-26

Revenue Source	2021-22	2022-23	2023-24	2024-25 ⁽²⁾	2025-26 ⁽³⁾
LCFF Sources	74.4%	70.4%	77.4%	74.8%	72.3%
Federal Revenues	2.1	3.6	2.1	2.2	2.2
Other State Revenues	13.0	14.3	8.0	10.9	7.9
Other Local Revenues	10.5	11.6	12.5	12.1	17.5

⁽¹⁾ Percentages may not total to 100% due to rounding.

⁽²⁾ Based on Unaudited Actuals.

⁽³⁾ Based on Adopted Budget.

Source: *The District*.

Developer Fees

The District receives developer fees per square foot pursuant to Education Code Section 17620 which must be used to fund construction or reconstruction of school facilities. Current developer fees are \$5.17 per square foot for residential housing and \$0.84 per square foot for commercial or industrial development, except for rental self-storage facilities. Per the District's agreement with the San Mateo Union High School District, the District's share of the developer fees collected is 60%, or \$3.10 (60% of \$5.17) per square foot for residential construction and \$0.50 (60% of \$0.84) per square foot for commercial/industrial construction, except for rental self-storage facilities in which a fee of \$0.03 per square foot is collected.

The following table sets forth developer fee collections by the District for the most recent five fiscal years, including the budgeted developer fee collections for the current fiscal year.

BURLINGAME ELEMENTARY SCHOOL DISTRICT Developer Fee Collections

Fiscal Year	Developer Fees Collected
2021-22	\$ 842,094
2022-23	1,074,005
2023-24	2,250,121
2024-25 ⁽¹⁾	175,519
2025-26 ⁽²⁾	2,175,043

⁽¹⁾ Unaudited.

⁽²⁾ Budgeted.

Source: *The District*.

COVID-19 Outbreak and its Economic Impact

In late 2019, an outbreak of COVID-19, a respiratory virus, initially occurred in China and subsequently spread globally. The global outbreak, together with measures undertaken to limit the spread of COVID-19 imposed by local and federal governments, caused volatility in financial markets as well as operating restrictions upon many businesses. The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and increases in inflation as these restrictions and closures have been lifted.

As a result of the various regulations imposed in order to slow the spread of COVID-19, economic activity within the State, the County and the community around and within the District suffered episodes of recession and/or depression. The District cannot predict whether a future pandemic may occur, the extent or duration of such an outbreak, or what impact it may have on the District's General Fund revenues. However, the Bonds are general obligations of the District payable solely from *ad valorem* property taxes and are not payable from the General Fund of the District. See "SECURITY FOR THE BONDS" herein.

Budget Procedures

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

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. In 2014, Assembly Bill 2585 was enacted, which repealed provisions authorizing school districts to use a dual budget adoption cycle. Instead, all school districts must be on a single budget cycle. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets may be disapproved if they fail the above conditions. The district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than November 8, the county superintendent must notify the State Superintendent of all school districts whose budget has been disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget

conforms with the standards and criteria applicable to final district budgets and not later than November 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

In the past five fiscal years, the District's adopted budget has never been disapproved by the County Superintendent.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim reports with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The school district governing board must certify its financial condition as either positive, negative or qualified. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or 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. The school district must file the report with the county superintendent of schools, who may either agree with the school district's certification or change the certification.

The District has filed positive certifications on each interim report in the last five fiscal years.

General Fund Budget. The District's General Fund adopted budgets for fiscal years 2020-21 through 2025-26, audited actuals for the fiscal years 2020-21 through 2023-24, and unaudited actual results for fiscal year 2024-25, are set forth on the following page.

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**BURLINGAME ELEMENTARY SCHOOL DISTRICT
GENERAL FUND BUDGETING**

	Adopted Budget 2020-21 ⁽¹⁾	Audited Actuals 2020-21 ⁽¹⁾	Adopted Budget 2021-22 ⁽¹⁾	Audited Actuals 2021-22 ⁽¹⁾	Adopted Budget 2022-23 ⁽¹⁾	Audited Actuals 2022-23 ⁽¹⁾	Adopted Budget 2023-24 ⁽¹⁾	Audited Actuals 2023-24 ⁽¹⁾	Adopted Budget 2024-25 ⁽²⁾	Unaudited Actuals 2024-25 ⁽³⁾	Adopted Budget 2025-26 ⁽⁴⁾
REVENUES											
LCFF Sources	\$28,799,931	\$32,144,946	\$32,461,840	\$32,844,153	\$35,009,996	\$36,548,490	\$39,093,926	\$40,269,107	\$38,999,125	\$38,760,582	\$41,441,206
Federal	1,055,174	2,326,387	1,538,060	929,900	2,174,725	1,888,093	793,983	1,108,115	986,185	1,127,823	1,285,477
Other State	2,586,337	4,438,717	4,482,472	5,761,762	4,285,621	7,415,357	5,141,498	4,155,120	4,514,056	5,642,325	4,548,820
Other Local	<u>4,738,100</u>	<u>5,029,341</u>	<u>4,990,854</u>	<u>4,654,400</u>	<u>5,232,446</u>	<u>6,035,083</u>	<u>5,411,807</u>	<u>6,511,790</u>	<u>6,066,785</u>	<u>6,276,892</u>	<u>10,023,605</u>
Total Revenues	37,179,542	43,939,391	43,473,226	44,190,215	46,702,788	51,887,023	50,441,214	52,044,132	50,566,151	51,807,621	57,299,108
EXPENDITURES											
Current											
Certificated Salaries	19,680,122	19,132,066	20,044,037	20,129,767	21,495,687	21,725,765	23,068,070	22,555,996	24,399,694	23,284,429	24,328,202
Classified Salaries	5,238,468	4,675,149	5,214,983	5,138,231	5,616,484	5,885,065	6,594,433	6,290,456	6,987,520	6,760,645	7,398,981
Employee Benefits	10,107,160	9,611,795	11,011,204	10,406,844	11,543,949	12,343,701	13,295,312	10,886,778	13,729,975	12,273,708	13,722,135
Books and Supplies	1,231,646	1,408,726	1,860,949	2,693,051	2,906,241	2,743,760	2,664,141	880,273	975,375	1,021,070	1,579,504
Services, Other Operating Expenses	4,229,947	4,313,132	5,568,819	4,422,807	5,219,854	6,510,315	5,196,011	7,800,398	6,216,098	8,824,945 ⁽⁶⁾	8,702,017
Capital Outlay	--	35,929	--	5,926	--	--	--	592,545	74,124	343,616	--
Other Outgo	<u>49,998</u>	<u>106,736</u>	<u>92,729</u>	<u>10,289</u>	<u>92,729</u>	<u>43,330</u>	<u>--</u>	<u>25,840</u>	<u>--</u>	<u>44,579</u>	<u>13,166</u>
Total Expenditures	40,537,341	39,283,533	43,792,721	42,806,915	46,874,944	49,251,936	50,817,967	49,032,286	52,382,785	52,552,992	55,744,005
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(3,357,799)	4,655,858	(319,495)	1,383,300	(172,156)	2,635,087	(376,753)	3,011,846	(1,816,633)	(745,371)	1,555,103
OTHER FINANCING SOURCES (USES)											
Transfers in	290,000	--	(314,286)	--	(404,851)	--	--	2	--	--	--
Transfers out ⁽⁷⁾	<u>(715,000)</u>	<u>(175,000)</u>	<u>(489,286)</u>	<u>(4,300,000)</u>	<u>(404,851)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Financing Sources/(Uses)	(425,000)	(175,000)	(803,572)	(4,300,000)	(809,702)	--	--	2	--	--	--
NET CHANGE IN FUND BALANCE	(3,782,799)	4,480,858	(1,123,067)	(2,916,700)	(981,858)	2,635,087	(376,753)	3,011,848	(1,816,633)	(745,371)	1,555,103
Fund Balance, July 1	12,178,695	12,178,695	16,659,553	16,659,553	13,742,853	13,742,853	7,760,175 ⁽⁸⁾	7,760,175 ⁽⁸⁾	9,099,858	11,323,250 ⁵	10,577,879
Fund Balance, June 30	\$ 8,395,896	\$16,659,553	\$15,536,486	\$13,742,853	\$12,760,995	\$16,377,940	\$7,383,422	\$10,772,023	\$7,283,224	\$10,577,879	\$12,132,983

¹ From the audited financial statements of the District for the stated fiscal year

² From the adopted budget of the District for fiscal year 2024-25.

³ From the unaudited actual results of the District for fiscal year 2024-25.

⁴ From the adopted budget of the District for fiscal year 2025-26.

⁵ Includes audit adjustment of \$551,227.

⁶ Increase in Services and Operating Expenses represents expenditure of carry-over Arts Music & Instructional Materials Block Grant, IDEA, Expanded Learning Opportunities and Educator Effectiveness Block Grant funds from fiscal year 2023-24.

⁷ Transfers to the Deferred Maintenance Fund, Special Reserve Fund for Other than Capital Outlay Projects and Special Reserve Fund for Capital Outlay Projects.

⁸ Fiscal year 2023-24 beginning fund balance has been adjusted and does not include amounts reclassified to the Special Reserve Fund for Capital Outlay and the Deferred Maintenance Fund., as well as \$1,956,471 of On-behalf payments.

Source: *The District*

Comparative Financial Statements

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. Audited financial statements for the District for the fiscal year ended June 30, 2024, and prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District, 2385 Trousdale Drive, Burlingame, California 94010. See APPENDIX B hereto for the fiscal year 2023-24 Audited Financial Statements of the District.

The table on the following page reflects the District's audited General Fund revenues, expenditures and fund balances from fiscal year 2020-21 to fiscal year 2023-24.

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BURLINGAME ELEMENTARY SCHOOL DISTRICT
GENERAL FUND
Statement of Revenues, Expenditures and Change in Fund Balances
for Fiscal Years 2020-21 through 2023-24

	2020-21 Audit	2021-22 Audit	2022-23 Audit	2023-24 Audit ⁽¹⁾
REVENUES				
LCFF Sources	\$32,144,946	\$32,844,153	\$36,548,490	\$40,269,107
Federal Revenues	2,326,387	929,900	1,888,093	1,108,115
Other State Revenues	4,438,717	5,761,762	7,415,357	6,111,591
Other Local Revenues	<u>5,029,341</u>	<u>4,654,400</u>	<u>6,035,083</u>	<u>7,367,085</u>
TOTAL REVENUES	43,939,391	44,190,215	51,887,023	54,855,898
EXPENDITURES				
Instruction	26,654,536	30,207,366	32,895,548	34,209,563
Instruction-Related Services:				
Supervision of Instruction	1,368,026	931,557	1,018,806	1,350,055
Instructional library, media & tech	215,059	234,727	339,497	322,206
School site administration	2,861,977	3,345,880	4,461,924	3,731,419
Pupil Services:				
Home-to-school transportation	48,719	122,340	181,477	234,618
Food Services	2,688	--	--	--
All other pupil services	1,599,170	1,488,493	1,666,715	1,888,366
General Administration:				
Data processing	236,414	250,585	270,683	299,557
All other administration	2,962,284	2,835,364	3,767,260	3,728,533
Plant Services	3,227,924	3,380,314	4,606,696	5,164,487
Facilities Acquisition and Construction	--	--	--	791,179
Ancillary Services			--	--
Transfers to Other Agencies	<u>106,736</u>	<u>10,289</u>	<u>43,330</u>	<u>25,840</u>
TOTAL EXPENDITURES	39,283,533	42,806,915	49,251,936	51,745,823
Excess (Deficiency) of Revenues Over Expenditures	4,655,858	1,383,300	2,635,087	3,110,075
OTHER FINANCING SOURCES/USES				
Transfers in	--	--	--	2
Transfers out ⁽²⁾	<u>(175,000)</u>	<u>(4,300,000)</u>	<u>--</u>	<u>--</u>
NET FINANCING SOURCES (USES)	(175,000)	(4,300,000)	--	2
NET CHANGE IN FUND BALANCES	4,480,858	(2,916,700)	2,635,087	3,110,077
Fund Balance at Beginning of Year	12,178,695 ⁽²⁾	16,659,553	13,742,853	19,354,723 ⁽³⁾
Fund Balance at End of Year	\$16,659,553	\$13,742,853	\$16,377,940	\$22,464,800

⁽¹⁾ Amounts reported for fiscal year 2023-24 do not agree with the amounts in the General Fund Budgeting table for the same fiscal year for the following reasons: (i) the amounts reported in this table include the financial activity of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54; (ii) the amounts reported herein include the financial activity of the Private-Purpose Trust Fund, in accordance with the fiduciary activities definition outlined by GASB Statement No. 84; (iii) the amounts reported in the General Fund Budgeting table do not reflect audit adjustments, reclassifications, or restatements; and (iv) On-behalf Payments of \$1,956,471 are not included in the actual revenues and expenditures reported in this table.

⁽²⁾ Consists of transfers to the Deferred Maintenance Fund, Special Reserve Fund for Other than Capital Outlay Projects and Special Reserve Fund for Capital Outlay Projects.

⁽³⁾ Restated in accordance with fund type definitions promulgated by GASB Statement No. 54.

Source: *The District*.

Accounting Practices

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

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information.

2024-25 State Budget. The fiscal year 2024-25 budget for the State ("2024-25 State Budget") was passed by the State legislature on June 13, 2024. On June 26, 2024, the Governor signed Assembly Bill 107, the main budget bill approved by the legislature, and Senate Bill 154, the Proposition 98 suspension bill. Additionally, the Governor declared a fiscal emergency which allows the State to suspend the transfer of moneys to the Budget Stabilization Account ("BSA") required by the State Constitution and return funds that have been transferred to the BSA to the general fund for use to address the budget emergency. On June 29, 2024, the Governor signed Senate Bill 153, the education omnibus trailer bill and Senate Bill 108, the "budget bill junior" to implement the final budget agreement between the legislature and the Governor.

The 2024-25 State Budget balanced the budget in fiscal years 2024-25 and 2025-26. It also maintained \$22.2 billion in total reserves at the end of fiscal year 2024-25. The legislation addressed a \$46.8 billion shortfall through a balanced package of solutions, including spending reductions of \$16 billion. The 2024-25 State Budget projected approximately \$212.1 billion in general fund revenues with a prior year balance of \$13.4 billion for total resources of \$225.6 billion, and \$211.5 billion in expenditures for fiscal year 2024-25. For fiscal year 2023-24, the 2024-25 State Budget estimated \$236.5 billion in total resources and \$223.1 billion in expenditures. The 2024-25 State Budget provided total K-12 funding of \$133.8 billion (\$81.5 billion general fund and \$52.3 billion from other funds).

The 2024-25 State Budget reflected a total balance of \$8.4 billion in the PSSSA at the end of fiscal year 2022-23 and reflected the withdrawal of this balance in fiscal year 2023-24. The 2024-25 State Budget also reflected a roughly \$1.1 billion discretionary payment into the PSSSA in fiscal year 2024-25, resulting in a balance of \$1.1 billion. Since there is no ending balance in the account in fiscal year 2023-24 and a balance of \$1.1 billion in fiscal year 2024-25, school district reserve caps are not triggered in fiscal year 2024-25 and are not projected to be triggered in fiscal year 2025-26. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICTS – Proposition 2" herein for more information regarding school district reserves.

The State Legislature may suspend the Proposition 98 Guarantee under certain circumstances and create a maintenance factor to be paid in future fiscal years. The 2024-25 State Budget suspended the Proposition 98 Guarantee in fiscal year 2023-24 and projects the Proposition 98 Guarantee to be in Test 1 in fiscal year 2024-25 (equal to the percentage of General Fund appropriated for K-14 schools in fiscal year 1986-87). Suspending the Proposition 98 Guarantee was projected to create a maintenance factor obligation of approximately \$8.3 billion in fiscal year 2023-24 and is projected to result in a \$4.1 billion maintenance factor payment in fiscal year 2024-25, which will be paid in addition to the Proposition 98 Guarantee level. The 2024-25 State Budget rebenchs the Test 1 percentage, from approximately 38.6% to approximately 39.2%, to increase the percentage of General Fund revenues obligated to the Proposition 98 Guarantee.

The 2024-25 State Budget reflected Proposition 98 funding levels of \$103.7 billion in fiscal year 2022-23, \$98.5 billion in fiscal year 2023-24, and \$115.3 billion in fiscal year 2024-25.

The LCFF under the 2024-25 State Budget received a COLA of 1.07 %, and when combined with population growth adjustments, resulted in an increase of approximately \$983 million over the 2023-24 State Budget under the LCFF. To fully fund the LCFF, the 2024-25 State Budget withdrew approximately \$5.3 billion from the PSSSA to support LCFF costs in fiscal year 2023-24 and used available reappropriation and reversion funding of \$253.9 million to support ongoing LCFF costs in fiscal year 2024-25.

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

Additional significant provisions of the 2024-25 State Budget relating to K-12 education include the following:

- *Instructional Continuity and Attendance Recovery* — Beginning in fiscal year 2025-26, school districts could add up to 10 days of attendance recovery time per pupil to the attendance data submitted to the State Department of Education for funding purposes. Includes \$4 million Proposition 98 funds to research and develop models of hybrid and remote learning to support students' attendance.
- *Forgoing Planned Programs to Address Budget Shortfall* — Eliminated the following planned investments: \$875 million to support the School Facility Program, \$550 million to support the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program and \$500 million Proposition 98 funds in fiscal year 2024-25 to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission.
- *Teacher Professional Development and Preparation* — \$25 million one-time funds to train educators to administer literacy screenings of students in kindergarten through second grade for risk of reading difficulties, including dyslexia, by the 2025-26 school year.
- *State Preschool* — \$53.7 million funds to support reimbursement rate increases previously supported by available one-time federal stimulus funding and authorizes California State Preschool Program providers to serve two-year-old children, in addition to three and four-year old children, until June 30, 2027.
- *Transitional Kindergarten* — \$988.7 million Proposition 98 funds to support the second year (2023-24 school year) of expanded eligibility for transitional kindergarten, \$390.2 million Proposition 98 funds to support the second year of adding one additional certificated or classified staff person to every transitional kindergarten class, \$1.5 billion Proposition 98 funds to support the third year (2024-25 school year) of expanded eligibility for transitional kindergarten and \$515.5 million Proposition 98 funds to support the third year of adding one additional certificated or classified staff person to every transitional kindergarten class.
- *The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28)* — \$907.1 million to support Proposition 28.

- *Categorical Program COLA* — \$89.2 million Proposition 98 funds to reflect a 1.07% COLA for specified categorical programs.
- *Nutrition* — \$179.4 million Proposition 98 General Fund and \$120.8 million Proposition 98 funds to fully fund the universal school meals program in fiscal years 2023-24 and 2024-25 (in addition to \$1.6 billion in base funding for the program).
- *Classified School Employee Summer Assistance Program* — \$9 million Proposition 98 funds for the Classified School Employee Summer Assistance Program, which provides supplemental pay for classified staff during intersessional months when not employed.
- *Curriculum-Embedded Performance Tasks for Science* — \$7 million Proposition 98 funds to support inquiry-based science instruction and assessment through the development of a bank of curriculum-embedded performance tasks.
- *California Teachers Collaborative for Holocaust and Genocide Education* — \$5 million Proposition 98 funds to support the California Teachers Collaborative for Holocaust and Genocide Education.
- *After School Education and Safety Programs* — \$5 million one-time funds for Save the Children, supporting after school programs in rural districts.
- *State Special Schools Infrastructure Support* — \$3.4 million, of which \$380,000 is ongoing, to replace critical servers, maintain warranty coverage for network infrastructure, and refresh laptops, tablets, and workstations for students and staff at the State Special Schools and Diagnostic Centers.
- *K-12 High Speed Network* — \$3.2 million Proposition 98 funds to support the K-12 High Speed Network program.
- *Student Friendly Services* — \$2.1 million Proposition 98 funds to support the California College Guidance Initiative.
- *Inclusive College Technical Assistance Center* — \$2 million Proposition 98 funds to establish a Technical Assistance Center.

2025-26 State Budget. On June 27, 2025, Governor Newsom signed the fiscal year 2025-26 budget for the State (“2025-26 State Budget”), subsequent to the State Legislature passing several pieces of legislation comprising the 2025-26 State Budget bill, including Senate Bill 101 and Assembly Bill 102. The 2025-26 State Budget addresses a projected \$11.8 billion shortfall through spending cuts, borrowing, and other solutions. The 2025-26 State Budget includes statutory changes to address the State’s housing affordability challenges and facilitate housing and infrastructure production. Because the 2025-26 State Budget was approved in late June 2025, it does not reflect the impact of the cuts in federal spending included in the federal omnibus tax and spending bill signed in early July 2025.

The 2025-26 State Budget projects approximately \$215.7 billion in general fund revenues with a prior year balance of \$35.1 billion for total resources of approximately \$250.9 billion, and \$228.4 billion in expenditures for fiscal year 2025-26. For fiscal year 2024-25, the 2025-26 State Budget estimates \$268.7 billion in total resources and \$233.6 billion in expenditures. The 2025-26 State Budget contains total reserves of approximately \$15.7 billion, including \$11.2 billion in the Rainy-Day Fund and \$4.5 billion in the reserve for economic uncertainty. The 2025-26 State Budget maintains the withdrawal of the \$8.4 billion balance in the PSSSA in fiscal year 2023-24 and includes the scheduled \$7.1 billion BSA withdrawal

in fiscal year 2025-26 included in the fiscal year 2024-25 State Budget. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 2” herein for more information regarding school district reserves.

The 2025-26 State Budget provides total TK-12 funding of \$137.6 billion (\$80.5 billion general fund and \$57.1 billion from other funds) and includes per pupil funding of over \$25,000 per student. Revised estimates of General Fund revenues in the 2025-26 State Budget result in adjusted Proposition 98 Guarantee amounts of \$98.5 billion in fiscal year 2023-24, \$119.9 billion in fiscal year 2024-25, and \$114.6 billion in fiscal year 2025-26, an increase of approximately \$3.9 billion over the three-year period relative to the 2024-25 State Budget. The 2025-26 State Budget also shifts \$232.9 million in Proposition 98 resources from community colleges to TK-12 schools to implement the expansion of transitional kindergarten.

The LCFF under the 2025-26 State Budget receives a COLA of 2.3%. To fully fund the LCFF, approximately \$405.3 million of the \$8.4 billion withdrawal from the PSSSA will support LCFF costs in fiscal year 2025-26. While the 2025-26 State Budget fully repays budgetary deferrals of \$246.6 million from fiscal year 2024-25, \$1.9 billion in LCFF funding is deferred from June 2026 to July 2026 in order to maintain the level of fiscal year 2025-26 principal apportionments.

Additional significant provisions of the 2025-26 State Budget relating to TK-12 education include the following:

- *Transitional Kindergarten* — \$2.1 billion Proposition 98 funds (inclusive of all prior years’ investments) to support the full implementation of universal TK; and an additional \$1.2 billion ongoing Proposition 98 funds to support lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.
- *Expanded Learning Opportunities Program* — \$515.1 million for the full implementation of the program by increasing the number of elementary schools that offer universal access to all those in school districts with at least 55% unduplicated students and \$10.4 million to increase the minimum grant amount from \$50,000 to \$100,000 per school district.
- *Literacy Instruction* — \$480 million to support literacy instruction, including one-time Proposition 98 funds to expand the existing Literacy Coaches and Reading Specialists Grant Program and to support evidence-based professional learning for elementary school educators.
- *Teacher Preparation and Professional Development* — \$300 million one-time Proposition 98 funds to establish the Student Teacher Stipend Program, providing \$10,000 grants to teacher candidates beginning in the 2026-27 school year, and available through the 2028-29 school year; \$70 million one-time Proposition 98 funds to increase funding for high-quality teacher residency programs; and \$30 million one-time Proposition 98 funds to extend the timeline of the existing National Board Certification Incentive Program to support National Board Certified teachers to teach in high poverty schools.
- *Student Support and Professional Development Discretionary Block Grant* — \$1.7 billion one-time Proposition 98 funds for the Student Support and Professional Development Discretionary Block Grant to provide school districts with additional discretionary fiscal support in recognition of rising costs and to fund statewide priorities.
- *State Preschool* — \$19.3 million Proposition 98 funds and \$10.2 million non-Proposition 98 funds for the California State Preschool Program to support the cost of care.

- *Learning Recovery Emergency Block Grant* — \$378.6 million one-time Proposition 98 funds to support the Learning Recovery Emergency Block Grant to establish learning recovery initiatives through the 2027-28 school year.
- *Career Technical Education* — \$150 million one-time Proposition 98 funds for career technical education and career pathways programming, subject to pending legislation.
- *Universal School Meals Support Grant* — \$145 million one-time Proposition 98 funds for specialized kitchen equipment, infrastructure, training, and procurement of sustainably grown food to support schools in providing more freshly prepared meals; \$10 million one-time Proposition 98 funds to recruit and retain school food service workers; and \$5 million one-time Proposition 98 funds for a study of ultra-processed foods offered in California school meals.
- *Summer Electronic Benefits Transfer (SUN Bucks)* — \$21.9 million in additional ongoing Proposition 98 funds to support the SUN Bucks Program, which provides nutrition funding to eligible students during the summer months. These funds will provide the match to an equal amount of federal funds to support the program.
- *Children and Youth Behavioral Health Initiative Grants* — \$20 million one-time Proposition 98 funds to support the implementation of the Children and Youth Behavioral Health Initiative’s all-payer fee schedule.
- *Secondary School Redesign Pilot Program* — \$10 million one-time Proposition 98 funds for the California Collaborative of Educational Excellence to administer a pilot program to redesign middle and high schools to better serve the needs of all students and increase student outcomes.
- *English Language Proficiency Screener for TK Students* — \$10 million one-time Proposition 98 funds for the statewide use of English language proficiency of a list of one or more screeners to support multilingual learners in TK.
- *TK Multilingual Learner Supplementary Funding* — \$7.5 million one-time Proposition 98 funds to mitigate reductions in potential LCFF apportionment funding resulting from the recent exemption of TK students from the English language proficiency assessment.

Future Actions. The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs previously borne by the State. No prediction can be made as to whether the State will, in the future, take further measures which would, in turn, adversely affect the District. Further State actions taken to address any budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions.

The District cannot predict the extent to which the State will encounter budgetary difficulties and what budget actions will be taken to resolve those difficulties in future fiscal years. The District also cannot predict the impact future State Budgets will have on District finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control.

Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State’s ability to fund schools.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES

Article XIII A of the California Constitution

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

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

Article XIII A requires a vote of two-thirds of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of principal of and interest on the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds or more of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

Property Tax Base Transfer Constitutional Amendment. On November 3, 2020, voters in the State approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment. Proposition 19 (i) expands special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrows existing special rules for inherited properties; and (iii) broadens the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the District.

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.

Beginning in fiscal year 1981-82, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as \$4 per \$100 of assessed value. All taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

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

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 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 County by the State Board of Equalization, 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.

The California electric utility industry has experienced significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State’s methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. Because the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula. See “DISTRICT FINANCIAL INFORMATION – State Funding of Education” herein.

Article XIII B of the California Constitution

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

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

(a) “change in the cost of living” with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) “change in population” with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIII B, as amended.

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

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

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

Article XIII B 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 pursuant to Section 8.5 of Article XVI of the State Constitution. See “–Proposition 98” and “–Proposition 111” below.

Article XIII C and Article XIII D of the California Constitution

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

According to the “Title and Summary” of Proposition 218 prepared by the 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 XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific

purposes), prohibits special purpose government agencies such as school districts and community college 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. 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.

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

Proposition 26

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

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (the “Accountability Act”). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State’s appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as “K-14 school

districts”) at a level equal to the greater of (a) the same percentage of the State General Fund revenues as the percentage appropriated to such districts in 1986-87, or (b) the amount actually appropriated to such districts from the State General Fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

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

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

Proposition 111

On June 5, 1990, the voters of California approved the Traffic Congestion Relief and Spending Limitation Act of 1990 (“Proposition 111”), which modified the State Constitution to alter the Article XIII B spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

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

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

b. Treatment of Excess Tax Revenues. “Excess” tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is 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.

c. 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 State Legislature. Second, there are excluded any increases in gasoline taxes above 1990 levels (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 State Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

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

Proposition 39

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

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per \$100,000 of taxable property value projected to be levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district), when assessed valuation is projected to increase

in accordance with Article XIII A of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Jarvis v. Connell

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State’s authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the 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, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State’s authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State’s authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State’s General Fund and transportation funds, the State’s main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst’s Office (the “LAO”) on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State’s total General Fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State’s General Fund costs by approximately \$1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide. ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12), which, together with ABx1 26, is referred to herein as the “Dissolution Act.” The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a “Successor Agency”). All property tax revenues that would have been allocated to such redevelopment agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities and to any other “enforceable obligations” (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines “enforceable obligations” to include bonds, loans, legally requirement payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

The District can make no representations as to the extent to which its property tax apportionments may be offset by the future receipt of pass through tax increment revenues, or any other surplus property tax revenues pursuant to the Dissolution Act.

Proposition 30

On November 6, 2012, voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which 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, for storage, use, or other consumption in the State. 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 January 1, 2019, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

The revenues generated from the temporary tax increases were included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 98” and “— Proposition 111” herein. From an accounting perspective, the revenues generated from the temporary tax increases were 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 were and will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to

community college districts. The funds are 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.

Proposition 55

At the November 8, 2016 general election, the voters in the State approved the Tax Extension of Education and Healthcare Initiative (“Proposition 55”) which extends the increase in personal income tax on high-income taxpayers imposed under Proposition 30 until 2030. Proposition 55 did not extend the sales tax increases imposed under Proposition 30 which expired at the end of 2016.

Proposition 2

Proposition 2, a legislatively referred Constitutional amendment approved by the voters in November, 2014 (“Proposition 2”), changed the way in which the State pays off existing debts, funds its reserves and draws from those reserves in times of economic slowdowns, as well as requires that reserves be set aside for schools and community colleges under certain circumstances. In addition, as a result of the passage of Proposition 2, new rules for school district reserves were implemented.

Under Proposition 2, the State is required annually to deposit 1.5% of General Fund revenues into the BSA. From fiscal year 2015-16 through 2029-30, under Proposition 2, one half of the amount required to be deposited to the BSA must be applied to the payment of debts for pension and retiree benefits and specified debts to local governments and certain other State accounts. In years when capital gains tax revenues exceed 8% of General Fund revenues, a portion of such excess capital gains tax revenue is also required to be applied to the pay down of State debt. Deposits to the BSA are required until the amount on hand in the BSA reaches 10% of General Fund revenues. Once the maximum has been reached, the required deposit amount may be applied to other expenditures.

In the event the Governor were to declare a budget emergency, Proposition 2 would permit a smaller deposit to the BSA. A budget emergency may be called if there is a natural disaster such as an earthquake or flood or General Fund revenues reach a certain minimum level. Withdrawals from the BSA, under Proposition 2, are permitted upon a majority vote of the legislature only when the Governor has declared a budget emergency. If a budget emergency is called for two straight years in a row, in the second budget emergency year, the entire amount on hand might be withdrawn.

Public School System Stabilization Account. In the event capital gains tax revenues collected by the State in any given fiscal year exceed 8% of General Fund revenues, a portion of such excess is required to be deposited into the newly established under Proposition 2 Public School System Stabilization Account (the “PSSSA”) which serves as a reserve account for school funding in years when the State budget is smaller.

SB 858 and SB 751. State regulations require school districts to budget a reserve for economic uncertainties. The recommended minimum amounts vary from 1% to 5% of total expenditures and other financing uses, depending on the district's ADA. SB 858, adopted in June 2014, imposed limitations relating to ending fund balances for school districts. Beginning in fiscal year 2015–16, a school district that proposes to adopt or revise a budget that includes an ending fund balance that is two to three times

higher than the state's minimum recommended reserve for economic uncertainties must substantiate the need for the higher balance. SB 751, which was adopted in October 2017 and amended Section 42127.01 of the Education Code, placed certain restrictions on the amount of a school district's ending fund balances if a certain amount of funds is available in the PSSSA. In a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total of General Fund revenues appropriated for school districts for that fiscal year, (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 98"), a school district's adopted or revised budget may not contain an assigned or unassigned ending fund balance higher than 10% of expenditures and other financing uses. A county superintendent could waive the prohibition, pursuant to specified conditions, for up to two consecutive years within a three-year period. SB 751 does not apply to school districts with an ADA of less than 2,501 students and community-funded school districts.

If the cap is triggered, unless exempted, a school district would be required to increase expenditures in order to bring its ending fund balance down to the maximum level. The PSSSA appears to be intended to provide a substitute for local reserves in the event of a future economic downturn. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures – 2024-25 State Budget" for information regarding the triggering of the reserve cap in fiscal year 2024-25.

Reserve for Economic Uncertainty. The District is required to maintain a reserve for economic uncertainties at least equal to 3.00% of General Fund expenditures and other financing uses. On June 30, 2025, the District had unassigned available reserves of approximately \$1,032,314.43, or 1.9% of General Fund expenditures and other financing uses. The District has budgeted \$970,028.97 in unassigned available reserves for fiscal year 2025-26 or 1.7% of General Fund expenditures and other financing uses.

Proposition 2 (Facilities)

K-12 School Facilities. The State school facilities bond approved by voters on November 5, 2024 (the "2024 State School Facilities Bond") includes \$3.3 billion for the new construction of K-12 facilities and an additional \$4 billion for the modernization of existing K-12 facilities. Up to \$10 million of the allocation for new constructions will be reserved for small 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 repairment 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.

The District makes no representation or guarantees that it will either pursue or qualify for facilities funding under the 2024 State School Facilities Bond.

Proposition 28. On November 5, 2024, voters approved The Arts and Music in Schools - Funding Guarantee and Accountability Act which provides additional funding for arts and music education in all K-12 public schools (including charter schools) by annually allocating from the State General Fund an amount equal to 1% of total State and local revenues received by public schools in the preceding fiscal year under Proposition 98. Amounts provided under Proposition 28 are in addition to and not considered a part of the Proposition 98 guarantee. Funds appropriated under Proposition 28 are to be allocated 70% based on a school district's share of Statewide enrollment and 30% based on such school district's share of Statewide enrollment of economically disadvantaged students and must be distributed to school sites following such

allocation. School districts must expend funds received pursuant to Proposition 28 within three years or such funds revert to CDE for reallocation under Proposition 28.

As a condition to receipt of funds under Proposition 28, school districts must certify that funds are to be used for arts education and that funds received in the prior fiscal year were, in fact, used for those purposes. Additionally, no more than 1% of Proposition 28 funds may be used for administrative purposes in implementing Proposition 28 programs. Schools with 500 or more students must certify that at least 80% of the funding is to be used to employ teachers and that the remainder will be spent on training, supplies, and education partnerships. Amounts appropriated under Proposition 28 in a given year may be reduced if the State legislature suspends the Proposition 98 guarantee but only in an amount equal to the percent reduction of the Proposition 98 guarantee. See “DISTRICT FINANCIAL INFORMATION – State Budget Measures – 2025-26 State Budget” for information regarding Proposition 28.

Future Initiatives. Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 26, 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted further affecting District revenues, particularly revenues from the State, or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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THE DISTRICT

Introduction

The District, formed in 1913, is located south of San Francisco in the County, serving the City of Burlingame, a small portion of the Town of Hillsborough, and adjacent portions of unincorporated San Mateo County. The area within the District has an estimated population of approximately 31,000 people. Currently, the District operates six elementary schools and one intermediate school. The District's ADA for fiscal year 2025-26 is budgeted to be 3,323.81. The District has a 2025-26 total assessed valuation of \$19,830,551,268.

Board of Trustees

The District is governed by a Board of Trustees (the "Board"). The Board consists of five members who are elected to overlapping four-year terms in staggered years. In 2022, the Board moved from at-large trustee elections to by-trustee area elections, which change commenced with the November 2024 election cycle. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board members or by a special election. The years in which the current terms for each member of the Board expire are set forth in the table below.

BURLINGAME ELEMENTARY SCHOOL DISTRICT Board of Trustees

Name	Office	Trustee Area	Term End
Doug Brown	Vice President	At-Large	2026
Katie Jay	Clerk	3	2028
Chaitanya Bhuskute	Member	2	2028
Nicole Mustafa	Member	5	2028
Vacant ¹	Member	At-Large	2026

¹ Dan Devoy resigned from the Board effective November 18, 2025. On November 18, 2025, the Board appointed Semonti Stephens to serve as an Interim Board member and is expected to be sworn in on December 9, 2025 to fill the remainder of Mr. Devoy's term through December, 2026.

Source: *The District*.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Burlingame Elementary School District, 2385 Trousdale Drive, Burlingame, California 94010, Attention: Superintendent. The District may charge a small fee for copying, mailing and handling.

Key Personnel

Dr. Marla Silversmith – Superintendent. The Board appointed Dr. Silversmith as the Superintendent of the District effective July 1, 2023. Dr. Silversmith served as the Interim Superintendent of the District beginning in December 2022 and joined the District in 2017 as Assistant Superintendent of Educational Services. Prior to joining the District, Dr. Silversmith served as Director of Special Education for the Pleasanton Unified School District and in various administrative and teaching roles for the Dublin Unified School District. Dr. Silversmith earned a Bachelor's Degree in Liberal Studies and a Master's

Degree in Education both from California State University, Sacramento and a Doctorate Degree in Educational Leadership at East Carolina University.

Employees and Labor Relations

The District employs approximately 189 full-time equivalent certificated academic professionals, approximately 44 full-time equivalent classified employees and approximately 18 managers.

The certificated employees of the District have assigned the Burlingame Education Association (“BEA”) as their exclusive bargaining agent and the contract between the District and BEA expires on June 30, 2027.

The classified employees have assigned California School Employees Association (“CSEA”) as their exclusive bargaining agent. The contract between the District and CSEA expires June 30, 2026.

District Retirement Systems

The information set forth below regarding the District’s retirement programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the California State Teachers’ Retirement System (“STRS”). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries, under a defined benefit program (the “STRS Defined Benefit Program”).

Benefit provisions and employer contributions are established by State statutes, as legislatively amended, within the State Teachers’ Retirement Law. For fiscal year 2024-25, the District was required by such statutes to contribute 19.10% of eligible salary expenditures, while participants contributed either 10.25% or 10.205% of their respective salaries. For fiscal year 2025-26, employer and employee contribution amounts remain unchanged. The State also contributes to STRS, currently in an amount equal to 10.828% of teacher payroll for fiscal year 2025-26. The State’s contribution reflects a base contribution of 2.017% and a supplemental contribution that will vary from year-to-year based on statutory criteria, and a contribution of 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the “SBPA”), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 (“AB 1469”) which implemented a new funding strategy for STRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% in fiscal year 2015-16, and will continue to increase annually as further described below. Teacher contributions also increased from 8.00% to a total of 10.25% of pay for employees (“Classic Members”) hired before the Implementation Date (defined herein) and 10.205% for employees (“PEPRA Members”) hired after the Implementation Date (defined herein), over the three-year period from 2014-15 through 2017-18. The State’s total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Teachers’ Retirement Board (the “STRS Board”) is required, with certain limitations, to increase or decrease the State’s contribution rates to reflect the contribution required

to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy. Once the State has eliminated its share of the STRS' unfunded actuarial obligation, the State contribution will be immediately reduced to the base contribution rate of 2.017% of payroll.

In addition, based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Board, is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

Pursuant to AB 1469, school districts' employer contribution rates increased over a seven-year phase-in period beginning in fiscal year 2014-15 through fiscal year 2019-20 when employer contribution rates reached 17.1% (including certain reductions in the contribution rate for supplemental payments made by the State in fiscal years 2019-20 and 2020-21).

Recent Investment Returns. In fiscal years 2023-24 and 2024-25, STRS realized net return on investments of 8.4% and 8.5% respectively, exceeding its investment rate of return assumption of 7.0% in both years. The STRS pension system is ahead of schedule in reaching full funding by 2046.

The District contributed \$2,995,000 to STRS for fiscal year 2020-21, \$3,190,349 for fiscal year 2021-22, \$3,888,482 for fiscal year 2022-23, \$4,413,228 for fiscal year 2023-24 and \$5,963,591 for fiscal year 2024-25 (unaudited). Such contributions were equal to 100% of the required contributions for the respective years. The District has budgeted a contribution of \$6,385,533 to STRS for fiscal year 2025-26.

With the implementation of AB 1469, the District anticipates that its contributions to STRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to STRS in future fiscal years.

PERS. Classified employees working four or more hours per day are members of the California Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Law. The District is currently required to contribute to PERS at an actuarially determined rate, which is 26.81% of eligible salary expenditures for fiscal year 2025-26, while Classic Members contribute at a rate established by statute which is 7% of their respective salaries, and PEPRA Members contribute at an actuarially determined rate which is 8.00% of their respective salaries. See –"California Public Employees' Pension Reform Act of 2013" below.

On April 14, 2025, the PERS Board adopted the fiscal year 2025-26 contribution rate for school districts of 26.81%. On November 13, 2025, PERS released its school employer projected contribution rates as follows:

<u>Fiscal Year</u>	<u>Projected Employer Contribution Rates (PERS Actuarial Report)⁽¹⁾</u>
2026-27	26.40%
2027-28	26.90
2028-29	26.10
2029-30	25.30
2030-31	24.20

⁽¹⁾ As of November 13, 2025.

Recent Investment Returns. From its Basic Financial Statements issued on November 15, 2022, PERS reported a negative 7.5% net return on investments for fiscal year 2021-22, which was PERS' first negative return on investments since fiscal year 2008-09. However, PERS Basic Financial Statements for fiscal year ended June 30, 2023 and for fiscal year ended June 30, 2024 reported investment returns of 6.1% and 9.5%, respectively.

The District contributed \$1,021,149 to PERS for fiscal year 2020-21, \$1,187,026 for fiscal year 2021-22, \$1,573,322 for fiscal year 2022-23, \$1,859,252 for fiscal year 2023-24, and \$1,906,548 for fiscal year 2024-25 (unaudited) which amounts equaled 100% of required contributions to PERS. The District has budgeted a contribution of \$2,079,883 to PERS for fiscal year 2025-26.

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

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for PERS as of June 30, 2024 and STRS as of June 30, 2024.

FUNDED STATUS
STRS (DEFINED BENEFIT PROGRAM) and PERS
Actuarial Valuation
(Dollar Amounts in Millions)

Plan	Accrued Liability	Market Value of Trust Assets	Unfunded Liability
PERS Fund	\$133,978	\$ 93,187	\$(40,791)
STRS Fund Defined Benefit Program	380,507	321,910	(85,532) ⁽¹⁾

⁽¹⁾ Amount does not account for the Supplemental Benefit Maintenance Account Reserve amount of \$26,935.

Source: *PERS State & Schools Actuarial Valuation*; *STRS Defined Benefit Program Actuarial Valuation*.

Unlike PERS, STRS contribution rates for participant employers, Classic Members and the State are set by statute and do not currently vary from year-to-year based on actuarial valuations. As a result of the Reform Act (defined below), the contribution rate for STRS PEPRA Members will vary from year-to-year based on actuarial valuations. See “ – California Public Employees’ Pension Reform Act of 2013” below. In recent years, the combined employer, employee and State contributions to STRS have been less than actuarially required amounts. As a result, and due in part to investment losses, STRS continues to maintain an unfunded liability. AB 1469 is intended to address this unfunded liability. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future. The District can also provide no assurances that the District’s required contributions to PERS will not increase in the future.

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

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

The District’s proportionate shares of the net pension liability of STRS and PERS for fiscal year 2023-24, as of a June 30, 2023 measurement date, are as shown in the following table.

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>
STRS	\$25,529,159
PERS	<u>12,906,080</u>
Total	\$38,435,239

Source: *The District.*

For further information about the District’s contributions to PERS and STRS, see Note 10 in the District’s audited financial statements for fiscal year ended June 30, 2024 attached hereto as APPENDIX B.

School districts’ retirement contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot determine whether current or future financial market losses and/or volatility might impact the value of investments held by either PERS or STRS to fund retirement benefits or whether the District’s contribution rates to PERS or STRS might increase in the future as a result of any declines in the value of investments in response to financial market conditions such as recession or inflation.

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board (“GASB”) pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The pronouncement required public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. In June 2015, GASB replaced Statement No. 45 with Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which the District implemented in fiscal year 2014-15.

Employees who are eligible to receive retiree employment benefits other than pensions (“Health & Welfare Benefits”) while in retirement must meet specific criteria, *i.e.*, age and years with the District. The District provides Health & Welfare Benefits to qualified eligible employees with at least 15 years of consecutive service to the District until age 65. Health & Welfare Benefits end at age 65, at which time the District contribution is limited to the Public Employees’ Medical and Hospital Care Act (“PEMHCA”) statutory minimum (as increased with medical inflation) toward PEMHCA coverage only for the retiree's remaining lifetime. As of June 30, 2024, 67 retirees and beneficiaries met these qualifications with 278 active plan members. In June 2022, the District established an irrevocable trust for payment of its Health & Welfare Benefits. For the measurement period ending June 30, 2024, the District contributed \$1,199,153 to Health and & Welfare Benefits, with \$1,000,000 deposited to the trust and the remaining amount being applied towards current premiums.

The following table shows the changes in the District’s net Health and Welfare Benefits as of June 30, 2024.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
Health & Welfare Benefit Liability

Service Cost	\$ 808,727
Interest on total OPEB liability	352,765
Change of assumptions	(628,476)
Benefit Payments	<u>(199,153)</u>
Net Change in Total OPEB liability	333,863
 Total OPEB Liability – Beginning	 9,360,011
Total OPEB Liability – Ending	\$9,693,874

Source: *The District.*

Risk Management

The District is a member of several joint powers authorities that provide various insurance to their members. The District is a member of San Mateo County Schools Insurance Group (“SMCSIG”), a joint powers authority that provides property and liability insurance to its members.

The District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverage for property damage, fire and theft, general public liability and worker’s compensation as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for self-insured claims are adequate.

District Debt Structure

Long-Term Debt. A schedule of the District’s changes in long-term debt for the year ended June 30, 2024 is shown below:

BURLINGAME ELEMENTARY SCHOOL DISTRICT Long-Term Debt Fiscal year ended June 30, 2024

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Balance Due In One Year
General Obligation Bonds	\$156,676,360	\$38,000,000	\$4,590,078	\$190,086,282	\$6,403,260
Unamortized bond					
premiums - net	10,645,936	4,152,431	734,352	14,064,015	734,352
Accreted interest	3,779,233	507,078	19,922	4,266,389	21,740
Total General Obligation					
Bonds	171,101,529	42,659,509	5,344,352	208,416,686	7,159,352
Compensated Absences	393,574	--	376,545	17,029	--
Net OPEB liability	9,360,011	--	841,198	8,518,813	--
Net pension liability	33,864,414	4,570,825	--	38,435,239	--
Total Long-Term Liabilities	\$214,719,528	\$47,230,334	\$6,562,095	\$255,387,767	\$7,159,352

Source: *The District.*

For additional information regarding changes in the District’s long-term liabilities, see Note 7 of the District’s fiscal year 2023-24 audited financial statements in APPENDIX B – “BURLINGAME ELEMENTARY SCHOOL DISTRICT FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024.”

General Obligation Bonds.

2007 Authorization. The District received authorization at an election held on November 6, 2007 by 55% or more of the votes cast by eligible voters within the District to issue \$48,300,000 of general obligation bonds (the “2007 Authorization”). On April 17, 2008, the County, on behalf of the District, issued its \$18,300,000 Election of 2007 General Obligation Bonds, Series A (the “2007A Bonds”), on May 19, 2010, the County, on behalf of the District, issued its \$17,200,000 Election of 2007 General Obligation Bonds, Series B (the “2007B Bonds”), and on April 26, 2011, the County, on behalf of the District, issued its \$2,887,486 Election of 2007 General Obligation Bonds, Series C-1 and its \$9,910,000 Election of 2007 General Obligation Bonds, Series C-2 (Qualified School Construction Bonds –Direct Payment to District), under the 2007 Authorization. There is no remaining unissued 2007 Authorization. On June 30, 2016, the District issued its \$14,725,000 2016 General Obligation Refunding Bonds to refund all of the then-outstanding 2007A Bonds. On October 22, 2019, the District issued its \$15,085,000 2019 General Obligation Refunding Bonds to refund all of the then-outstanding 2007B Bonds.

2012 Authorization. The District received authorization at an election held on November 6, 2012 by 55% or more of the votes cast by eligible voters within the District to issue \$56,000,000 aggregate principal amount of general obligation bonds (the “2012 Authorization”). On April 30, 2013, the District issued its \$30,000,000 Election of 2012 General Obligation Bonds, Series A (the “2012A Bonds”) and on September 17, 2015, the District issued its \$26,000,000 Election of 2012 General Obligation Bonds, Series B (the “2012B Bonds”) under the 2012 Authorization. There are no remaining general obligation bonds to be issued under the 2012 Authorization. On November 3, 2020, the District issued its \$28,070,000 2020 General Obligation Refunding Bonds (Federally Taxable) to refund a portion of the then-outstanding 2012A

Bonds. On May 6, 2025, the District issued its \$10,935,000 2025 General Obligation Refunding Bonds to refund a portion of the then-outstanding 2012B Bonds.

2016 Authorization. The District received authorization at an election held on November 8, 2016 by 55% or more of the votes cast by eligible voters within the District to issue \$56,000,000 aggregate principal amount of general obligation bonds (the “2016 Authorization”). On March 29, 2017, the District issued its \$28,000,000 Election of 2016 General Obligation Bonds, Series A and on October 22, 2019, the District issued its \$28,000,000 Election of 2016 General Obligation Bonds, Series B under the 2016 Authorization. There are no remaining general obligation bonds to be issued under the 2016 Authorization.

2020 Authorization. The District received authorization at an election held on March 3, 2020 by 55% or more of the votes cast by eligible voters within the District to issue \$97,000,000 of general obligation bonds (the “2020 Authorization”). On October 7, 2020, the District issued its \$33,500,000 General Obligation Bonds, Election of 2020, Series A and on July 11, 2023, the District issued its \$38,000,000 General Obligation Bonds, Election of 2020, Series B. The Bonds are intended to be the third and final series of bonds issued under the 2020 Authorization. Subsequent to the issuance of the Bonds, no general obligations bonds will remain for issuance under the 2020 Authorization.*

See “DEBT SERVICE SCHEDULE” for the debt service payments to be made on all of the District’s outstanding general obligation bonds.

Short-Term Debt. As of June 30, 2024, the District did not have any short-term debt outstanding. The District does not expect to issue any tax and revenue anticipation notes in fiscal year 2025-26.

Cyber Security

School districts, like other governmental and business entities, face significant risks relating to the use and application of computer software and hardware for educational and operational and management purposes. The District also collects, processes, and distributes an enormous amount of private, protected and personal information on students, staff, parents, visitors, and contractors. As the custodian of such information, the District may face cybersecurity threats from time to time. Given the importance of cybersecurity for school districts, federal lawmakers recently approved the K-12 Cybersecurity Act of 2021 to study cybersecurity risks that school districts face and develop recommended guidelines and an online training toolkit for school district officials to address such cybersecurity risks. The District has been impacted by two cybersecurity incidents during the last five years.

In December 2024, Powerschools, a third-party cloud-based student information system used by many school districts, including the District, experienced an unauthorized exfiltration of personal information from certain PowerSchool Student Information System (SIS) environments through one of its customer support portals. It is not known at this time whether any of the District’s student or staff data stored through the Powerschools database was accessed as a result of the incident.

In November 2024, Palo Alto Firewall, an internet firewall provider used by the District was the target of a cybersecurity breach. Hackers exploited two vulnerabilities in the Palo Alto Firewall system which may have led to several thousand firewall breaches for users of the Palo Alto Firewall system, including the District. It is not known whether any District student or staff data was accessed as a result of this cybersecurity incident.

* Preliminary, subject to change.

The District is covered by insurance with respect to both of these cybersecurity incidents and has taken additional steps to further mitigate risk against future attacks. The District has also retained a third-party consultant who is currently evaluating the District's systems and procedures in order to develop further recommendations to protect against future cyber threats.

To protect itself from cybersecurity attacks, the District utilizes firewalls, multifactor authentication, antivirus and anti-malware software, and provides cybersecurity training to District employees. In addition, the District has an informal general technology use policy. As a result, the District expects that any such disruptions caused by a cyberattack would be temporary in nature. The District currently maintains a policy of cyber liability insurance. There can be no assurance that a future cyberattack or attempted cyberattack would not compromise the personal information that the District collects, processes and stores or cause a disruption in District operations, particularly given that students, teachers, and staff are accessing District computer systems and platforms remotely which may increase the risks of intrusion by third parties.

Charter Schools

The District has not authorized nor are there any County- or State-approved charter schools operating within the District's boundaries. The District can make no representations regarding how many District students will transfer to charter schools in the future or back to the District from charter schools, and the corresponding financial impact on the District.

[Remainder of page intentionally left blank.]

SAN MATEO COUNTY POOLED INVESTMENT FUND

The following information concerning the County Pooled Investment Fund has been provided by the Treasurer and has not been confirmed or verified by the District. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

Under California law, the District is required to pay all monies received from any source into the San Mateo County Treasury (“Treasury”) to be held on behalf of the District. The County Treasurer-Tax Collector (“Treasurer”) has authority to implement and oversee the investment of funds on deposit in commingled funds of the Treasury.

Decisions on the investment of funds in the Pooled Investment Fund are made by the Treasurer and their deputies in accordance with established policy guidelines. In the County, investment decisions are governed by California Government Code Sections 53601 and 53635, *et seq.*, which govern legal investments by local agencies in the State of California, and a more restrictive Investment Policy proposed by the Treasurer and adopted by the County Board of Supervisors on an annual basis. The Investment Policy is reviewed and approved annually by the County Board of Supervisors. The Treasurer’s compliance with the Investment Policy is also audited annually by an independent certified public accountant.

The following tables identify the types of securities held by the Pooled Investment Fund and the investments held for local agencies as of September 30, 2025:

SAN MATEO COUNTY POOLED INVESTMENT FUND REPORT FOR THE MONTH ENDED SEPTEMBER 30, 2025

Fund Name	Par Value	Gross Earnings
Fixed Income Securities Maturing Greater than 1 Year		
U.S. Treasury Notes	\$2,332,550,000	\$ 6,344,519.32
Corporate Notes	969,534,000	3,382,654.99
Federal Agencies	2,032,765,000	6,728,467.16
U.S. Instrumentalities	721,302,000	2,537,368.06
U.S. Treasury STRIPS	75,000,000	248,406.59
Certificate of Deposit	<u>20,000,000</u>	<u>78,246.58</u>
Total	\$6,151,151,000	\$17,633,002.85
Short Term Securities Maturing Less than 1 Year		
U.S. Treasury Notes	\$ 639,900,000	\$ 678,941.46
Corporate Notes	124,830,000	432,275.16
Federal Agencies	289,336,000	914,117.31
U.S. Instrumentalities	85,000,000	227,669.86
Certificate of Deposit	251,000,000	856,592.05
Dreyfus	13,910,676	--
CAMP	485,610,188	1,171,820.14
CALTRUST	<u>150,315,625</u>	<u>457,516.10</u>
Total	\$2,039,902,489	\$4,738,932.08

Source: *San Mateo County Treasurer-Tax Collector.*

The District has not made an independent investigation of the investments in the Pool and has made no assessment of the current County Investment Policy. The value of the various investments in the Pools will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, after a review by the Committee and approval by the Board may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described therein.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Report”) by not later than 9 months following the end of the District’s fiscal year (currently ending June 30), which date would be April 1, commencing with the report for the 2024-25 fiscal year, and to provide notices of the occurrence of certain enumerated events. The District will enter into a Continuing Disclosure Agreement (“Continuing Disclosure Agreement”) for the benefit of the Owners of the Bonds. The Annual Report and each notice of enumerated events will be filed by the District with the Electronic Municipal Market Access system (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”), or any other repository then recognized by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT hereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

Within the last five years, the District failed to timely file the audited financial statements for fiscal year 2019-20.

The District has engaged KNN Public Finance, a Limited Liability Company to act as Dissemination Agent with respect to the undertaking to be entered into with respect to the Bonds and to assist the District with compliance with its current and future continuing disclosure obligations.

LEGAL MATTERS

The legal opinions of Dannis Woliver Kelley, Long Beach, California, Bond Counsel to the District (“Bond Counsel”), attesting to the validity of the Bonds, will be supplied to the Underwriter of the Bonds without charge, a form of which is attached hereto as APPENDIX A. Dannis Woliver Kelley, Long Beach, California is also acting as Disclosure Counsel to the District. Kutak Rock LLP is acting as counsel to the Underwriter (“Underwriter’s Counsel”). Bond Counsel, Disclosure Counsel and Underwriter’s Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

Limitation on Remedies; Amounts Held in the County Pooled Investment Fund

The opinions of Bond Counsel, the proposed forms of which are attached hereto as APPENDIX A, are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights. The rights of the Owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the

interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the “Bankruptcy Code”), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

The Resolution and the Act require the County to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County, on behalf of the District, is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the County’s Pooled Investment Fund, as described in APPENDIX E – “SAN MATEO COUNTY INVESTMENT POLICY STATEMENT” attached hereto. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the Owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, where such amounts are deposited into the County Pooled Investment Fund, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the Owners of the Bonds can “trace” those funds. There can be no assurance that the Owners could successfully so “trace” such taxes on deposit in the District’s Interest and Sinking Fund where such amounts are invested in the County Pooled Investment Fund. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

California Senate Bill 222

Government Code Section 53515, added by SB 222, applicable to general obligations bonds issued after its effective date, removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a “statutory” lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds.

TAX MATTERS

The delivery of the Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the “Code”), of the owners thereof pursuant to section 103 of the Code, (2) will not be included in computing alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals, and (3) will be taken into account in determining adjusted financial statement income for the alternative minimum tax imposed on certain corporations. The delivery of the Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Bonds is exempt from personal income taxes of the State of California. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change. The form of Bond Counsel’s anticipated opinions respecting the Bonds are included in APPENDIX A.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate (the “Tax Certificate”) of even date with the initial delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Resolution by the District subsequent to the issuance of the Bonds. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any “arbitrage profits” and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants could cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (“IRS” or the “Service”) or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the Service or the State of California. The Service has an ongoing program of auditing the tax status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures, the Service is likely to treat the District as the “taxpayer,” and the Owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the respective Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Tax Accounting Treatment of Discount and Premium on Certain of the Bonds

The initial public offering price of certain of the Bonds (the “Discount Bonds”) may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. The tax rules requiring inclusion in income annually by the holder of a debt instrument having original issue discount of the daily portion of original issue discount for each day during a taxable year in which such holder held such debt instrument is inapplicable to the Bonds. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, and will be added to the holder’s basis in the Discount Bond, for federal income tax purposes, on the same terms and

conditions as those for other interest on the bonds described above under “TAX MATTERS.” Such interest is considered to be accrued in accordance with the constant-yield-to-maturity method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial Owner prior to maturity, the amount realized by such Owner in excess of the basis of such Discount Bond in the hands of such Owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain Bonds (the “Premium Bonds”), may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Form of Bond Counsel Opinion. The form of the proposed opinion of Bond Counsel relating to the Bonds is attached to this Official Statement as APPENDIX A.

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 investing bank, are prudent for the investment of funds of depositors. Under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

RATING

Moody's Investors Service ("Moody's") has assigned its municipal bond rating of "Aa1" to the Bonds. Such rating reflects only the views of Moody's an explanation of the significance of such rating may be obtained as follows: Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), has agreed to purchase the Bonds pursuant to the terms of a bond purchase agreement by and between the District and the Underwriter ("Purchase Agreement") at the purchase price of \$_____ (reflecting the principal amount of the Bonds plus [net] original issue premium in the amount of \$_____ less an Underwriter's discount of \$_____), at the rates and yields shown on the inside cover hereof.

The Purchase Agreement provides that the Underwriter will purchase all of the Bonds, subject to certain terms and conditions set forth in the Purchase Agreement, including the approval of certain legal matters by counsel. The Underwriter may offer and sell the Bonds to certain dealers and others at yields other than the yields stated on the inside cover page. The offering prices may be changed from time to time by the Underwriter.

The Underwriter and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

NO MATERIAL LITIGATION

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

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OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the Burlingame Elementary School District, 2385 Trousdale Drive, Burlingame, California 94010.

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 be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

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

BURLINGAME ELEMENTARY SCHOOL
DISTRICT

By: _____
Superintendent

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APPENDIX A

FORM OF BOND COUNSEL OPINION

_____, 2025

Board of Trustees
Burlingame Elementary School District
2385 Trousdale Drive
Burlingame, California 94010

Re: \$ _____ Burlingame Elementary School District (San Mateo County, California)
 General Obligation Bonds, Election of 2020, Series C

Members of the Board:

We have acted as bond counsel for the Burlingame Elementary School District (San Mateo County, California) (the “District”), in connection with the issuance by the District of \$ _____ aggregate principal amount of the District’s General Obligation Bonds, Election of 2020, Series C (the “Bonds”). The Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53506), as amended, applicable provisions of the Education Code of the State and that certain resolution adopted by the Board of Trustees of the District on November 18, 2025 (the “Resolution”). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution. Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection, we have also examined such certificates of public officials and officers of the District and the County as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any effect on any Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles,

to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion herein with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding general obligations of the District.
2. The Bonds are payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount, except for certain personal property that is taxable at limited rates.
3. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.
4. Interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.
5. Interest on the Bonds is exempt from personal income taxes of the State of California.

Bondholders should note that interest on the Bonds is not a preference item for purposes of the alternative minimum tax imposed on individuals but is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. Ownership of tax-exempt obligations such as the Bonds may result in collateral tax consequences. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner of the Bonds or such owner's other items of income or deduction. We express no opinion with respect to any federal, state, or local tax consequences, under present law or any proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results.

Dannis Woliver Kelley

APPENDIX B

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

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BURLINGAME ELEMENTARY SCHOOL DISTRICT

**AUDIT REPORT
JUNE 30, 2024**



BURLINGAME ELEMENTARY SCHOOL DISTRICT
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
Burlingame Elementary School District
Burlingame, 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 Burlingame Elementary School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Burlingame Elementary School 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 Burlingame Elementary School District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Burlingame Elementary School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of 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 Burlingame Elementary School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Burlingame Elementary School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions 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 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 Burlingame Elementary School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Local Education Agency Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024 on our consideration of the Burlingame Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Burlingame Elementary School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Burlingame Elementary School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
December 9, 2024

BURLINGAME ELEMENTARY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

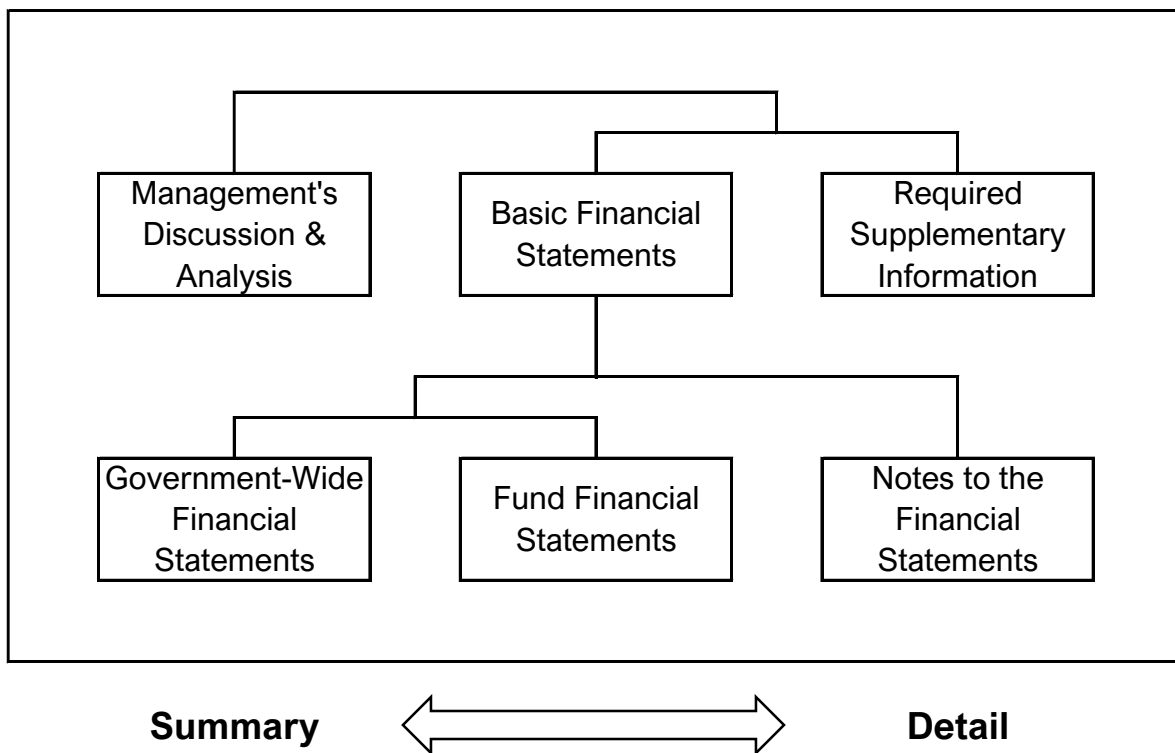
Our discussion and analysis of Burlingame Elementary School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$15,925,796 at June 30, 2024. This was an increase of \$5,395,981 from the prior year, after restatement.
- Overall revenues were \$71,795,819, which exceeded expenses of \$66,399,838.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**BURLINGAME ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$15,925,796 at June 30, 2024, as reflected in the table below. Of this amount, \$(24,949,927) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2024	2023	Net Change
ASSETS			
Current and other assets	\$ 88,042,767	\$ 54,814,675	\$ 33,228,092
Capital assets	177,403,072	168,007,347	9,395,725
Total Assets	265,445,839	222,822,022	42,623,817
DEFERRED OUTFLOWS OF RESOURCES	18,809,704	14,437,314	4,372,390
LIABILITIES			
Current liabilities	12,647,343	5,295,061	7,352,282
Long-term liabilities	248,228,415	214,719,528	33,508,887
Total Liabilities	260,875,758	220,014,589	40,861,169
DEFERRED INFLOWS OF RESOURCES	7,453,989	6,730,709	723,280
NET POSITION			
Net investment in capital assets	17,634,769	26,008,216	(8,373,447)
Restricted	23,240,954	10,766,111	12,474,843
Unrestricted	(24,949,927)	(26,260,289)	1,310,362
Total Net Position	\$ 15,925,796	\$ 10,514,038	\$ 5,411,758

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues, and expenses for the year.

	Governmental Activities		
	2024	2023	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 2,250,121	\$ 1,122,429	\$ 1,127,692
Operating grants and contributions	10,535,164	13,311,221	(2,776,057)
General revenues			
Property taxes	50,465,833	45,603,923	4,861,910
Unrestricted federal and state aid	4,008,550	3,360,553	647,997
Other	4,536,151	2,035,428	2,500,723
Total Revenues	71,795,819	65,433,554	6,362,265
EXPENSES			
Instruction	32,162,769	32,584,759	(421,990)
Instruction-related services	5,244,508	5,721,711	(477,203)
Pupil services	3,654,281	3,333,770	320,511
General administration	3,646,802	3,969,594	(322,792)
Plant services	5,727,796	4,733,882	993,914
Ancillary services	8,134	-	8,134
Debt service	6,711,398	5,588,942	1,122,456
Other outgo	337,015	43,330	293,685
Depreciation	8,907,135	5,991,318	2,915,817
Total Expenses	66,399,838	61,967,306	4,432,532
Change in net position	5,395,981	3,466,248	1,929,733
Net Position - Beginning, as Restated*	10,529,815	7,047,790	3,482,025
Net Position - Ending	\$ 15,925,796	\$ 10,514,038	\$ 5,411,758

**Beginning net position was restated for the 2024 year only.*

The cost of all our governmental activities this year was \$66,399,838. The amount that our taxpayers ultimately financed for these activities through taxes was only \$50,465,833, and a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2024	2023
Instruction	\$ 25,742,986	\$ 24,933,152
Instruction-related services	5,039,920	5,155,771
Pupil services	571,703	1,081,300
General administration	3,239,827	3,667,456
Plant services	5,725,546	4,775,705
Ancillary services	8,134	-
Debt service	6,711,398	5,588,942
Transfers to other agencies	(2,332,096)	(3,659,988)
Depreciation	8,907,135	5,991,318
Total	\$ 53,614,553	\$ 47,533,656

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$85,558,707 which is more than this year's restated beginning fund balance of \$52,270,391. The District's General Fund had \$3,110,075 more in operating revenues than expenditures for the year ended June 30, 2024. The District's Cafeteria Fund had \$1,157,409 more in operating revenues than expenditures for the year ended June 30, 2024. The District's Building Fund had \$16,368,810 less in operating revenues than expenditures, combined with \$38,000,000 in proceeds from general obligation bonds issuance, which resulted in a net increase in fund of \$21,631,190 for the year ended June 30, 2024. The District's Bond Interest and Redemption Fund had \$758,395 more in operating revenues than expenditures, combined with \$4,152,431 received in relation to the general obligation bond issue premium, which resulted in a net increase in fund of \$4,910,826 for the year ended June 30, 2024.

CURRENT YEAR BUDGET 2023-2024

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a periodic basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2023-2024 the District had invested \$177,403,072 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2024	2023	Net Change
CAPITAL ASSETS			
Land	\$ 5,696,279	\$ 5,696,279	\$ -
Construction in progress	13,026,799	43,369,398	(30,342,599)
Land improvements	11,666,524	11,502,470	164,054
Buildings & improvements	214,372,231	166,113,082	48,259,149
Furniture & equipment	1,263,549	1,041,293	222,256
Less: accumulated depreciation	(68,622,310)	(59,715,175)	(8,907,135)
Total	\$ 177,403,072	\$ 168,007,347	\$ 9,395,725

Long-Term Liabilities

At year-end, the District had \$248,228,415 in long-term liabilities. This was an increase of 18.24% from last year, as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2024	2023	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 208,416,686	\$ 171,101,529	\$ 37,315,157
Compensated absences	17,029	393,574	(376,545)
Total OPEB liability	8,518,813	9,360,011	(841,198)
Net pension liability	38,435,239	33,864,414	4,570,825
Less: current portion of long-term liabilities	(7,159,352)	(4,786,865)	(2,372,487)
Total	\$ 248,228,415	\$ 209,932,663	\$ 38,295,752

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Several economic factors could impact California school district funding and the District's budget in the next fiscal year:

Long-term Declining Enrollment: Lower birth rates and increased migration out of state have resulted in long-term declining enrollment across California schools. Enrollment can fluctuate due to factors such as population growth, competition from private and parochial schools, inter-district transfers in or out, economic conditions, and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to adjust fixed operating costs.

Revenue Uncertainties: Proposition 98 guarantees have improved over the 2023-24 fiscal year, but the prior 2022-23 revenues fell short of estimates, reducing the guarantee and resulting in the use of Proposition 98 reserves. California faced a significant budget deficit due to a severe revenue decline in 2022-23, driven mainly by lower income tax collections and economic downturns. However, recent tax forecasts show that actual revenues surpass projections. Surpluses could help fund more Proposition 98 revenue for school districts.

Underfunded Pension Liabilities: The District participates in state employee pension plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2024. The amount of the liability is material to the District's financial position. The CalSTRS projected employer contribution rate for 2024-25 is 19.10 percent. The CalPERS projected employer contribution rate for 2024-25 is 27.05 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Economic Downturn: Higher borrowing costs and reduced investment have slowed economic activity, particularly affecting sectors like technology and startups, which are crucial to California's economy. The unemployment rate is up but might reverse with future jobs in the technology and aerospace industries.

Federal Reserve Actions: The Federal Reserve's interest rate hikes have increased borrowing costs, reducing investment and economic growth.

Stock Market Performance: The steep decline in the stock market in prior years has negatively impacted income tax collections from high-income Californians and corporations. Overall, market performance in 2024 is trending in a positive direction.

These factors contribute to a challenging fiscal environment, potentially affecting the state's ability to maintain or increase funding for school districts. All these factors were considered in preparing the District's 2024-25 fiscal year budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Dr. Marla Silversmith, Superintendent, or Marie dela Cruz, Chief Business Official, Burlingame Elementary School District, 1825 Trousdale Dr., Burlingame, CA 94010.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and investments	\$ 86,034,221
Accounts receivable	1,994,055
Inventory	14,491
Capital assets, not depreciated	18,723,078
Capital assets, net of accumulated depreciation	158,679,994
Total Assets	265,445,839
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	12,964,059
Deferred outflows related to OPEB	2,660,251
Deferred amount on refunding	3,185,394
Total Deferred Outflows of Resources	18,809,704
LIABILITIES	
Accrued liabilities	5,110,521
Unearned revenue	377,470
Long-term liabilities, current portion	7,159,352
Long-term liabilities, non-current portion	248,228,415
Total Liabilities	260,875,758
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	4,425,298
Deferred inflows related to OPEB	3,028,691
Total Deferred Inflows of Resources	7,453,989
NET POSITION	
Net investment in capital assets	17,634,769
Restricted:	
Capital projects	4,332,544
Debt service	10,770,232
Educational programs	6,449,416
Food service	1,649,850
Associated student body	22,572
All others	16,340
Unrestricted	(24,949,927)
Total Net Position	\$ 15,925,796

The accompanying notes are an integral part of these financial statements.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 32,162,769	\$ 714,094	\$ 5,705,689	\$ (25,742,986)
Instruction-related services				
Instructional supervision and administration	1,284,143	-	155,499	(1,128,644)
Instructional library, media, and technology	329,732	-	-	(329,732)
School site administration	3,630,633	24	49,065	(3,581,544)
Pupil services				
Home-to-school transportation	234,618	-	-	(234,618)
Food services	1,646,380	-	2,771,690	1,125,310
All other pupil services	1,773,283	-	310,888	(1,462,395)
General administration				
Centralized data processing	307,054	-	-	(307,054)
All other general administration	3,339,748	3,684	403,291	(2,932,773)
Plant services	5,727,796	505	1,745	(5,725,546)
Ancillary services	8,134	-	-	(8,134)
Interest on long-term debt	6,711,398	-	-	(6,711,398)
Other outgo	337,015	1,531,814	1,137,297	2,332,096
Depreciation (unallocated)	8,907,135	-	-	(8,907,135)
Total Governmental Activities	\$ 66,399,838	\$ 2,250,121	\$ 10,535,164	(53,614,553)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				37,200,476
Property taxes, levied for debt service				11,131,092
Property taxes, levied for other specific purposes				2,134,265
Federal and state aid not restricted for specific purposes				4,008,550
Interest and investment earnings				3,756,282
Miscellaneous				779,869
Subtotal, General Revenue				59,010,534
CHANGE IN NET POSITION				5,395,981
Net Position - Beginning, as Restated				10,529,815
Net Position - Ending				\$ 15,925,796

The accompanying notes are an integral part of these financial statements.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024**

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 21,720,381	\$ 2,051,004	\$ 42,186,787	\$ 13,653,230	\$ 6,422,819	\$ 86,034,221
Accounts receivable	1,499,560	336,843	-	120,933	36,719	1,994,055
Due from other funds	735	-	-	-	-	735
Stores inventory	-	14,491	-	-	-	14,491
Total Assets	\$ 23,220,676	\$ 2,402,338	\$ 42,186,787	\$ 13,774,163	\$ 6,459,538	\$ 88,043,502
LIABILITIES						
Accrued liabilities	\$ 378,406	\$ 737,997	\$ 990,187	\$ -	\$ -	\$ 2,106,590
Due to other funds	-	-	-	-	735	735
Unearned revenue	377,470	-	-	-	-	377,470
Total Liabilities	755,876	737,997	990,187	-	735	2,484,795
FUND BALANCES						
Nonspendable	2,500	14,491	-	-	-	16,991
Restricted	6,465,756	1,649,850	41,196,600	13,774,163	4,355,116	67,441,485
Committed	6,833,730	-	-	-	2,103,687	8,937,417
Assigned	2,074,452	-	-	-	-	2,074,452
Unassigned	7,088,362	-	-	-	-	7,088,362
Total Fund Balances	22,464,800	1,664,341	41,196,600	13,774,163	6,458,803	85,558,707
Total Liabilities and Fund Balances	\$ 23,220,676	\$ 2,402,338	\$ 42,186,787	\$ 13,774,163	\$ 6,459,538	\$ 88,043,502

The accompanying notes are an integral part of these financial statements.

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

Total Fund Balance - Governmental Funds **\$ 85,558,707**

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

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

Capital assets	\$ 246,025,382	
Accumulated depreciation	<u>(68,622,310)</u>	177,403,072

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

3,185,394

Unmatured interest on long-term debt:

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

(3,003,931)

Long-term liabilities:

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

Total general obligation bonds	\$ 208,416,686	
Compensated absences	17,029	
Total OPEB liability	8,518,813	
Net pension liability	<u>38,435,239</u>	(255,387,767)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 12,964,059	
Deferred inflows of resources related to pensions	<u>(4,425,298)</u>	8,538,761

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 2,660,251	
Deferred inflows of resources related to OPEB	<u>(3,028,691)</u>	(368,440)

Total Net Position - Governmental Activities	<u>\$ 15,925,796</u>
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BURLINGAME ELEMENTARY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 40,269,107	\$ -	\$ -	\$ -	\$ -	\$ 40,269,107
Federal sources	1,108,115	1,205,044	-	-	-	2,313,159
Other state sources	6,111,591	1,566,646	-	19,585	-	7,697,822
Other local sources	7,367,085	61,318	1,913,942	11,795,294	2,512,194	23,649,833
Total Revenues	54,855,898	2,833,008	1,913,942	11,814,879	2,512,194	73,929,921
EXPENDITURES						
Current						
Instruction	34,209,563	-	-	-	-	34,209,563
Instruction-related services						
Instructional supervision and administration	1,350,055	-	-	-	-	1,350,055
Instructional library, media, and technology	322,206	-	-	-	-	322,206
School site administration	3,731,419	-	-	-	-	3,731,419
Pupil services						
Home-to-school transportation	234,618	-	-	-	-	234,618
Food services	-	1,646,380	-	-	-	1,646,380
All other pupil services	1,888,366	-	-	-	-	1,888,366
General administration						
Centralized data processing	299,557	-	-	-	-	299,557
All other general administration	3,728,533	-	-	-	2,751	3,731,284
Plant services	5,164,487	-	105	-	22,493	5,187,085
Facilities acquisition and construction	791,179	29,219	17,971,472	-	-	18,791,870
Ancillary services	-	-	-	-	8,134	8,134
Transfers to other agencies	25,840	-	-	-	-	25,840
Debt service						
Principal	-	-	-	4,590,078	-	4,590,078
Interest and other	-	-	311,175	6,466,406	-	6,777,581
Total Expenditures	51,745,823	1,675,599	18,282,752	11,056,484	33,378	82,794,036
Excess (Deficiency) of Revenues Over Expenditures	3,110,075	1,157,409	(16,368,810)	758,395	2,478,816	(8,864,115)
Other Financing Sources (Uses)						
Transfers in	2	-	-	-	-	2
Other sources	-	-	38,000,000	4,152,431	-	42,152,431
Transfers out	-	-	-	-	(2)	(2)
Net Financing Sources (Uses)	2	-	38,000,000	4,152,431	(2)	42,152,431
NET CHANGE IN FUND BALANCE	3,110,077	1,157,409	21,631,190	4,910,826	2,478,814	33,288,316
Fund Balance - Beginning, as Restated	19,354,723	506,932	19,565,410	8,863,337	3,979,989	52,270,391
Fund Balance - Ending	\$ 22,464,800	\$ 1,664,341	\$ 41,196,600	\$ 13,774,163	\$ 6,458,803	\$ 85,558,707

The accompanying notes are an integral part of these financial statements.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Governmental Funds \$ 33,288,316

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

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

Expenditures for capital outlay:	\$ 18,302,860	
Depreciation expense:	<u>(8,907,135)</u>	9,395,725

Debt service:

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

4,590,078

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(42,152,431)

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(223,257)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period 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:

(268,931)

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(487,156)

(continued on the following page)

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2024**

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

376,545

Postemployment benefits other than pensions (OPEB):

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

(136,628)

Pensions:

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

279,368

Amortization of debt issuance premium or discount:

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 in the period it is incurred. 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:

734,352

Change in Net Position of Governmental Activities

\$ 5,395,981

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades TK through 8, as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization’s relationship with the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities.

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

County School Facilities Fund: This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

D. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Governmental Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

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 a 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. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue

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

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

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.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

Investments

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

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 20 years
Vehicles	8 years

Interfund Balances

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

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 – June 30, 2024

Gains and losses related to changes in net OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows/Deferred Inflows of Resources

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

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

Pensions

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

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

G. Estimates

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

H. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Budgetary Data

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

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

J. New Accounting Pronouncements

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has fully implemented this Statement as of June 30, 2024.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has fully implemented this Statement as of June 30, 2024.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The District has not yet determined the impact on the financial statements.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The statement is effective for periods beginning after June 15, 2025. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities
Investment in county treasury	\$ 86,002,279
Cash on hand and in banks	27,572
Cash with fiscal agent	4,370
Total	\$ 86,034,221

B. Policies and Practices

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

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices (continued)

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The San Mateo County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$85,254,058 and an amortized book value of \$86,002,279. The average weighted maturity for this pool is 599 days.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Credit Risk

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

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2024, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

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

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

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

	<u>Uncategorized</u>
Investment in county treasury	<u>\$ 85,254,058</u>
Total	<u>\$ 85,254,058</u>

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024 consisted of the following:

	General Fund	Cafeteria Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government					
Categorical aid	\$ 678,832	\$ 65,515	\$ -	\$ -	\$ 744,347
State Government					
Apportionment	167,247	-	-	-	167,247
Categorical aid	207,773	271,328	-	-	479,101
Lottery	212,971	-	-	-	212,971
Local Government					
Other local sources	232,737	-	120,933	36,719	390,389
Total	\$ 1,499,560	\$ 336,843	\$ 120,933	\$ 36,719	\$ 1,994,055

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 01, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 5,696,279	\$ -	\$ -	\$ 5,696,279
Construction in progress	43,369,398	13,026,799	43,369,398	13,026,799
Total capital assets not being depreciated	49,065,677	13,026,799	43,369,398	18,723,078
Capital assets being depreciated				
Land improvements	11,502,470	164,054	-	11,666,524
Buildings & improvements	166,113,082	48,259,149	-	214,372,231
Furniture & equipment	1,041,293	222,256	-	1,263,549
Total capital assets being depreciated	178,656,845	48,645,459	-	227,302,304
Less: Accumulated depreciation				
Land improvements	4,919,239	776,194	-	5,695,433
Buildings & improvements	53,897,354	8,061,664	-	61,959,018
Furniture & equipment	898,582	69,277	-	967,859
Total accumulated depreciation	59,715,175	8,907,135	-	68,622,310
Total capital assets being depreciated, net	118,941,670	39,738,324	-	158,679,994
Governmental Activities				
Capital Assets, net	\$ 168,007,347	\$ 52,765,123	\$ 43,369,398	\$ 177,403,072

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 5 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2024 consisted of the following:

	General Fund	Cafeteria Fund	Building Fund	District-Wide	Governmental Activities
Payroll	\$ 130,538	\$ -	\$ -	\$ -	\$ 130,538
Construction	-	-	990,187	-	990,187
Vendors payable	247,868	93,419	-	-	341,287
Due to grantor government	-	644,578	-	-	644,578
Unmatured interest	-	-	-	3,003,931	3,003,931
Total	\$ 378,406	\$ 737,997	\$ 990,187	\$ 3,003,931	\$ 5,110,521

NOTE 6 – UNEARNED REVENUE

Unearned revenue at June 30, 2024 consisted of the following:

	General Fund	Governmental Activities
Federal sources	\$ 199,740	\$ 199,740
State categorical sources	177,730	177,730
Total	\$ 377,470	\$ 377,470

NOTE 7 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2024 consisted of the following:

	Balance July 01, 2023	Additions	Deductions	Balance June 30, 2024	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 156,676,360	\$ 38,000,000	\$ 4,590,078	\$ 190,086,282	\$ 6,403,260
Unamortized premium	10,645,936	4,152,431	734,352	14,064,015	734,352
Accreted interest	3,779,233	507,078	19,922	4,266,389	21,740
Total general obligation bonds	171,101,529	42,659,509	5,344,352	208,416,686	7,159,352
Compensated absences	393,574	-	376,545	17,029	-
Net OPEB liability	9,360,011	-	841,198	8,518,813	-
Net pension liability	33,864,414	4,570,825	-	38,435,239	-
Total	\$ 214,719,528	\$ 47,230,334	\$ 6,562,095	\$ 255,387,767	\$ 7,159,352

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 7 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds

The outstanding bonded debt of the District at June 30, 2024, is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2023	Additions	Deductions	Bonds Outstanding June 30, 2024
2007 C-1	2011	8/1/2035	5.20 - 9.54%	\$ 2,887,486	\$ 2,836,360	\$ -	\$ 20,078	\$ 2,816,282
2007 C-2	2011	8/1/2025	5.38%	9,910,000	2,405,000	-	785,000	1,620,000
2012 A	2013	8/1/2023	2.00 - 5.00%	30,000,000	260,000	-	260,000	-
2012 B	2016	8/1/2043	2.00 - 5.00%	26,000,000	19,990,000	-	565,000	19,425,000
2016 Refunding	2016	8/1/2032	2.00 - 5.00%	14,725,000	14,025,000	-	410,000	13,615,000
2016 A	2016	8/1/2042	2.00 - 5.00%	28,000,000	23,985,000	-	-	23,985,000
2016 B	2016	8/1/2042	3.00 - 4.00%	28,000,000	24,060,000	-	850,000	23,210,000
2019 Refunding	2019	8/1/2034	1.60 - 2.39%	15,085,000	13,160,000	-	750,000	12,410,000
2020 A	2020	8/1/2050	2.00 - 4.00%	33,500,000	28,760,000	-	635,000	28,125,000
2020 Refunding	2020	8/1/2041	0.29 - 2.30%	28,070,000	27,195,000	-	315,000	26,880,000
2020 B	2023	8/1/2052	5.00%	38,000,000	-	38,000,000	-	38,000,000
Total					\$ 156,676,360	\$ 38,000,000	\$ 4,590,078	\$ 190,086,282

The annual requirements to amortize the general obligation bonds outstanding at June 30, 2024, are as follows:

Year Ended June 30,	Principal*	Interest	Total
2025	\$ 6,403,260	\$ 7,080,818	\$ 13,484,078
2026	6,993,705	6,802,606	13,796,311
2027	5,772,096	6,547,695	12,319,791
2028	4,960,030	6,354,566	11,314,596
2029	5,529,252	6,164,239	11,693,491
2030 - 2034	37,566,565	27,139,701	64,706,266
2035 - 2039	40,161,374	19,955,866	60,117,240
2040 - 2044	41,915,000	12,147,176	54,062,176
2045 - 2049	18,775,000	6,745,194	25,520,194
2050 - 2053	22,010,000	2,173,012	24,183,012
Total	\$ 190,086,282	\$ 101,110,872	\$ 291,197,154

* Principal balance does not include accreted interest in the amount of \$4,266,389 as of June 30, 2024.

B. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2024 amounted to \$17,029. This amount is included as part of long-term liabilities in the government-wide financial statements.

C. Net OPEB Liability

The District's beginning net OPEB liability was \$9,360,011 and decreased by \$841,198 during the year ended June 30, 2024. The ending net OPEB liability at June 30, 2024 was \$8,518,813. See Note 9 for additional information regarding the net OPEB liability.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 7 – LONG-TERM LIABILITIES (continued)

D. Net Pension Liability

The District's beginning net pension liability was \$33,864,414 and increased by \$4,570,825 during the year ended June 30, 2024. The ending net pension liability at June 30, 2024 was \$38,435,239. See Note 10 for additional information regarding the net pension liability.

NOTE 8 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2024:

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 2,500
Stores inventory	-	14,491	-	-	-	14,491
Total non-spendable	2,500	14,491	-	-	-	16,991
Restricted						
Educational programs	6,449,416	-	-	-	-	6,449,416
Food service	-	1,649,850	-	-	-	1,649,850
Associated student body	-	-	-	-	22,572	22,572
Capital projects	-	-	41,196,600	-	4,332,544	45,529,144
Debt service	-	-	-	13,774,163	-	13,774,163
All others	16,340	-	-	-	-	16,340
Total restricted	6,465,756	1,649,850	41,196,600	13,774,163	4,355,116	67,441,485
Committed						
Special reserve	5,333,730	-	-	-	-	5,333,730
Other commitments	1,500,000	-	-	-	2,103,687	3,603,687
Total committed	6,833,730	-	-	-	2,103,687	8,937,417
Assigned						
Deferred maintenance	2,074,452	-	-	-	-	2,074,452
Total assigned	2,074,452	-	-	-	-	2,074,452
Unassigned	7,088,362	-	-	-	-	7,088,362
Total	\$ 22,464,800	\$ 1,664,341	\$ 41,196,600	\$ 13,774,163	\$ 6,458,803	\$ 85,558,707

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than three percent of General Fund expenditures and other financing uses.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Burlingame Elementary School District’s defined benefit OPEB plan, Burlingame Elementary School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single employer defined benefit plan administered by the District. The District is a participant in the California Employer’s Retiree Benefit Trust (CERBT), an agent multiple employer defined benefit post-employment healthcare plan administered by CalPERS. Detailed information about the Plan’s fiduciary net position is available in the separately issued CERBT annual financial reports and may be obtained from the California Public Employees’ Retirement System (CalPERS) website.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

Benefit types provided	Medical, dental and vision
Duration of Benefits	Lifetime
Required Service	15 years
Minimum Age	55
Dependent Coverage	Yes
District Contribution %	100% up to District cap
District Cap	Supplemental benefit to age 65: \$972.64/month On or after age 65: PEMHCA minimum employer contribution

C. Contributions

For the measurement period, the District contributed \$1,199,153 to the Plan, \$1,000,000 of which was a contribution to the District’s OPEB trust, and the remaining portion was used for current premiums. There are no statutorily or contractually established contribution requirements.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	67
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	278
Total number of participants**	<u>345</u>

*Information not provided

**As of the June 30, 2023 valuation date

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2024, were as follows:

Total OPEB liability	\$	9,693,874
Plan fiduciary net position		(1,175,061)
District's net OPEB liability	\$	8,518,813

Plan fiduciary net position as a percentage of total OPEB liability	12.1%
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F. Actuarial Assumptions and Other Inputs

The net OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Economic assumptions:

Inflation	2.50%
Payroll growth rate	2.75%
Discount rate	4.16%
Investment rate of return	6.75%
Healthcare cost trend rate	4.00%

Non-economic assumptions:

Mortality:

Certificated	2020 CalSTRS Mortality Table
Classified	2021 CalPERS Active Mortality for Miscellaneous Employees

Retirement rates:

Certificated	2020 CalSTRS Retirement Rates
Classified	2021 CalPERS Retirement Rates for School Employees

The actuarial assumptions used in the June 30, 2023 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2023.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed 31 years.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

	<u>June 30, 2024</u>
Total OPEB Liability	
Service cost	\$ 808,727
Interest on total OPEB liability	352,765
Changes of assumptions	(628,476)
Benefits payments	<u>(199,153)</u>
Net change in total OPEB liability	333,863
Total OPEB liability - beginning	<u>9,360,011</u>
Total OPEB liability - ending (a)	<u>\$ 9,693,874</u>
 Plan fiduciary net position	
Contributions - employer	\$ 1,199,153
Net investment income	176,831
Benefit payments	(199,153)
Administrative expenses	<u>(1,770)</u>
Net change in plan fiduciary net position	1,175,061
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,175,061</u>
 District's net OPEB liability - ending (a) - (b)	<u>\$ 8,518,813</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 12.12%

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

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

	1% Decrease	Valuation Discount Rate	1% Increase
	(3.16%)	(4.16%)	(5.16%)
Net OPEB liability	\$ 9,779,564	\$ 8,518,813	\$ 7,498,912

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

I. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Burlingame Elementary School District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	(3.00%)	(4.00%)	(5.00%)
Net OPEB liability	\$ 7,009,145	\$ 8,518,813	\$ 10,380,180

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

For the year ended June 30, 2024, the Burlingame Elementary School District recognized OPEB expense of \$1,335,782. At June 30, 2024, the Burlingame Elementary School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 141,464
Differences between expected and actual experience	548,207	687,754
Changes in assumptions	2,112,044	2,199,473
Total	\$ 2,660,251	\$ 3,028,691

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 517,644	\$ 333,053
2026	297,586	333,053
2027	297,586	333,053
2028	297,586	333,049
2029	297,586	297,686
Thereafter	952,263	1,398,797
Total	\$ 2,660,251	\$ 3,028,691

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 10 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalSTRS Pension	\$ 25,529,159	\$ 8,437,249	\$ 3,965,304	\$ 3,880,885
CalPERS Pension	12,906,080	4,526,810	459,994	2,112,227
Total	\$ 38,435,239	\$ 12,964,059	\$ 4,425,298	\$ 5,993,112

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 10 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2024, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2024 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$4,413,228 for the year ended June 30, 2024.

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 of approximately \$1,956,471 to CalSTRS.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	25,529,159
State's proportionate share of the net pension liability associated with the District		12,231,959
Total	\$	37,761,118

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2023, the District's proportion was 0.034 percent, which was an increase of 0.002 percent from its proportion measured as of June 30, 2022.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 10 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2024, the District recognized pension expense of \$3,880,885. In addition, the District recognized pension expense and revenue of \$(177,631) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 109,275
Differences between expected and actual experience	2,006,171	1,365,940
Changes in assumptions	147,823	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,870,027	2,490,089
District contributions subsequent to the measurement date	4,413,228	-
Total	<u>\$ 8,437,249</u>	<u>\$ 3,965,304</u>

The \$4,413,228 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2025	\$ 897,141	\$ 1,810,146
2026	907,857	2,254,485
2027	675,723	(1,276,936)
2028	526,056	792,228
2029	515,364	385,381
2030	501,880	-
Total	<u>\$ 4,024,021</u>	<u>\$ 3,965,304</u>

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

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

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2023 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

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

* Real return is net of assumed 2.75% inflation.

NOTE 10 – PENSION PLANS (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10 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 (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’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 District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 42,823,127	\$ 25,529,159	\$ 11,164,503

Pension Plan Fiduciary Net Position

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

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 10 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual 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, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 8.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2024 was 26.68% of annual payroll. Contributions to the plan from the District were \$1,859,252 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$12,906,080 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2023, the District's proportion was 0.036 percent, which was an increase of 0.002 percent from its proportion measured as of June 30, 2022.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 10 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

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

For the year ended June 30, 2024, the District recognized pension expense of \$2,112,227. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 1,378,554	\$ -
Differences between expected and actual experience	470,979	198,218
Changes in assumptions	594,578	-
Changes in proportion and differences between District contributions and proportionate share of contributions	223,447	261,776
District contributions subsequent to the measurement date	1,859,252	-
Total	<u>\$ 4,526,810</u>	<u>\$ 459,994</u>

The \$1,859,252 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2025	\$ 815,446	\$ 323,128
2026	680,358	136,866
2027	1,128,851	-
2028	42,903	-
Total	<u>\$ 2,667,558</u>	<u>\$ 459,994</u>

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

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. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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 adjusted to account for assumed administrative expenses.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 10 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

The table below reflects 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 geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
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)%
	<u>100.0%</u>	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 18,658,856	\$ 12,906,080	\$ 8,151,542

Pension Plan Fiduciary Net Position

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

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2024.

C. Construction Commitments

As of June 30, 2024, the District had commitments with respect to unfinished capital projects of \$6,998,879.

NOTE 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in a joint powers agreement (JPA) with the San Mateo County Schools Insurance Group (SMCSIG). A board consisting of a representative from each member district governs the JPA. The governing board controls the operation 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. Budgets are not subject to any approval other than that of the governing board. Member districts share surpluses and deficits proportionately to their participation. The relationship between the District and the JPA is such that the JPA not a component unit of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entity.

NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

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 recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2024, the deferred amount on refunding was \$3,185,394.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (continued)

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2024, total deferred outflows related to pensions was \$12,964,059 and total deferred inflows related to pensions was \$4,425,298.

C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 9. At June 30, 2024, total deferred outflows related to other postemployment benefits was \$2,660,251 and total deferred inflows related to other postemployment benefits was \$3,028,691.

NOTE 14 – RESTATEMENT OF NET POSITION AND FUND BALANCE

The beginning fund balances of the General Fund and the Student Activity Fund were restated to accurately reflect the substance of the underlying transactions that occurred in the prior year. The beginning fund balances of the General Fund and the Deferred Maintenance Fund were restated in accordance with the fund type definitions promulgated by GASB Statement No. 54. The beginning fund balances of the General Fund and the Private-Purpose Trust Fund were restated in accordance with the fiduciary activities definition outlined by GASB Statement No. 84.

The effect on beginning fund balances is presented as follows:

	General Fund	Student Activity Fund	Deferred Maintenance Fund	Private-Purpose Trust Fund
Fund Balance - Beginning, as Previously Reported	\$ 16,377,940	\$ -	\$ 2,970,932	\$ 15,777
Restatement	2,976,783	9,926	(2,970,932)	(15,777)
Fund Balance - Beginning, as Restated	<u>\$ 19,354,723</u>	<u>\$ 9,926</u>	<u>\$ -</u>	<u>\$ -</u>

The effect on beginning net position is presented as follows:

	Governmental Activities	Private-Purpose Trust Fund
Net Position - Beginning, as Previously Reported	\$ 10,514,038	\$ 15,777
Restatement	15,777	(15,777)
Net Position - Beginning, as Restated	<u>\$ 10,529,815</u>	<u>\$ -</u>

REQUIRED SUPPLEMENTARY INFORMATION

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 39,093,926	\$ 41,847,610	\$ 40,269,107	\$ (1,578,503)
Federal sources	793,983	913,367	1,108,115	194,748
Other state sources	5,141,498	5,606,297	4,155,120	(1,451,177)
Other local sources	5,411,807	5,411,807	6,511,790	1,099,983
Total Revenues	50,441,214	53,779,081	52,044,132	(1,734,949)
EXPENDITURES				
Certificated salaries	23,068,070	23,074,037	22,555,996	518,041
Classified salaries	6,594,433	6,596,399	6,290,456	305,943
Employee benefits	13,295,312	13,298,260	10,886,778	2,411,482
Books and supplies	2,664,141	5,948,551	880,273	5,068,278
Services and other operating expenditures	5,196,011	5,670,462	7,800,398	(2,129,936)
Capital outlay	-	-	592,545	(592,545)
Other outgo				
Excluding transfers of indirect costs	-	-	25,840	(25,840)
Total Expenditures	50,817,967	54,587,709	49,032,286	5,555,423
Excess (Deficiency) of Revenues Over Expenditures	(376,753)	(808,628)	3,011,846	3,820,474
Other Financing Sources (Uses)				
Transfers in	-	-	2	2
Net Financing Sources (Uses)	-	-	2	2
NET CHANGE IN FUND BALANCE				
	(376,753)	(808,628)	3,011,848	3,820,476
Fund Balance - Beginning	7,760,175	7,760,175	7,760,175	-
Fund Balance - Ending	\$ 7,383,422	\$ 6,951,547	\$ 10,772,023	\$ 3,820,476

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances include the financial activity of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances include the financial activity of the Private-Purpose Trust Fund, in accordance with the fiduciary activities definition outlined by GASB Statement No. 84.
- The schedule above does not reflect audit adjustments, reclassifications, or restatements.
- On-behalf payments of \$1,956,471 are not included in the actual revenues and expenditures reported in this schedule.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
CAFETERIA FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
Federal sources	\$ 714,417	\$ 714,417	\$ 1,135,820	\$ 421,403
Other state sources	1,798,919	1,798,919	790,859	(1,008,060)
Other local sources	23,912	23,912	38,558	14,646
Total Revenues	2,537,248	2,537,248	1,965,237	(572,011)
EXPENDITURES				
Books and supplies	929,260	934,865	6,254	928,611
Services and other operating expenditures	1,818,305	1,818,305	1,787,755	30,550
Capital outlay	25,000	25,000	25,000	-
Total Expenditures	2,772,565	2,778,170	1,819,009	959,161
NET CHANGE IN FUND BALANCE	(235,317)	(240,922)	146,228	387,150
Fund Balance - Beginning	1,255,045	1,255,045	506,932	(748,113)
Fund Balance - Ending	\$ 1,019,728	\$ 1,014,123	\$ 653,160	\$ (360,963)

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- The schedule above does not reflect audit adjustments and reclassifications.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability							
Service cost	\$ 808,727	\$ 690,845	\$ 311,865	\$ 311,865	\$ 302,782	\$ 289,337	\$ 289,338
Interest on total OPEB liability	352,765	346,220	174,894	174,894	138,783	154,349	156,107
Difference between expected and actual experience	-	(826,696)	-	751,257	259,586	-	-
Changes of assumptions	(628,476)	(172,326)	-	2,879,280	1,060,757	(313,850)	-
Benefits payments	(199,153)	(225,675)	(280,600)	(214,897)	(237,423)	(259,322)	(146,088)
Other	-	(1,239,125)	-	-	223,272	-	-
Net change in total OPEB liability	333,863	(1,426,757)	206,159	3,902,399	1,747,757	(129,486)	299,357
Total OPEB liability - beginning	9,360,011	10,786,768	10,580,609	6,678,210	4,930,453	5,059,939	4,760,582
Total OPEB liability - ending (a)	\$ 9,693,874	\$ 9,360,011	\$ 10,786,768	\$ 10,580,609	\$ 6,678,210	\$ 4,930,453	\$ 5,059,939
Plan fiduciary net position							
Contributions - employer	\$ 1,199,153	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	176,831	-	-	-	-	-	-
Benefit payments	(199,153)	-	-	-	-	-	-
Administrative expenses	(1,770)	-	-	-	-	-	-
Net change in plan fiduciary net position	1,175,061	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ 1,175,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's net OPEB liability - ending (a) - (b)	\$ 8,518,813	\$ 9,360,011	\$ 10,786,768	\$ 10,580,609	\$ 6,678,210	\$ 4,930,453	\$ 5,059,939
Plan fiduciary net position as a percentage of the total OPEB liability	12.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 25,714,089	\$ 25,025,877	\$ 24,356,085	\$ 22,341,901	\$ 25,714,089	\$ 19,743,365	\$ 19,168,315
District's net OPEB liability (asset) as a percentage of covered-employee payroll	33.13%	37.40%	44.29%	47.36%	25.97%	24.97%	26.40%

See accompanying notes to required supplementary information.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.034%	0.032%	0.034%	0.035%	0.034%	0.032%	0.031%	0.029%	0.028%	0.030%
District's proportionate share of the net pension liability	\$ 25,529,159	\$ 22,235,520	\$ 15,608,057	\$ 33,918,150	\$ 30,707,440	\$ 29,410,240	\$ 28,668,490	\$ 23,381,302	\$ 19,178,632	\$ 17,531,100
State's proportionate share of the net pension liability associated with the District	12,231,959	11,135,548	7,853,350	17,484,806	16,753,058	16,838,833	16,959,992	13,310,508	10,143,387	10,585,979
Total	\$ 37,761,118	\$ 33,371,068	\$ 23,461,407	\$ 51,402,956	\$ 47,460,498	\$ 46,249,073	\$ 45,628,482	\$ 36,691,810	\$ 29,322,019	\$ 28,117,079
District's covered payroll	\$ 20,508,871	\$ 18,548,541	\$ 18,544,892	\$ 18,808,520	\$ 18,138,587	\$ 17,067,581	\$ 16,530,310	\$ 15,275,322	\$ 14,336,644	\$ 13,361,624
District's proportionate share of the net pension liability as a percentage of its covered payroll	124.48%	119.88%	84.16%	180.33%	169.29%	172.32%	173.43%	153.07%	133.77%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	80.60%	81.20%	87.20%	71.80%	72.60%	71.00%	69.46%	70.04%	74.02%	76.52%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.036%	0.034%	0.034%	0.037%	0.036%	0.037%	0.035%	0.033%	0.031%	0.030%
District's proportionate share of the net pension liability	\$ 12,906,080	\$ 11,628,894	\$ 6,991,791	\$ 11,260,689	\$ 10,574,117	\$ 9,854,700	\$ 8,455,689	\$ 6,433,357	\$ 4,629,770	\$ 3,394,378
District's covered payroll	\$ 6,206,398	\$ 5,181,257	\$ 4,933,087	\$ 5,289,757	\$ 5,025,645	\$ 4,909,516	\$ 4,516,561	\$ 4,317,371	\$ 4,028,638	\$ 3,143,096
District's proportionate share of the net pension liability as a percentage of its covered payroll	207.95%	224.44%	141.73%	212.88%	210.40%	200.73%	187.22%	149.01%	114.92%	107.99%
Plan fiduciary net position as a percentage of the total pension liability	70.00%	69.80%	81.00%	70.00%	70.00%	70.80%	71.87%	73.90%	79.43%	83.38%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 4,413,228	\$ 3,888,482	\$ 3,190,349	\$ 2,995,000	\$ 3,216,257	\$ 2,952,962	\$ 2,462,852	\$ 2,056,869	\$ 1,639,042	\$ 1,273,094
Contributions in relation to the contractually required contribution*	(4,413,228)	(3,888,482)	(3,190,349)	(2,995,000)	(3,216,257)	(2,952,962)	(2,462,852)	(2,056,869)	(1,639,042)	(1,273,094)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 21,741,726	\$ 20,508,871	\$ 18,548,541	\$ 18,544,892	\$ 18,808,520	\$ 18,138,587	\$ 17,067,581	\$ 16,530,310	\$ 15,275,322	\$ 14,336,644
Contributions as a percentage of covered payroll	20.30%	18.96%	17.20%	16.15%	17.10%	16.28%	14.43%	12.44%	10.73%	8.88%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,859,252	\$ 1,573,322	\$ 1,187,026	\$ 1,021,149	\$ 1,043,193	\$ 907,732	\$ 762,497	\$ 627,260	\$ 511,479	\$ 474,211
Contributions in relation to the contractually required contribution*	(1,859,252)	(1,573,322)	(1,187,026)	(1,021,149)	(1,043,193)	(907,732)	(762,497)	(627,260)	(511,479)	(474,211)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,642,267	\$ 6,206,398	\$ 5,181,257	\$ 4,933,087	\$ 5,289,757	\$ 5,025,645	\$ 4,909,516	\$ 4,516,561	\$ 4,317,371	\$ 4,028,638
Contributions as a percentage of covered payroll	27.99%	25.35%	22.91%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Net OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the net OPEB liability, and the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation.

Changes in Assumptions

The discount rate changed from 3.65% to 4.16% since the previous valuation.

Schedule of the District Contributions for OPEB

This 10-year schedule is not required to be presented as there was no actuarially determined contribution, nor any contribution requirement established by statute or contract.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. 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 or CalPERS.

Changes in Assumptions

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

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2024, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code, as shown below.

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Services and other operating expenditures	\$ 5,670,462	\$ 7,800,398	\$ 2,129,936
Capital outlay	\$ -	\$ 592,545	\$ 592,545
Other outgo			
Excluding transfers of indirect costs	\$ -	\$ 25,840	\$ 25,840

SUPPLEMENTARY INFORMATION

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 39,906
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	50,378
Title III, English Learner Student Program	84.365	14346	30,422
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	610,631
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	79,430
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	15,322
IDEA Preschool Capacity Building, Part B, Sec 619	84.173A	13839	26,390
Subtotal Special Education Cluster			<u>731,773</u>
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: [1]			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	154,997
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	34,087
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	66,552
Subtotal Education Stabilization Fund Discretionary Grants			<u>255,636</u>
Total U. S. Department of Education			<u>1,108,115</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster [1]			
School Breakfast Program - Basic	10.553	13525	85,657
School Breakfast Program - Needy	10.553	13526	14,744
National School Lunch Program	10.555	13391	227,663
USDA Commodities	10.555	*	96,897
Subtotal Child Nutrition Cluster			<u>424,961</u>
Total U. S. Department of Agriculture			<u>424,961</u>
Total Federal Expenditures			<u>\$ 1,533,076</u>

[1] - Major Program

* - Pass-Through Entity Identifying Number not available or not applicable.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2024**

	Second Period Report Data ID CEED427A	Annual Report Data ID 6F1515B2	Revised Annual Report N/A*
SCHOOL DISTRICT			
TK/K through Third			
Regular ADA	1,416.89	1,421.93	1,421.93
Extended Year Special Education	1.77	1.77	1.77
Special Education - Nonpublic Schools	1.96	2.09	2.09
Extended Year Special Education - Nonpublic Schools	0.31	-	0.31
Total TK/K through Third	1,420.93	1,425.79	1,426.10
Fourth through Sixth			
Regular ADA	1,115.53	1,115.82	1,115.82
Extended Year Special Education	0.89	0.89	0.89
Special Education - Nonpublic Schools	1.70	1.72	1.72
Extended Year Special Education - Nonpublic Schools	0.30	-	0.30
Total Fourth through Sixth	1,118.42	1,118.43	1,118.73
Seventh through Eighth			
Regular ADA	649.61	650.30	650.30
Extended Year Special Education	0.09	0.09	0.09
Special Education - Nonpublic Schools	2.76	2.79	2.79
Total Seventh through Eighth	652.46	653.18	653.18
TOTAL SCHOOL DISTRICT	3,191.81	3,197.40	3,198.01

* There is no certificate number associated with the revised attendance report as the amounts are derived from a finding. See Finding #2024-002 for additional information.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2024**

Grade Level	Minutes Requirement	2023-24 Actual Minutes	Number of Days	Status
Kindergarten	36,000	53,175	180	Complied
Grade 1	50,400	54,350	180	Complied
Grade 2	50,400	54,350	180	Complied
Grade 3	50,400	54,350	180	Complied
Grade 4	54,000	54,050	180	Complied
Grade 5	54,000	54,050	180	Complied
Grade 6	54,000	55,369	180	Complied
Grade 7	54,000	55,369	180	Complied
Grade 8	54,000	55,369	180	Complied

See accompanying notes to supplementary information.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

	2025 (Budget)	2024	2023	2022
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 50,812,868	\$ 52,044,134	\$ 51,887,023	\$ 44,190,215
Expenditures And Other Financing Uses	52,784,180	49,032,286	49,251,936	47,106,915
Net change in Fund Balance	\$ (1,971,312)	\$ 3,011,848	\$ 2,635,087	\$ (2,916,700)
Ending Fund Balance	\$ 8,800,711	\$ 10,772,023	\$ 16,377,940	\$ 13,742,853
Available Reserves*	\$ 3,010,874	\$ 3,029,488	\$ 1,483,467	\$ 1,491,373
Available Reserves As A Percentage Of Outgo	5.70%	6.18%	3.01%	3.17%
Long-term Liabilities	\$ 248,228,415	\$ 255,387,767	\$ 214,719,528	\$ 211,573,193
Average Daily Attendance At P-2	3,224	3,192	3,119	3,165

The General Fund ending fund balance has decreased by \$2,970,830 over the past two years. The fiscal year 2024-25 budget projects a further decrease of \$1,971,312. For a District this size, the State recommends available reserves of at least three percent of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2024-25 fiscal year. Total long-term obligations have increased by \$43,814,574 over the past two years.

Average daily attendance has increased by 27 ADA over the past two years. An additional increase of 32 ADA is anticipated during the 2024-25 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances include the financial activity of the Private-Purpose Trust Fund, in accordance with the fiduciary activities definition outlined by GASB Statement No. 84. Additionally, the schedule above does not reflect audit adjustments, reclassifications, or restatements.

On-behalf payments of \$1,956,471 are not included in the actual revenues and expenditures reported in this schedule.

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

	General Fund	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Private-Purpose Trust Fund
June 30, 2024, annual financial and budget report fund balance/net position	\$ 10,772,023	\$ 9,926	\$ 653,160	\$ 2,283,833	\$ 8,841,377	\$ 40,622,695	\$ 4,275,065	\$ 2,045,607	\$ 13,655,380	\$ 16,848
Adjustments and reclassifications:										
Increase (decrease) in total fund balances:										
Prior year fair value adjustment (GASB 31)	551,227	-	22,760	-	-	573,905	57,479	58,080	118,783	(508)
Cash in banks	-	12,646	-	-	-	-	-	-	-	-
Accounts payable	-	-	988,421	-	-	-	-	-	-	-
Fund balance transfer (GASB 84)	16,340	-	-	-	-	-	-	-	-	(16,340)
Fund balance transfer (GASB 54)	11,125,210	-	-	(2,283,833)	(8,841,377)	-	-	-	-	-
Net adjustments and reclassifications	11,692,777	12,646	1,011,181	(2,283,833)	(8,841,377)	573,905	57,479	58,080	118,783	(16,848)
June 30, 2024, audited financial statement fund balance/net position	\$ 22,464,800	\$ 22,572	\$ 1,664,341	\$ -	\$ -	\$ 41,196,600	\$ 4,332,544	\$ 2,103,687	\$ 13,774,163	\$ -

See accompanying notes to supplementary information.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2024

	Student Activity Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
ASSETS					
Cash and investments	\$ 22,572	\$ 4,296,560	\$ -	\$ 2,103,687	\$ 6,422,819
Accounts receivable	-	36,719	-	-	36,719
Total Assets	\$ 22,572	\$ 4,333,279	\$ -	\$ 2,103,687	\$ 6,459,538
LIABILITIES					
Due to other funds	\$ -	\$ 735	\$ -	\$ -	\$ 735
Total Liabilities	-	735	-	-	735
FUND BALANCES					
Restricted	22,572	4,332,544	-	-	4,355,116
Committed	-	-	-	2,103,687	2,103,687
Total Fund Balances	22,572	4,332,544	-	2,103,687	6,458,803
Total Liabilities and Fund Balances	\$ 22,572	\$ 4,333,279	\$ -	\$ 2,103,687	\$ 6,459,538

See accompanying notes to supplementary information.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	Student Activity Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
REVENUES					
Other local sources	\$ 20,780	\$ 2,379,469	\$ 2	\$ 111,943	\$ 2,512,194
Total Revenues	20,780	2,379,469	2	111,943	2,512,194
EXPENDITURES					
Current					
General administration					
All other general administration	-	2,751	-	-	2,751
Plant services	-	22,493	-	-	22,493
Ancillary services	8,134	-	-	-	8,134
Total Expenditures	8,134	25,244	-	-	33,378
Excess (Deficiency) of Revenues Over Expenditures	12,646	2,354,225	2	111,943	2,478,816
Other Financing Sources (Uses)					
Transfers out	-	-	(2)	-	(2)
Net Financing Sources (Uses)	-	-	(2)	-	(2)
NET CHANGE IN FUND BALANCE	12,646	2,354,225	-	111,943	2,478,814
Fund Balance - Beginning, as Restated	9,926	1,978,319	-	1,991,744	3,979,989
Fund Balance - Ending	\$ 22,572	\$ 4,332,544	\$ -	\$ 2,103,687	\$ 6,458,803

See accompanying notes to supplementary information.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 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 financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2024 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2024.

	AL	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 2,313,159
Supply Chain Assistance Funds	10.555	(780,083)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 1,533,076</u>

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

OTHER INFORMATION

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2024**

The Burlingame Elementary School District was established in 1913 and is located in San Mateo County. There were no changes in the boundaries of the District during the current year. The District operates seven schools providing transitional kindergarten through eighth grade education.

GOVERNING BOARD

Member	Office	Term Expires
Doug Brown	President	2026
Dan Devoy	Vice President	2026
Florence Wong	Clerk	2024
Sarah Ghulamhussain	Trustee	2024
Lisa Mudd	Trustee	2024

DISTRICT ADMINISTRATORS

Dr. Marla Silversmith
Superintendent

Marie dela Cruz
Chief Business Official

Dr. Wesley Tang
Assistant Superintendent, Educational Services

OTHER INDEPENDENT AUDITORS' REPORTS

**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**Independent Auditors' Report

Governing Board
Burlingame Elementary School District
Burlingame, 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 Burlingame Elementary School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Burlingame Elementary School District's basic financial statements, and have issued our report thereon dated December 9, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the Schedule of Audit Findings and Questioned Costs as Finding #2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Burlingame Elementary School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Burlingame Elementary School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Burlingame Elementary School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
December 9, 2024

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board
Burlingame Elementary School District
Burlingame, California

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Burlingame Elementary School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Burlingame Elementary School District's major federal programs for the year ended June 30, 2024. Burlingame Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) 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 Burlingame Elementary School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of Burlingame Elementary School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit for 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 Burlingame Elementary School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about Burlingame Elementary School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *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 Burlingame Elementary School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Burlingame Elementary School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Burlingame Elementary School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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.

Report on Internal Control Over Compliance (continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
December 9, 2024

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

Governing Board
Burlingame Elementary School District
Burlingame, California

Report on State Compliance***Opinion on State Compliance***

We have audited Burlingame Elementary School District's compliance with the requirements specified in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Burlingame Elementary School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2024.

In our opinion, Burlingame Elementary School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2024.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Burlingame Elementary School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Burlingame Elementary School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, 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 Burlingame Elementary School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of Burlingame Elementary School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Burlingame Elementary School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Burlingame Elementary School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Auditor's Responsibilities for the Audit of State Compliance (continued)

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	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, the District did not participate in 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 identify during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings #2024-002, #2024-003, and #2024-004. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Burlingame Elementary School District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Burlingame Elementary School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Report on Internal Control Over Compliance (continued)

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 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 State Compliance section 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 9, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>Yes</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425, 84.425U</u>	<u>Education Stabilization Fund Discretionary Grants</u>
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2023-24 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

FINDING #2024-001: INTERNAL CONTROL OVER FINANCIAL REPORTING – MATERIAL WEAKNESS (30000)

Criteria: Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition: During our substantive testing of balances reported in the District's financial statements, we noted several material errors in the financial statements that required adjustment. The errors impacted the following balances reported in the financial statements:

- Cash in county – GASB 31 fair value adjustments recorded as of June 30, 2023, were not properly adjusted to fair values as of June 30, 2024.
- Accrued liabilities – Cafeteria Fund
- Revenues and expenditures of the Student Activity Fund
- Revenues and expenditures related to STRS on-behalf contributions

These errors resulted in the District not preparing financial statements in accordance with generally accepted accounting principles.

Effect: Audit adjustments were required due to material misstatements within the unaudited financial statements prepared by the District. These adjustments are outlined in the Reconciliation of Annual Financial and Budget Report with the Audited Financial Statements.

Cause: The conditions appear to be due to deficiencies in processes related to the preparation of the District's financial statements, caused by general oversight and turnover in management and staffing.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend management evaluate the internal control structure and consider changes as necessary that will ensure that the financial statements are free from potential misstatements and allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Corrective Action Plan: The recommended items will be added to the year-end process checklist. Additional training will be provided to the business staff on year-end closing including accounts payable accruals, STRS on-behalf contributions, student body fund entries and adjusting cash in county entries for fair market values. To help with calculations and adjustments to cash fair market values, business staff will reach out to the district auditor and county office of education for assistance.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2024.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2024-002: SCHOOL ACCOUNTABILITY REPORT CARDS (72000)

Criteria: School Accountability Report Cards (SARCs), prepared on annual basis for each school site within the District and posted in February, should contain information regarding school facilities conditions, as indicated in the most recently prepared facility inspection tool (FIT) form developed by the Office of Public School Construction and approved by the State Allocation Board, or local evaluation instruments that meet the same criteria, as per Education Code Sections 33126(b)(8) and 17002(d).

Condition: During our testing of a representative sample of 2022-2023 SARCs that were published in the 2023-2024 fiscal year, we found that the information reported under the School Facility Conditions and Planned Improvements (Most Recent Year) section did not agree to the FIT forms provided by management. This condition was noted for three out of the three school sites selected for testing, as detailed below:

- Burlingame Intermediate School
- Franklin Elementary School
- Washington Elementary School

The SARCs indicate that facilities inspections and related FIT forms were completed in January 2024, however the FIT forms that were provided for review were dated February 2024.

Effect: The District is not in compliance with the related sections of California Education Code.

Cause: Administrative oversight in the maintenance and operations department.

Questioned Costs: None. There is no State funding source directly related to SARCs.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District implement procedures to ensure that all information presented on the SARCs is contemporaneous, complete, and reviewed prior to publishing for public use.

Corrective Action Plan: FIT reports will be reviewed by the Educational Services and Business Services team in the SARC reports to ensure the dates and all information align correctly.

BURLINGAME ELEMENTARY SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2024

FINDING #2024-003: ANNUAL ATTENDANCE REPORTING (10000)

Criteria: The Annual Attendance Reports submitted to the California Department of Education (CDE) should reconcile to the supporting documents that support the local education agency’s Average Daily Attendance (ADA) in accordance with California Education Code Section 46000 et seq.

Condition: During the testing of average daily attendance for the District, the auditor noted misstatements in the ADA reported on the Annual Attendance Report. The reporting errors resulted in a total understatement of 0.61 ADA in the annual attendance report, as summarized below:

	Annual Period Reported ADA	Audited ADA	Understated (Overstated) ADA
Grade Span			
TK/K through Third			
Extended Year Special Education - Nonpublic Schools	-	0.31	0.31
Fourth through Sixth			
Extended Year Special Education - Nonpublic Schools	-	0.30	0.30
Total	-	0.61	0.61

Cause: Clerical error.

Questioned Costs: There is no questioned cost for this error related to the Annual attendance report since the District is funded based on the ADA reported for the Second Principal (P-2) Apportionment reporting period. The District’s Annual Attendance Report has not been revised to reflect the Revised Annual column shown in the Schedule of Average Daily Attendance.

Effect: Incorrect reporting of ADA can result in noncompliance with State regulations and potential loss of funding.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the District review attendance summaries to verify the proper divisor is used to calculate ADA. The District should then verify amounts agree with the Annual Attendance report. In addition, the District should also revise the Annual Attendance report to reflect these corrections.

Corrective Action Plan: The Business Services team will double check entries to make sure all of the information and data is entered correctly and completely. The person entering the data will have another team member check the entries and reconcile with the supporting documents before submitting to CDE. The Annual ADA will be compared to the P-1 and P-2 ADA for reasonableness and analysis. Any corrections needed will be entered in the CDE system.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

FINDING #2024-004: EXPANDED LEARNING OPPORTUNITIES PROGRAM (40000)

Criteria: Pursuant to California Education Code Section 46120(b)(1)(A), LEAs must demonstrate that in-person before or after school expanded learning opportunities were offered on every instructional day during the school year, and when added to the school day, were no less than nine hours a day.

Condition: Based on our review of the ELOP instructional day requirements, we observed that the program did not meet the requirement to offer at least nine hours of in-person expanded learning opportunities on each of the 180 instructional days during the school year. The documentation provided to auditors confirmed that only 101 days were offered on instructional days, as the program did not begin operation until January 8, 2024.

Effect: The District was not in compliance with the applicable section of California Education Code, as the ELOP was not offered during the months of August through December 2023. This accounted for the first 79 instructional days of the school year.

Cause: Administrative oversight.

Questioned Costs: \$366,732, as calculated below:

Calculating the Cost of ELO-P Audit Finding	School District Data Input and Calculated Fields
LEA Funding Rate	Rate 2
ELO-P Entitlement Calculation based on Rate 1 or Rate 2	\$ 967,119
Section A - Offering and Access	
Total Classroom-Based Enrollment, Grades TK/K-6	3,319
Total Classroom-Based UPC, Grades TK/K-6	788
Students Eligible for ELO-P Offering and Access	788
Number of Eligible Students Not Offered and Provided Access to ELO-P	-
Proportional Penalty Factor	0.000000
ELO-P Offering and Access Penalty [EC 46120(c)(2)]	\$ -
Section B - Days	
Instructional Days	180
ELO-P offered on instructional days totaling 9 hours [EC 46120(b)(1)(A)]	101
Required Intersession ELO-P days	30
Actual ELO-P intersession days totaling 9 hours	30
ELO-P days short	79
Penalty Factor	0.0048
Penalty Calculation	\$ 366,732
Total Penalty	\$ 366,732

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

FINDING #2024-004: EXPANDED LEARNING OPPORTUNITIES PROGRAM – INSTRUCTIONAL DAYS (40000)
(continued)

Repeat Finding: This is not a repeat finding.

Recommendation: The District should adjust its schedule to ensure it meets the ELOP operating requirements in order to comply with the applicable sections of California Education Code.

Corrective Action Plan: Begin planning for the subsequent year's ELOP program in January/February and incorporate into the budget development cycle. The Educational Services team will develop a plan for the entire school year, including the 180 instructional days and 30 non-school day requirement and present it to the Board at their April or May Board meeting. A plan for the subsequent year should be in place by June 30th of each year. Submit contracts for services by the May board meeting as needed.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

FINDING #2023-001: FEDERAL COMPLIANCE (MATERIAL WEAKNESS) (CHILD NUTRITION CLUSTER) (50000)

Criteria: The District should properly record revenue as either federal or state.

Condition: The District improperly recorded all monthly meals claims of \$1,941,164 as state revenue when \$775,787 should have been recorded as federal revenue.

Effect: The District's federal revenues were materially understated and the state revenues were materially overstated in the Cafeteria Fund financial statements.

Cause: Proper controls were not in place to ensure monthly claims were being properly recorded.

Recommendation: We recommend that the District implement preparation procedures and monitoring controls to ensure that meal claims are correctly classified in the financial statements.

Corrective Action Plan: The District agrees with the recommendation and will implement procedures as soon as possible.

Current Status: Implemented.

FINDING #2023-002: FEDERAL COMPLIANCE (MATERIAL WEAKNESS) (CHILD NUTRITION CLUSTER) (50000)

Criteria: Accurate records must be maintained justifying all meals claimed and documenting that program funds were spent on allowable Child Nutrition Program costs. Failure to maintain such records may be grounds for denial of reimbursement for meals served and/or administrative costs claimed during the period covered by the records in question.

Condition: The District was unable to substantiate the classification of meal counts as free, reduced or paid in its monthly claims for eleven of the twelve claims made during the fiscal year ended June 30, 2023.

Effect: The District received federal claims totaling \$748,114 that could not be substantiated.

Questioned Costs: \$748,114.

Cause: The District's tally sheets and POS system reports did not tie to the claims reports filed. There were monitoring controls in place to ensure the accuracy of the claims reports.

**BURLINGAME ELEMENTARY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

FINDING #2023-002: FEDERAL COMPLIANCE (MATERIAL WEAKNESS) CHILD NUTRITION CLUSTER (50000) (continued)

Recommendation: We recommend that the District develop claims preparation procedures that includes a reconciliation to supporting POS reports and a monitoring process for all claims submitted. In addition, the District should contact the California Department of Education and attempt to submit revised claims reports. Because this is an audit adjustment, the District may request a revision to claims that were submitted on time. The state has the authority to grant this approval if the claim falls within three years of the current fiscal year and could potentially save the District \$748,114 by reimbursing the District with state funds to offset the disallowed federal funds.

Corrective Action Plan: The District agrees with the recommendation and has started the process of revising the claims filed.

Current Status: Implemented.

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APPENDIX C

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR SAN MATEO COUNTY

The following information concerning San Mateo County (the “County”) is presented for information purposes only. The following information has been obtained from the sources referenced as of the dates indicated. These sources are believed to be reliable but the information is not guaranteed as to accuracy or completeness, and is not, and should not be construed as, a representation by the District. The District comprises only a portion of the County. The Bonds are only payable from ad valorem property taxes levied on property in the District. The Bonds are not a debt or obligation of the County.

General

The County is located in the San Francisco Bay Area and covers most of the San Francisco Peninsula. The County is predominantly suburban and is home to many corporate campuses. The County’s transportation facilities are excellent with U.S. Interstate 280 and 380, U.S. Route 101, State Routes 1, 9, 35, 82, 84, 92, 109 and 114 providing access to the rest of California. The County has a commuter rail system, Caltrain, access to the Bay Area Rapid Transit, the SamTrans bus system, and access to the San Francisco Bay Ferry. The County has a total area of 741 square miles of which 293 square miles are covered by water.

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Population

The following table shows historical population statistics, from 2021 to 2025, for the City of Burlingame, other cities in the County, the unincorporated portion of the County, and the County as a whole.

POPULATION ESTIMATES⁽¹⁾
Cities of San Mateo County and County Total
Calendar Years 2021 through 2025

Area	2021	2022	2023	2024	2025
Atherton	7,111	6,972	7,010	7,030	7,007
Belmont	27,850	27,244	27,327	27,146	28,206
Brisbane	4,798	4,694	4,722	4,700	4,676
Burlingame	30,838	30,189	30,588	30,768	31,552
Colma	1,463	1,431	1,434	1,421	1,411
Daly City	104,413	102,559	103,119	102,315	102,155
East Palo Alto	29,691	29,001	29,129	29,325	29,133
Foster City	33,426	32,901	33,115	32,856	32,658
Half Moon Bay	11,600	11,357	11,395	11,333	11,303
Hillsborough	11,280	11,101	11,203	11,211	11,254
Menlo Park	33,786	33,058	33,136	33,416	33,311
Millbrae	23,023	22,554	22,821	23,288	23,164
Pacifica	38,202	37,351	37,610	37,370	37,217
Portola Valley	4,383	4,284	4,308	4,286	4,285
Redwood City	82,039	81,987	82,623	82,546	82,073
San Bruno	43,464	42,621	42,801	42,507	42,631
San Carlos	30,418	29,814	29,876	29,669	29,535
San Mateo	105,727	103,986	104,795	104,221	104,315
South San Francisco	65,535	64,437	65,147	65,146	65,397
Woodside	5,262	5,164	5,206	5,176	5,206
Balance of County	63,032	61,955	62,303	62,047	61,848
Total	757,341	744,660	749,670	747,777	748,337

⁽¹⁾ Population estimates as of January 1st for cities in the County.
Source: California State Department of Finance, E-4 *Population Estimates for Cities, Counties, and the State, 2021-2025, with 2020 Census Benchmark*. Sacramento, California, May 2025.

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Employment

The County, State, and United States civilian labor force figures are shown in the following table for the years 2020 through 2024. The County figures are County-wide and may not necessarily reflect employment trends in the District.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT ⁽¹⁾ San Mateo County, California, and the United States Calendar Years 2020 through 2024

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽²⁾
2020				
San Mateo County	409,900	379,600	30,300	7.4%
California	18,956,600	17,097,800	1,916,800	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
San Mateo County	410,500	390,700	19,900	4.8%
California	18,954,600	17,564,900	1,389,700	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
San Mateo County	425,400	414,500	10,900	2.6%
California	19,218,300	18,393,900	824,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
San Mateo County	422,700	409,600	13,100	3.1%
California	19,471,000	18,551,800	919,200	4.7
United States	167,116,000	161,037,000	6,080,000	3.6
2024				
San Mateo County	417,300	402,200	15,100	3.6%
California	19,644,100	18,600,900	1,043,100	5.3
United States	168,106,000	161,346,000	6,761,000	4.0

⁽¹⁾ The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

⁽²⁾ Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: *California State Employment Development Department, and U.S. Bureau of Labor Statistics.*

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Industry

Service providers, including professional and business services, are the largest employers in the County followed by private education and health. The table below shows the estimated employment by industry group for 2020 through 2024.

EMPLOYMENT BY INDUSTRY⁽¹⁾ San Mateo County Calendar Years 2020 through 2024

Industry	2020	2021	2022	2023	2024
Total Farm	1,400	1,400	1,600	1,400	1,300
Total Non-Farm	384,600	399,000	422,800	422,100	424,500
Goods Producing	44,100	44,400	43,500	40,400	36,900
Mining Logging Construction	19,600	19,200	17,800	17,500	16,600
Manufacturing	24,500	25,200	25,700	22,900	20,300
Wholesale Trade	10,600	10,800	11,400	13,500	14,100
Retail Trade	29,100	30,000	29,400	29,200	29,300
Transportation, Warehousing, Utl.	23,000	22,800	23,900	23,100	24,800
Information	50,700	55,000	60,300	53,300	49,100
Financial Activities	22,600	22,600	23,600	22,700	22,700
Professional Business and Services	82,000	87,700	92,600	96,200	98,800
Private Education and Health	50,500	52,000	54,800	57,200	60,700
Leisure and Hospitality	30,900	33,000	39,300	42,200	42,700
Other Services	10,700	10,900	13,900	14,000	14,700
Government	30,300	30,000	30,200	30,400	30,800
Total	386,000	400,500	424,400	423,500	425,900

⁽¹⁾ Data not seasonally adjusted; Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: *State of California Employment Development Department Labor Market Information Division, Industry Employment and Labor Force by Annual Average, March 2024 Benchmark*. Sacramento, California, May 2025.

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Major Employers

The County hosts a diverse mix of major employers representing industries ranging from hospitals and biotech to social media and online services. The following table lists the County's major employers in 2025.

MAJOR EMPLOYERS San Mateo County Calendar Year of 2025

Employer Name	Location	Industry
3SIXTY Bistro	Burlingame	Full-Service Restaurant
Ann's Nails Spa Inc	Menlo Park	Manicuring
Bart Station-Daly City	Daly City	Transit Lines
Electric Charging Station	Menlo Park	Research Service
Electronic Arts Inc	Redwood City	Game Designers (mfrs)
Fisher Investments	San Mateo	Investment Management
Fisher Investments	Woodside	Investments
Forced Dump Debris Box Svc	Burlingame	Garbage Collection
Franklin Resources Inc	San Mateo	Asset Management
Genentech Inc	So. San Francisco	Biotechnology Products & Services
Gilead Sciences Inc	Foster City	Biological Products (mfrs)
Kaiser Permanente Redwood City	Redwood City	Hospitals
Kaiser Permanente South Sn	So. San Francisco	Hospitals
Lsa Global	Redwood City	Training Consultants
Menlo Park VA Medical Ctr	Menlo Park	Hospitals
Meta Platforms Inc	Menlo Park	Social Media & Blogs
Mills-Peninsula Medical Ctr	Burlingame	Hospitals
Plateau Systems	San Mateo	Software/Application/Platform Publishing
San Francisco Intl Airport-Sfo	San Francisco	Airports
San Mateo County Behavior	San Mateo	Government Offices-County
San Mateo County Tax Collector	Redwood City	Tax Return Preparation & Filing
San Mateo Medical Ctr	San Mateo	Hospitals
SRI International	Menlo Park	Engineers-Research
Visa Inc	Foster City	Credit Card & Other Credit Plans
Youtube LLC	San Bruno	Online Services

Source: State of California Employment Development Department extracted from *America's Labor Market Information System (ALMIS) Employer Database, 2025 2nd Edition*.

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Income

The following tables show the personal income and per capita personal income for the County, the State of California and the United States from 2019 through 2023.

PERSONAL INCOME **San Mateo County, State of California, and the United States** **Calendar Years 2019 through 2023**

Year	San Mateo County	California	United States
2019	\$ 99,156,583	\$2,539,747,399	\$18,349,584,000
2020	107,774,519	2,769,103,047	19,600,945,000
2021	128,259,890	3,009,556,560	21,403,979,000
2022	118,715,807	3,003,826,087	22,077,232,000
2023	125,533,945	3,166,135,354	23,380,262,000

Source: U.S. Bureau of Economic Analysis, *SAINCI State annual personal income summary: personal income, population, per capita personal income* and *CAINCI County and MSA personal income summary: personal income, population, per capita personal income* (accessed Wednesday September 17, 2025).

PER CAPITA PERSONAL INCOME⁽¹⁾ **San Mateo County, State of California, and the United States** **Calendar Years 2019 through 2023**

Year	San Mateo County	California	United States
2019	\$129,067	\$64,219	\$55,567
2020	141,348	70,098	59,153
2021	173,524	76,882	64,460
2022	162,863	76,941	66,244
2023	172,828	81,255	69,810

⁽¹⁾ Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Commercial Activity

A summary of historic taxable sales in the County and City from 2020 through 2024 (the most recent data available) are shown in the following tables.

VALUATION OF TAXABLE TRANSACTIONS San Mateo County Fiscal Years 2020 through 2024

Year	Total Retail and Food Permits	Retail and Food Taxable Transactions	Total Outlet Permits	Total Outlets Taxable Transactions
2020	13,350	\$10,659,163,557	23,985	\$15,940,067,702
2021	11,947	12,714,641,123	21,396	19,538,725,078
2022	11,838	13,984,159,631	21,402	23,932,689,506
2023	11,283	13,966,705,282	20,444	22,102,266,967
2024	11,034	13,975,731,336	20,223	21,968,460,191

Source: *California Department of Tax and Fee Administration.*

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the Burlingame Elementary School District (the “District”) in connection with the execution and delivery of \$_____ aggregate principal amount of the District’s General Obligation Bonds, Election of 2020, Series C (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on November 18, 2025 (the “Resolution”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) in complying with Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

“Bondholder” or “Holder” means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

“Dissemination Agent” shall mean any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Agent has evidenced its acceptance in writing. The initial Dissemination Agent shall be KNN Public Finance, a Limited Liability Company.

“Financial Obligation” shall mean 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.

“Listed Event” means any of the events listed in Section 6 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, through its electronic municipal market access system, which can be found at <http://emma.msrb.org/>, or any repository of disclosure information that may be designated by the Securities and Exchange Commission for purposes of the Rule.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated _____, 2025 (“Final Official Statement”).

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 9 months after the end of the District's fiscal year (currently ending June 30), which date would be April 1, commencing with the report for the fiscal year ending June 30, 2025, which would be due on April 1, 2026, to provide to the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District, in a timely manner, shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine the name and address of the MSRB each year prior to the date established hereunder for providing the Annual Report; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 4(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

- (i) State funding received by the District for the last completed fiscal year;
- (ii) average daily attendance of the District for the last completed fiscal year;
- (iii) outstanding District indebtedness;
- (iv) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;
- (v) assessed valuation of taxable property within the District for the then-current fiscal year;

- (vi) secured *ad valorem* tax levies and delinquencies for taxable property within the District for the most recently available fiscal year, to the extent San Mateo County no longer implements the Teeter Plan (as such term is defined in the Official Statement) as to secured *ad valorem* tax levies for general obligation bonded debt of the District; and
- (vii) Top 20 property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable assessed value, and their percentage of total secured assessed value.

Any or all of the items listed above may be set forth in one or a set of documents or 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 website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 6. Reporting of Significant Events.

(a) The District agrees to provide or cause to be provided to the MSRB, in readable PDF or other electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on any debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on any credit enhancements reflecting financial difficulties.
- (iv) Substitution of or failure to perform by any credit provider.
- (v) Adverse tax opinions with respect to the tax status of the Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Bonds;
- (vi) Tender Offers;
- (vii) Defeasances;
- (viii) Rating changes;
- (ix) Bankruptcy, insolvency, receivership or similar event of the obligated person; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person which reflect financial difficulties.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the securities, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the securities;

(ii) Modifications of rights to security holders;

(iii) Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(vii) Appointment of a successor or additional Paying Agent or Trustee or the change of name of a Paying Agent or Trustee; and

(viii) Incurrence of a Financial Obligation of the obligated person or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the Resolution which are incorporated by reference herein. The Dissemination Agent agrees to perform only those duties of the Dissemination Agent specifically set forth in the Disclosure Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Dissemination Agent.

The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Disclosure Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Disclosure Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Disclosure Agreement upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Disclosure Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, cost or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Disclosure Agreement and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement under the following conditions, provided no amendment to this Disclosure Agreement shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

(b) This Disclosure Agreement, as amended, would 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 amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report 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.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or to include it in any future disclosure or notice of occurrence of a Listed Event.

Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Bondholder 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 Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State, applicable to contracts made and performed in such State.

Dated: _____, 2025

BURLINGAME ELEMENTARY SCHOOL
DISTRICT

By: _____
Superintendent

Acceptance of duties as Dissemination Agent:

KNN Public Finance, a Limited Liability Company

By: _____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Burlingame Elementary School District

Name of Issue: \$_____ General Obligation Bonds, Election of 2020, Series C

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Agreement dated _____, 2025. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

KNN Public Finance, a Limited Liability Company

By: _____

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APPENDIX E

SAN MATEO COUNTY INVESTMENT POLICY STATEMENT

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SAN MATEO COUNTY

Investment Policy Statement

Calendar Year 2025

*Approved by the
San Mateo County Board of Supervisors
Updated Date: January 28, 2025
Resolution: 080869*

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SAN MATEO COUNTY
Investment Policy Statement
Calendar Year 2025

I. Introduction

It is the policy of the San Mateo County Treasurer, consistent with controlling legal mandates, to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants, achieving a competitive yield while conforming to all applicable statutes and resolutions governing the investment of public funds. Moreover, while complying with these legal mandates, the Treasurer will also promote investments in authorized issuers that display adherence to strong environmental, social, and governance principles.

To meet liquidity and long-term investing needs, the County has established the County Investment Pool. This fund is suitable for planned expenditures or capital funds.

II. Delegation of Authority

By Resolution 080869, approved on January 28, 2025 the County Board of Supervisors has delegated to the Treasurer authority to invest and reinvest the funds of the County and other depositors as specified in California Government Code Sections §27000.1 and §53607 for the period calendar year 2025. The Treasurer may delegate investment authority to whoever has been retained to perform the investment function.

III. Policy Statement

This Investment Policy establishes cash management and investment guidelines for the Treasurer, and those to whom he/she delegates investment authority, who are responsible for the stewardship of the San Mateo County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be monitored and judged by the standards of this Policy and its investment objectives. Activities that violate its spirit and intent will be considered contrary to policy.

The Treasurer will annually render to the Board of Supervisors and any Oversight Committee a statement of investment policy, which the Board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the Board at a public meeting.

IV. Standard of Care

The Treasurer is a fiduciary of the pooled investment fund and therefore subject to the prudent investor standard. The Treasurer, employees involved in the investment process and members of the San Mateo County Treasury Oversight Committee shall refrain from all personal business activities that could conflict with the management of the investment program.

All individuals involved will be required to report all gifts and income in accordance with California state law. (See Section XXI)

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Treasurer, and those to whom he/she delegates investment authority, shall act with due professional care, skill, prudence and diligence taking into consideration circumstances then prevailing, including, but limited to, general economic conditions and anticipated needs of the County and other depositors. This should be accomplished with the care that a prudent person acting in a like capacity would use to safeguard the principal and maintain the liquidity needs of the County and other depositors.

As outlined in California Government Code Section §27000.3, the standard of prudence to be used by the County investment officers shall be the “prudent investor” standard and shall be applied in the context of managing the portfolio. Investment officers shall act in accordance with written procedures and the investment policy, exercise due diligence, report in a timely fashion, and implement appropriate controls for adverse development.

V. Investment Objectives

The San Mateo County Investment Pool shall be prudently invested in order to preserve principal while earning a reasonable rate of return while awaiting application for governmental purposes. Investments should be made with precision and care considering the safety of the principal investment, as well as the income to be derived from the investment. The specific objectives for the program are ranked in order of importance:

- A. Safety of Principal** - The Treasurer shall seek to preserve principal and minimize capital losses by mitigating credit risk and market risk as follows:

Credit Risk - Defined as an issuer(s) ability and willingness to repay interest and principal. Credit risk shall be minimized by diversifying the fund among issues and issuers so that the failure of any one issue or issuer would not result in a significant loss of income or principal to participants. Credit rating evaluations for all securities are monitored on a consistent basis.

Market Risk - Defined as the risk of market value fluctuations due to changes in the general level of interest rates. Because longer-term securities generally have greater market risk than shorter-term securities; market risk will be minimized by establishing the maximum Weighted Average Maturity of the pool at three years. The maximum allowable maturity for any instrument in the pool at time of purchase is 7 years (Treasuries and Agencies only). Occasional market losses on individual securities are inevitable with active portfolio management and must be considered within the context of the overall investment return.

B. Liquidity

The Treasurer's Office attempts to match maturities with its 12-month projected cash flow. The nature of the planning process behind the cash flow of the pool is relatively predictable and less volatile than is the case of discretionary money.

This allows leeway for some of the underlying investments in the County Pool to maintain a somewhat longer duration.

C. Yield

The County Pool is designed as an income fund to maximize the return on investable funds over various market cycles, consistent with the pool's first priority of safeguarding principal. Yield will be considered only after the basic requirements of safety and liquidity have been met. The County Pool is managed as an income fund whose purpose is to provide its investors with a reasonably predictable level of income, as opposed to a growth fund or fund measured on the basis of total return.

D. Socially Responsible Investment Objectives

In addition to and while complying with California Government Code provisions that regulate the investment of public funds (which require that, when managing and investing public funds, the objectives shall be, primarily, to safeguard principal of invested funds; secondarily, to meet the liquidity needs of the local government; and third, to achieve a return on invested funds), the County Treasurer recognizes the importance of socially responsible investing. The Treasurer will consider and promote investment in authorized issuers that display adherence to strong environmental, social and governance (ESG) principles, including but not limited to, environmental sustainability, social and economic justice, and good corporate governance. The Treasurer will forego investments in fossil fuel issuers if able to do so while complying with all legal and fiduciary mandates, including with respect to safety of principal, liquidity, and return on invested funds. The Treasurer will seek to invest in a socially responsible manner by considering investments in corporate issuers that meet designated risk score thresholds, as provided by an independent organization or organizations that supply analytical research, ratings, and data to institutional investors regarding issuers' environmental, social and governance (ESG) practices. Issuers will be reviewed and confirmed against these thresholds on a periodic basis, and any investments in issuers that fall below designated thresholds may be sold or held to maturity.

VI. Management Style and Strategy

This policy describes the County's strategic investment objective, risk tolerance and investment constraints. The County Treasurer or designee, at the Treasurer's discretion, prepares an economic outlook and evaluates the capital markets environment. The investment

programs reflect a common strategy that is based on conservative principles of fixed income portfolio management consistently applied in a disciplined fashion.

VII. Authorized Investments

Subject to the limitations set forth in California Government Code §53600 et seq. which may be amended from time to time, the Treasurer may invest in the following instruments, subject to the limits described in the following sections. Long-term credit ratings, where shown, specify the minimum credit rating category required at time of purchase. As noted previously, all securities purchased shall be regularly monitored and re-evaluated should their ratings be downgraded below the minimum investment grade level required of the Pool. The Treasury Oversight Committee will be notified, within 10 days of any security downgrades that fall below the pool's investment standards and the course of action to be taken if any. In addition, the information will be posted on the Treasurer's website within the same time frame. Decisions regarding the holding of, or the potential sale of, securities are based on factors such as remaining time to maturity and the need for liquidity in the Pool.

Where a percentage limitation of eligible security percentages and maximum maturity is established, for the purpose of determining investment compliance, that maximum amount will be applied on the date of trade settlement. Therefore, depending on the liquidation of other securities and the performance of other securities in the pool, the percentage of the pool of any given security or instrument could exceed the initial percentage limitations without violating the Investment Policy.

A. U.S. Treasury Securities

United States Treasury bills, notes, bond or certificates of indebtedness, for which the full faith and credit of the United States is pledged for the payment of principal and interest. The maximum maturity of U.S. Treasury Securities is 7 years.

B. U.S. Government Agency/GSE (Government Sponsored Enterprise)

Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government sponsored enterprise. The maximum percent of the fund per issuer is 40%. The maximum percent of the fund for U.S. Agencies Callable Securities is 25%. U.S. Government Agency/GSE securities must be rated in a rating category of "AA," long-term, or "A-1," Short-term, or their equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). The maximum maturity for Agency Securities is 7 years.

C. Commercial Paper

At the time of purchase, commercial paper must be rated either A-1/P-1/F1 or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Eligibility is limited to U.S. organized and operating corporations. Corporations must have assets in excess of \$5 Billion and have debt other than commercial paper, if any, that is rated in a rating category of "A" or

its equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Maturities may not exceed 270 days. Purchases of commercial paper will not exceed 40% of the pool's investable money.

D. Negotiable Certificates of Deposit

Negotiable certificates are negotiable money market instruments that trade on the open market. At the time of purchase, negotiable certificates of deposit must be rated in a rating category of "A," long-term, or "A-1"/"P-1"/"F1, short-term," or their equivalents or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). These certificates must be issued by a U.S. National or State chartered bank or state or federal association (as defined by section 5102 of the California Financial Code) or by a state licensed branch of a foreign bank. Eligible foreign banks must have branches or agencies in the U.S. Issuers must be a corporation with total assets in excess of \$5 Billion. Purchases of Negotiable Certificates of Deposit will not exceed 30% of the pool.

E. Bankers Acceptance

A Bankers Acceptance (BA) is a draft drawn and accepted by banks that is based upon funds that will pay its face value at maturity. The security is normally traded at a discounted price. Because the accepting institution is obligated to pay for the bill, a Bankers Acceptance is considered less risky than commercial paper.

At the time of purchase, BAs must be rated A-1/P-1/F1 or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). BAs are primarily used to finance international trade. BAs are timed drafts (bills of exchange) drawn on and accepted by a commercial bank. Issuers must be a corporation with total assets in excess of \$5 Billion. Purchases of Bankers Acceptances will not exceed 15% of the pool for domestic commercial banks and 15% of the pool for foreign commercial banks.

F. Collateralized Time Deposits

Collateralized Certificates of Deposit must comply with Bank Deposit Law. Purchases of Collateralized Certificates of Deposit will not exceed 15% of the pool.

G. Mortgage Backed Securities and Asset Backed Securities

A. Mortgage Backed Securities

The securities must be rated in a rating category of "AA" or its equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Securities shall have a maximum remaining maturity of five years. Combined holdings of Mortgage Backed Securities and Asset Backed Securities will not exceed 20% of the pool.

The allowable types of Mortgage Backed Securities include the following:

1. U.S. Government Agency Mortgage pass-through securities.
2. Collateralized Mortgage Obligations (CMO) where the underlying mortgages have U.S. government backing.

B. Asset Backed Securities

The securities must be rated “AAA” or its equivalent by at least two of the three nationally recognized rating services (S&P, Moody’s and Fitch). Securities shall have a maximum remaining maturity of five years. Combined holdings of Asset Backed Securities and Mortgage backed Securities will not exceed 20% of the pool.

The allowable types of Asset Backed Securities include the following:

1. Equipment lease back certificates.
2. Consumer receivable backed bonds.
3. Auto loan receivable backed bonds.

H. Corporate Securities

The maximum maturity for corporate securities is five years. Eligible securities shall be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. At the time of purchase, corporate securities must be rated in a rating category of “A” or its equivalent or better by at least two of the three nationally recognized rating services (S&P, Moody’s and Fitch). Securities in this classification must be dollar denominated. If a security is owned and downgraded below the pool’s investment standards, the Treasury Oversight Committee will be notified within 10 days of any security downgrades that fall below the pool’s investment standards and the course of action to be taken if any. In addition, the information will be posted on the Treasurer’s website within the same time frame.

Purchases of Corporate Securities shall not exceed 30% of the pool. The amount invested in corporate securities in the “A” rating category may not exceed 27% of the pool (90% of the 30% permitted corporate allocation). For purposes of determining compliance with this requirement, a security’s rating will be determined by its highest rating by either S&P, Moody’s, or Fitch. There is a 5% limitation of the fund in any single issuer of Money Market/Corporate Securities, however, the Pool has a target of holding no more than 3%. The 3% target may be exceeded under exceptional circumstances (i.e.: peak tax collection periods, G.O. Bond issuances, etc.) when there is a large influx of cash.

I. US Instrumentalities

United States dollar denominated senior unsecured, unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American

Development Bank, with a maximum maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category "AA" or its equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Purchases of US Instrumentalities are not to exceed 30% of the pool.

J. CA Municipal Obligations

Registered state warrants or municipal notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state. Investments under this subdivision shall be rated in a rating category "AA" or its equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Such investments shall have a maximum security of five years or less, and shall not exceed 30% of the pool, 5% per issuer. The foregoing investments shall be limited to the General Obligation (GO) bonds, Tax & Revenue Anticipation Notes (TRANS), or other debt, which is issued by the state of California, the University of California Regents or the California State University Regents.

K. Repurchase Agreements

Repurchase Agreements must be executed with dealers with whom the County has written agreements and are either banking institutions that meet the rating requirements of this policy or dealers who report to the Market Reports Division of the Federal Reserve Bank of N.Y. (Primary Dealers). All transactions must be collateralized at 102% of current value plus accrued interest and must be marked to market daily. The only acceptable collateral for these transactions include Treasuries or Agencies with a maximum maturity of seven years.

For purposes of this authorized investments section, the term "Repurchase Agreement" means a purchase of a security by the County pursuant to an agreement by which the seller will repurchase the securities on or before a specified date and for a specified dollar amount and will deliver the underlying securities to the County by book entry. All County pool transactions are conducted through the County custodian on a payment vs. delivery basis. When the transaction is unwound, the transfer of the underlying securities will revert to the counter party's bank account by book entry. The term "Counter party" means the other party to the transaction with the County. The Counter Party, or its parent, must have a short-term rating of "A-1," "P-1," or "F1" by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). The maximum allowable term of a repurchase agreement shall not exceed 92 days.

L. Local Agency Investment Fund (LAIF)

The Local Agency Investment Fund (LAIF) is an investment fund run by the Treasurer of the State of California to pool local agency monies. LAIF will be used

as a comparative fund to the County's pool. The maximum percent of the fund that can be invested is up to the current State limit.

M. Mutual Funds

Shares of beneficial interest issued by diversified management companies as defined in Government Code Section § 53601. Purchases of Mutual Funds will not exceed 20% of the pool, 10% per mutual fund.

N. Local Government Investment Pools (LGIPs)

Shares of beneficial interest issued by a joint power's authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized by the Government Code. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. Purchases are limited to LGIPs that seek to maintain a stable share price and will not exceed 20% of the pool, 10% per LGIP.

VIII. Security Lending

Security Lending is a temporary exchange of portfolio assets for acceptable collateral between a lender and an approved borrower. The additional income generated from this transaction can be used to enhance portfolio performance. This process can be summarized in three key steps:

- A.** The Security Lending agent lends securities from our portfolio to an approved borrower at a negotiated rate. The negotiated rate is dependent upon the level of demand for the securities.
- B.** The Security Lending agent invests the cash collateral in highly liquid, short duration, high credit quality instruments approved by our investment policy.
- C.** The earnings generated net of rebates from these transactions are split between the third party agent and the County based on the contract agreement.

Our contract with The Bank of New York requires daily reporting of the securities borrowed, the borrowers, and the short term investments made with the collateral. The County retains the right to recall securities at any given time; cutoffs are 9:30 a.m. eastern standard time for same day recalls of treasuries/agencies and 1:30 p.m. eastern standard time on trade date for corporates. We also require acknowledgement of the County Investment Policy, and check the adherence to that policy daily.

All securities purchased with any funds received as a result of such lending shall be regularly monitored and re-evaluated. Should their ratings fall below the pool's investment standards, the Treasury Oversight Committee will be notified within 10 days of any security downgrades that fall below the pool's investment standards and the course of action if any. In addition, the information will be posted on the Treasurer's website within the same time frame.

Additionally, the percentage of the Fund's market value in any one issuer's securities shall be regularly monitored and the Treasury Oversight Committee will be notified within 10 days, and the information posted on the Treasurer's website, of any instances where the percentage of the Fund's market value in any one issuer's securities exceeds the percentage limitations set forth herein or where there is any change in diversification and the course of action, if any.

There are always risks in any financial transaction. The three most common risks in Security Lending are as follows:

- A. Borrower Default Risk – Although rare, a borrower may not return a security in a timely manner. To protect against this risk, we require 102% cash collateral, which is marked to market and monitored daily. In the event of borrower default, the Security Lending agent is responsible for replacing the securities or providing the cash value of the securities. In other words, The Bank of New York indemnifies the County of San Mateo against borrower default.
- B. Collateral Investment Risk – The value of the securities in which we invest the cash collateral may decline due to fluctuations in interest rates or other market related events. This risk is controlled by investing in a huge investment pool with highly liquid short duration, high credit quality instruments identified in this investment policy.
- C. Operational Risks – Critical operations, such as maintaining the value of the collateral, collecting interest and dividend payments are essential to a smooth running Security Lending operation. Operational risks are the responsibility of the Security Lending agent. We further mitigate this risk by reviewing all transactions and collateral requirements on a daily basis.

Schedule 1 – Securities Lending

Securities Loans

- No more than 5% of the Pool can be on loan to any single counterparty.
- A single loan shall not exceed 3% of the total portfolio.
- The maximum maturity of a securities loan shall not exceed 92 days.

Collateral

Acceptable Collateral

U.S. Treasuries and Agencies and cash.

Collateral Investment

The only authorized investments are shown in the following table. No floating or reset notes are permitted.

"Fund" means actual market value of all securities lending collateral.

INSTRUMENT	RATING	LIMITATIONS		
		- % of Fund	% of Fund per Issuer	Maturity
U.S. Treasury Obligations		100	100%	1 year

INSTRUMENT	RATING	-	LIMITATIONS	
Obligations of U.S. Agencies or government sponsored enterprises	AA or A-1	100	40% per issuer	1 year
Repurchase agreements secured by U.S. Treasury or agency obligation (102% collateral)	A-1	100	50%	overnight
Bankers Acceptances Domestic Foreign	A-1 / P-1/ F1	15 15	5% Aggregate 5% Aggregate	180 days 180 days
Commercial paper	A-1 / P-1 / F1	40	5% Aggregate	270 days or less

Other**Agent Qualifications**

The only acceptable Agent is the Pool's custodian bank.

Contract Provisions

The Agent must indemnify the Pool against borrower default.

The Agent must acknowledge and accept the Policy in writing. A copy of this acceptance will be attached to future policies.

The Agent must submit monthly reports showing securities out on loan (terms and borrowers), defaults, earnings, and the percent by sector of Pool assets out on loan as well as information on the collateral investments (including market values, income and realized and unrealized gains and losses).

Oversight

The Treasurer shall include copies of the Agent's most recent report with their reports to the Treasury Oversight Committee.

IX. Community Reinvestment Act Program

- A.** This policy sets aside up to \$5 million dollars for investment in banks whose primary operations are located in San Mateo County. Investments from this fund must meet the requirements of this investment policy. Eligible banks must have Community Reinvestment Act performance ratings of "satisfactory" or "outstanding" from each financial institution's regulatory authority. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must place securities worth between 110% and 150% of the value of the deposit with a custodial bank.

X. Diversification and Maturity Restrictions

It is the policy of the Treasurer to diversify the Fund's portfolios. Investments are diversified to minimize the risk of loss resulting in over-concentration of assets in a specific

maturity, specific issuer, or a specific class of securities. Diversification strategies shall be established by the Treasurer and whoever has been retained to perform the investment function.

Instrument	Min. Rating Category	% of Fund	Limitations % of Fund per Issuer	Maturity
U.S. Treasury Obligations		100%	100%	7 years
Obligations of U.S. Agencies or government sponsored enterprises	AA or A-1	100%	40%	7 years
U.S. Agencies Callables	AA		25%	7 years
Commercial paper (two agencies)	A-1/P-1/F1	40%	5% Aggregate	270 days or less
Negotiable Certificates of Deposit (\$5 billion minimum assets) (two agencies)	A-1/P-1/F1	30%	5% Aggregate	5 years
Bankers Acceptances *Domestic: (\$5 billion minimum assets) *Foreign: (\$5 billion minimum assets) (two agencies)	A-1 / P-1/ F1	15% 15%	5% Aggregate 5% Aggregate	180 days 180 days
Collateralized Time Deposits within the state of CALIFORNIA	A-1/P-1/ F1	15%	5% Aggregate	1 year
Mortgage Backed Securities/CMO's: No Inverse Floaters No Range Notes No Interest only strips derived from a pool of Mortgages	AA		5% Aggregate	5 Years
Asset Backed Securities	AAA	20% Combined total	5% Aggregate	5 Years
Corporate bonds, Medium Term Notes & Covered Bonds (two agencies)	A	30% A maximum of 27% may be invested in	5% Aggregate	5 years

Instrument	Min. Rating Category	% of Fund	Limitations % of Fund per Issuer	Maturity
		A rated securities (90% of the 30% allocation)		
US Instrumentalities	AA	30%		5 Years
CA Municipal Obligations	AA	30%	5% Aggregate	5 Years
Repurchase Agreements secured by U.S. Treasury or agency obligation (102% collateral)	A-1	100%	See limitations for Treasuries and Agencies above	92 days
Local Agency Investment Fund (LAIF)			Up to the current state limit	
Shares of beneficial interest issued by diversified management companies as defined in Government Code Section § 53601 (Mutual Funds)	Money Market AAAm	20%	10% per mutual fund	
Local Government Investment Pools (LGIPs)		20%	10% per LGIP	

XI. Average Life

The maximum dollar-weighted average maturity of the fund will be 3 years. The focus of this fund is in order of priority: preservation of principal, liquidity and then yield. The policy of maintaining a maximum dollar-weighted maturity or weighted average maturity (WAM) of 3 years leaves open the flexibility to take advantage of interest rate trends to maximize the return on investment. The imposed maximum 3-year average maturity limits the market risk to levels appropriate to a short, intermediate-income fund. The word "Maturity" refers to the instrument's stated legal final redemption date - not coupon reset, put or call dates.

Securities purchased specifically to match the maturity of a bond issue and/or a contractual arrangement must be authorized by California Government Code §53601 and §53635 but are not included in the requirements listed above. Such securities shall be clearly designated in the appropriate investment journals and reports.

XII. Prohibited Transactions

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy and California Government Code Sections §53601, §53601.1, §53601.2, §53601.6, and §53635, as may be amended from time to time. No investment prohibited by the California Government Code or other controlling provision of law shall be permitted herein.

Any investment transactions, credit risk criterion, percentage limitations or market valuation that are not in compliance with this Investment Policy **at time of purchase** must be documented and approved by the Treasurer in writing. Thereafter, action shall be taken by the Treasurer to correct such matter as soon as practical. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction.

The Treasurer shall not leverage the County pool through any borrowing collateralized or otherwise secured by cash or securities held unless authorized by this investment policy.

Security Lending is authorized by this policy and will be limited to a maximum of 20% of the portfolio.

The following transactions are prohibited:

- A.** Borrowing for investment purposes ("Leverage").
- B.** Inverse floaters, leveraged floaters, equity-linked securities, event-linked securities, structured investment vehicles (SIV).

Simple "floating rate notes" whose periodic coupon adjustment is based on a short-term (one-year or less) rate index (such as Treasury bills, federal funds, prime rate or LIBOR) and which have a reasonable expectation of maintaining a value at par at each interest rate adjustment through final maturity, are exempt from this definition. Additionally, U.S. Treasury and Agency zero coupon bonds, U.S. Treasury and Agency strips, Resolution Funding Corporation (REFCORP) strips or other callable securities which otherwise meet quality, maturity and percent limitations assigned to their respective security category, are exempt from this section.

- C.** Derivatives (e.g. swaptions, spreads, straddles, caps, floors, collars, etc.) shall be prohibited.
- D.** Trading of options and futures are prohibited.

XIII. Method of Accounting:

- A.** For earnings calculations, investments will be carried at original purchase cost (plus purchased accrued interest, if applicable). Premiums or discounts acquired in the purchase of securities will be amortized or accreted over the life of the respective securities. For GASB purposes, investments will be carried at cost and marked to market.

- B. Gains or losses from investment sales will be credited or charged to investment income at the time of sale. All interest income, gains/ losses are posted quarterly.
- C. Premiums paid for callable securities will be amortized to the 1st call date after purchase.
- D. Purchased accrued interest will be capitalized until the first interest payment is received. Upon receipt of the first interest payment, the funds will be used to reduce the investment to its principal cost with the remaining balance credited to investment income.
- E. Yield is calculated on an accrual basis using a 365-day calendar year. Earnings are calculated as follows:

$$\frac{(\text{Earnings}^* + \text{Capital Gains}) - (\text{Fees} + \text{Amortized Premiums} + \text{Capital Losses})}{\text{Average Daily Pool Balance}}$$

* Earnings equal net interest payments + accrued interest + accreted discounts.

- F. The County Pool is operated as a single investment pool. Banking and reporting services required by a participant are charged directly to the participant. All participants are charged an administrative fee.
- G. The administrative fee is 9.5 basis points effective July 1, 2018, and will be evaluated annually.

The County Pool Administrative Fee is established annually and is effective July 1 through June 30. The fee is developed to align with the actual administrative cost of managing the pool. Due to variations in the pool size during the fiscal year (such as those caused by the influx of funds from unanticipated school bond issues or voluntary pool participant withdrawals), a true-up of fees collected will take place in the 4th quarter of each fiscal year.

XIV. Safekeeping

All deliverable security transactions, including collateral for repurchase agreements, entered into by the Treasurer shall be conducted on a Delivery-versus-Payment basis (DVP).

All deliverable securities shall be held by a third-party custodian designated by the Treasurer. The third-party custodian shall be required to issue a safekeeping statement to the Treasurer listing the specific instrument, rate, maturity and other pertinent information.

XV. Performance Evaluation

The Treasurer shall submit monthly, quarterly and annual reports, in compliance with Government Code Sections §53607 and §53646 to the Treasury Oversight Committee, Pool participants and the Board of Supervisors. These reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program and

shall be in compliance with Government Code. This includes the type of investments, name of the issuer, maturity date, and par and dollar amount of the investment. For the total Pooled Investment Fund, the report will list the average maturity, the market value and the pricing source. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Policy and a statement of the Pooled Investments Fund's ability to meet the expected expenditure requirements for the next 6 months. In accordance with GASB Statements 31 and 40, the Treasurer shall provide financial information on the treasury for the County's Comprehensive Annual Financial Report.

XVI. Withdrawal Requests

Voluntary Pool Participants

- A.** Any request to withdraw funds shall be released at no more than 12.5% per month, based on the month-end balance of the prior month.
- B.** Current secured tax apportionments and property tax revenue distributed to Redevelopment Property Tax Trust Funds will be exempt from the 12.5% withdrawal rule, however, these apportionments must be withdrawn in the same month they are received or they will be subjected to the 12.5% withdrawal rule.
- C.** Any additional withdrawal requests will be considered on a case-by-case basis.
- D.** All requests for withdrawals must first be made in writing to the Treasurer, at a minimum, 24 hours in advance.

In accordance with California Government Code § 27136 et seq, and §27133 (h) et seq, these requests are subject to the Treasurer's consideration of the stability and predictability of the pooled investment fund, or the adverse effect on the interests of the other depositors in the pooled investment fund.

Schools

- A.** Withdrawals of surplus funds by a school district for investment elsewhere will require a Resolution from the District Office requesting such withdrawal and specifying that funds are 'surplus.' Such requests must be made at a minimum 24 hours in advance.
- B.** A one-year dark period will exist for such withdrawals before funds can be re-deposited into the treasury by that school district. A Resolution from the District Office will be required to do so.
- C.** Any emergency situation that requires previously withdrawn school district funds be re-deposited into the treasury within that one-year period will require a Resolution from the District Office and Office of Education.
- D.** No Bond Proceeds may be withdrawn for investment outside of the pool (AB2738)

XVII. Internal Controls

The County Treasurer shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. The County Treasurer shall also be responsible for ensuring that all investment transactions comply with the County's investment policy and the California Government Code.

The County Treasurer shall establish a process for daily, monthly, quarterly and annual review and monitoring of investment program activity.

Daily, the County Treasurer or authorized treasury personnel shall review the investment activity, as well as corresponding custodial and commercial bank balances and positions for compliance with the investment policy and guidelines. The County Controller's Office shall conduct an annual audit of the investment program's activities. It is to be conducted to determine compliance with the County's investment policy and the Government Code. The audit shall be conducted by staff with experience in auditing large, complex investment programs consistent with industry standards as promulgated by the Global Investment Performance Standards (GIPS) adopted by the CFA Institute Board of Governors.

A. Investment Authority and Responsibility

The responsibility for conducting the County's investment program resides with the Treasurer, who supervises the investment program within the guidelines set forth in this policy. The Treasurer may delegate the authority for day-to-day investment activity to whoever has been retained to perform the investment function.

B. County Treasury Oversight Committee

The Board of Supervisors, in consultation with the Treasurer, has established the County Treasury Oversight Committee pursuant to California Government Code § 27130 et seq. Members of the County Treasury Oversight Committee shall be selected pursuant to California Government Code §27131. The Treasury Oversight Committee will meet at least three times a year to evaluate general strategies and to monitor results and shall include in its discussions the economic outlook, portfolio diversification, maturity structure and potential risks to the County pool's funds. All actions taken by the Treasury Oversight Committee are governed by rules set out in § 27131 et seq. of the California Government Code.

Members of the County Treasury Oversight Committee must pay particular attention to California Government Code § 27132.1, § 27132.2, § 27132.3 and § 27132.4, which read as follows:

§ 27132.1 A member may not be employed by an entity that has (a) contributed to the campaign of a candidate for the office of local treasurer, or (b) contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the committee.

§ 27132.2 A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee.

§ 27132.3 A member may not secure employment with bond underwriters, bond counsel, security brokerages or dealers, or with financial services firms, with whom the Treasurer is doing business during the period that the person is a member of the committee or for one year after leaving the committee.

§ 27132.4 Committee meetings shall be open to the public and subject to the Ralph M. Brown Act (chapter 9 (commencing with section 54950) of Part 1 of Division 2 of Title 5).

C. Reporting

The Treasurer will prepare a monthly report for the County pool participants and members of the County Treasury Oversight Committee stating, for each investment: the type of investment, name of the issuer, maturity date, par value of the investment, current market value and the securities S&P/Moody's rating. For the total pooled investment fund, the report will list average maturity, effective duration, cost, the current market value, net gains/losses and the sector and issuer concentrations. In addition, the report will break down distribution by maturities, coupon, duration and both S&P/Moody's ratings. The Treasurer shall prepare a monthly cash flow report which sets forth projections for revenue inflows, and interest earnings as compared to the projections for the operating and capital outflows of depositors. This projection shall be for a minimum of 12 months. All Reports will be available on the County Treasurer's website at treasurer.smcgov.org

D. Annual Audit of Compliance

The County Treasury Oversight Committee shall cause an annual audit to be conducted of the portfolio, procedures, reports and operations related to the County pool in compliance with California Government Code § 27134.

E. Pool Rating

The Pool strives to maintain the highest credit rating at all times. Annually, a contract may be requested for a rating from one of the three leading nationally recognized credit rating organizations (S&P, Moody's or Fitch).

F. Compliance Review

The County will ensure a monthly compliance review of the County's portfolio holdings and provide a monthly written report which will:

1. Verify the accuracy of holdings information.
2. Provide summary-level information about the portfolio.
3. Verify compliance with California Government Code.
4. Verify compliance with the County's written Investment Policy.

5. List any exceptions or discrepancies identified.

G. Loss Control

While this Investment Policy is based on “the Prudent Investor Rule”, the Treasurer shall seek to enhance total portfolio return by means of actively managing the portfolio. In any professionally managed portfolio, occasional controlled losses are inevitable and must be realized and judged within the context of overall portfolio performance. Losses shall be allocated as otherwise described in this policy in section XIII, entitled “Method of Accounting”.

H. Credit Quality

Should any investment or financial institution represented in the portfolio, be downgraded by any of the major rating services to a rating below those established in this investment policy, the Treasurer must immediately make an informed decision as to the disposition of that asset and will so advise the County Treasury Oversight Committee. The situation will be monitored daily by the Treasurer until final disposition has been made.

I. Approved Brokers

The Treasurer will maintain a current list of Approved Brokers and Dealers who may conduct business with the County. All financial institutions on the approved list will be evaluated individually, with preference given to primary dealers, who possess a strong capital and credit base appropriate to their operations. The Treasurer will forward a copy of the County Investment Policy to all approved brokers and require written acknowledgment of the policy from the broker.

No broker, brokerage, dealer or securities firm is allowed on the approved list if, within any consecutive 48-month period, they have made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local Treasurer, any member of the governing board of the local agency or any candidate for those offices.

If the County has contracted with an investment advisor to provide investment services, the investment advisor may use their own list of approved issuers, brokers/dealers and financial institutions to conduct transactions on the County’s behalf.

J. Transaction Settlement

Payment of settlement in a securities transaction will be against delivery only. A due bill or other substitution will not be acceptable. All securities purchased from the brokers/dealers must be held in safekeeping by the County’s safekeeping agent or designated third party.

K. Internal Controls

The Treasurer has established a system of controls designed to prevent losses of pooled funds due to fraud, employee error, and misrepresentations by third parties, and unanticipated changes in financial markets or imprudent actions by employees of the County. The controls include:

1. Procedures for investment activity which includes separation of duties for transaction authority, accounting and operations and requires clear documentation of activity.
2. Custodial safekeeping as prescribed in California Government Code § 53601.
3. Independent audit, both external and internal.
4. Clear delegation of authority.
5. Written confirmations of all telephone transactions.
6. Establishment of written ethical standards and rules of behavior.

XVIII. Execution of Investment Authority

- A.** All transactions are documented as to date, time and vendor, signed by the originator and include the following information:

1. Buy or sell
2. Specific description of security involved (CUSIP)
3. Settlement date
4. Price
5. The total amount of funds involved
6. On non-treasury or agency transactions a notation will be made on the transaction ticket of competitive bids and offers
7. Broker/dealer

- B.** Information in “A” must be provided to the Investment Specialist for the following purpose:

1. To contact the dealer to verify the information on the trade with the dealer’s instructions. Any misunderstanding must be clarified prior to settlement.
2. To provide the County’s custodian bank with the specifics of the pending transaction to assure a smooth settlement.
3. To compare with the daily custodian transaction report to assure there are no errors.
4. To generate the internal entries necessary for the movement of funds to complete the transaction.
5. To compare with the broker’s confirmations when received.

- C. At the end of each day, the Investment Specialist summarizes all of the current day transactions in a “Daily Cash Flow Report” available immediately the following morning. This report includes:
1. A summary of all the day’s investment transaction.
 2. A listing of the day’s incoming and outgoing wires.
 3. A listing of the day’s state automatics and other deposits received.
 4. If the pool has “Repos” out, the current earnings rate statement.
 5. An estimate of the total anticipated clearings for the day.
- D. A best effort will be made to obtain a minimum of three prices from different brokers before executing a security transaction whenever possible. Exceptions will occur with Treasuries. In those cases the Bloomberg screen will be printed as close to the actual executed price as possible. In the case of money market, agencies or corporate securities, a best effort will be made to obtain differential bids and offers.
- E. Repurchase Agreements All Repurchase Agreements with approved dealers will be governed by a Public Securities Association (PSA) agreement that has been approved in writing by the Treasurer.
- F. Confirmations resulting from securities purchased or sold under a Repurchase Agreement shall state the exact and complete nomenclature of the underlying securities bought or sold, as well as the term structure (i.e. maturity) of the transaction.
- G. Securities on loan and their corresponding investments under the County Security Lending Program must be monitored daily by the Investment Specialist to assure the County Treasurer or Designee has a list of those securities that are out on loan. Interest earned will be monitored daily and compared to the monthly report of earnings by the custodial bank.
- H. The assets of the County shall be held in safekeeping by the County’s safekeeping agent, or secured through third-party custody and safekeeping procedures. A due bill or other substitution will not be acceptable.
- I. Safekeeping procedures shall be reviewed annually by the Treasurer’s office and an external auditor. Surprise audits of safekeeping and custodial procedures must be conducted at least once a year.
- J. Security Lending: The custodial bank may be authorized to lend out up to 20% of the portfolio within the guidelines of this policy. Guidelines for securities lending and the investment of collateral are attached to this policy as Schedule 1. Securities on loan must be monitored daily by the Treasurer’s office to assure that the Treasurer has a list of those securities that are out on loan. Interest earned will be monitored daily and compared to the monthly report of earnings by the custodial bank.

K. Voluntary Participants participating in the San Mateo County Pooled Fund meet the following requirements:

1. A public agency
2. Domiciled in the County of San Mateo.
3. Agree to abide by the approved San Mateo County Pooled Fund Investment Policy Statement.
4. Acknowledge changes to the policy annually in writing and meet the minimum balance requirements (250K).
5. In the event a participant's funds fall below \$250K the Treasurer has discretion to set aside that participant's funds in a separate account so that the participant does not run the risk of overdrafting their funds.

Effective 11/1/2018, acceptance of new voluntary participants was discontinued to decrease liquidity requirements.

L. Agencies whose jurisdiction includes San Mateo County, but are not domiciled in San Mateo County, may participate in the San Mateo County Pooled Fund with the approval of the Treasurer and the County Treasury Oversight Committee.

XIX. Disaster Recovery

The San Mateo County Treasurer's Disaster Recovery Plan includes critical phone numbers and addresses of key personnel as well as active bankers and brokers/dealers. Portable devices have been issued to key personnel for communicating between staff, banks and broker/dealers. The plan includes an offsite location to be communicated at the time of readiness if our offices are uninhabitable.

In the event investment staff is unable to invest the portfolio, the custodial bank will automatically sweep all un-invested cash into a collateralized account at the end of the business day. Union Bank is currently the pools bank.

Should this guarantee program not be extended, a collateralized account will be set up. Until normal operations of the Treasurer's office have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy.

XX. Ethics and Conflict of Interest

The Treasurer and all investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program or which could impair the ability to execute impartial investment decisions. The Treasurer and all investment personnel shall complete and submit State of California Form 700, Statement of Economic Interests Disclosure annually.

XXI. Limits on Honoraria, Gifts and Gratuities

In accordance with California Government Code Section 27133, this policy establishes limits for the Treasurer; individuals responsible for management of the portfolios; and members

of the Treasury Oversight Committee; select individual investment advisors and broker/dealers who conduct day-to-day investment trading activity.

Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of \$50 in a calendar year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual designated in a conflict of interest code may receive aggregate gifts, honoraria and gratuities in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. Gifts from a single source are subject to a \$420 limit. Any violation must be reported to the State Fair Political Practices Commission.

Comparison and Interpretation of Credit Ratings¹

Long Term Debt Ratings

Rating Interpretation	Moody's	Standard & Poor's	Fitch
Best-Quality grade	Aaa	AAA	AAA
High-Quality Grade	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-
Speculative Grade	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-
Low Grade	B1 B2 B3	B+ B B-	B+ B B-
Poor Grade to Default	Caa	CCC+	CCC
In Poor Standing	- -	CCC CCC-	- -
Highly Speculative Default	Ca C	CC -	CC -
Default	- - -	- - D	DDD DD D

Short Term/Commercial Paper Investment Grade Ratings

Rating Interpretation	Moody's	Standard & Poor's	Fitch
Superior Capacity	P-1	A-1+/A-1	F1+/F1
Strong Capacity	P-2	A-2	F2
Acceptable Capacity	P-3	A-3	F3

¹ These are general credit rating guidelines and are for information only

GLOSSARY OF TERMS

ACCRUED INTEREST

Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

ASSET-BACKED SECURITIES (ABS)

A financial security backed by a loan, lease or receivables against assets other than real estate and mortgage-backed securities. For investors, asset-backed securities are an alternative to investing in corporate debt.

AVERAGE LIFE

The length of time the principal of a debt issue is expected to be outstanding. The average life is an average period before a debt is repaid through amortization or sinking fund payments.

BANKERS' ACCEPTANCE

A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank "accepts" such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. Little risk is involved for the investor because the commercial bank assumes primary liability once the draft is accepted.

BASIS POINT

One basis point is equal to 1/100 of one percent or .01%. Thus, 100 basis points equals 1%. For example, if interest rates increase from 4.25% to 4.50%, the difference is referred to as a 25-basis-point increase.

BENCHMARK

A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID

The price at which a buyer offers to buy a security.

BOND

A bond is essentially a loan made by an investor to a division of the government, a government agency or a corporation. The bond is a promissory note to repay the loan in full at the end of a fixed time period. The date on which the principal must be repaid is called the maturity date or maturity. In addition, the issuer of the bond, that is, the agency or corporation receiving the loan proceeds and issuing the promissory note, agrees to make regular payments of interest at a rate initially stated on the bond. Bonds are rated according to many factors, including cost, degree of risk and rate of income.

BOOK VALUE

The value of a held security as carried in the records of an investor. May differ from current market value of the security.

BROKER/DEALER

Any person engaged in the business of effecting transactions in securities in this state for the account of others or for her/his own account. Broker/dealer also includes a person engaged in the regular business of issuing or guaranteeing options with regard to securities not of her/his own issue.

CALLABLE SECURITIES

An investment security that contains an option allowing the issuer to retire the security prior to its final maturity date.

COMMERCIAL PAPER

Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

COLLATERALIZED TIME DEPOSITS

An interest-bearing bank deposit that has a specific maturity date.

CORPORATE BOND

A debt security issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds. Corporate bonds are considered higher risk than government bonds. As a result, interest rates are almost always higher, even for top flight credit quality companies.

COUPON RATE

The annual rate of interest payable on a security expressed as a percentage of the principal amount.

COVERED BOND

A covered or mortgage bond is an on-balance sheet obligation of the issuing institution. Typically, a covered bond receives the legal structure, the issuer's backing and the pledge of quality assets, should the issuer fail to qualify for a higher rated bond.

CREDIT RISK

The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CURRENT YIELD

The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSIP NUMBERS

CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

DISCOUNT

The amount by which the par value of a security exceeds the price paid for the security.

DIVERSIFICATION

Dividing investment funds among a variety of securities offering independent returns.

DURATION

The weighted average time to maturity of a bond where the weights are the present values of future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates.

EARNINGS APPORTIONMENT

The quarterly interest distribution to the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) PRINCIPLES

Assessment of investment issuers with respect to the following:

Environmental: How a company limits its environmental impact and carbon footprint.

Social: How a company treats its employees, customers, community, and other companies with whom it interacts.

Governance: How a company is led and managed, including executive pay and internal controls.

EQUITY-LINKED SECURITIES

A hybrid debt instrument that is linked to the equity markets. Equity-linked securities can be in the form of a single stock, a group of stocks or an equity-based index, such as the S&P 500.

EVENT-LINKED SECURITIES

A type of bond whose interest and principal payments are determined based on the non-occurrence of certain events such as an earthquake and hurricane. If an event, usually referred to as a "trigger event", occurs, then the holder of the bond could see a loss of all future interest payments or a loss of most principal.

FAIR VALUE

The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL FUNDS

Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend Fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

FEDERAL FUNDS RATE

Interest rate at which banks lend federal funds to each other.

FEDERAL OPEN MARKET COMMITTEE (FOMC)

This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FIDUCIARY

An individual who holds something in trust for another and bears liability for its safekeeping.

FLOATING RATE NOTE

A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, LIBOR, etc.).

FUTURES

Commodities, which are sold to be delivered at a future date

INTEREST

The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INVERSE FLOATING RATE NOTES

Variable-rate notes whose coupon and value increase as interest rates decrease.

LEVERAGED FLOATER

A security, generally a bond, which has a leverage factor of greater than one and a fixed margin with a variable coupon rate, which is tied to a benchmark interest rate or index.

LIQUIDITY

The ease with which investments can be converted to cash at their present market value. Liquidity is significantly affected by the number of buyers and sellers trading a given security and the number of units of the security available for trading.

LOCAL AGENCY INVESTMENT FUND (LAIF)

The State of California investment pool in which money of local agencies is pooled as a method for managing and investing local funds.

MARKET RISK

Market risk is the risk that investments will change in value based on changes in general market prices.

MARKET VALUE

The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT

A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transaction. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY

The date upon which the principal of a security becomes due and payable to the holder.

MONEY MARKET MUTUAL FUND

A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

MORTGAGE-BACKED SECURITIES (MBS)

A type of asset-backed security that is secured by a mortgage or collection of mortgages. These securities must also be grouped in one of the top two ratings as determined by an accredited credit rating agency, and usually pay periodic payments that are similar to coupon payments.

MUNICIPAL BOND

Debt obligation of a state or local government entity

NEGOTIABLE CERTIFICATE OF DEPOSIT (NCD)

A negotiable certificate of deposit (NCD) is a certificate of deposit with a minimum face value of \$100,000, and they are guaranteed by the bank and can usually be sold in a highly liquid secondary market, but they cannot be cashed in before maturity.

OPTION

A contract that provides the right, but not the obligation, to buy or to sell a specific amount of a specific security within a predetermined time period. A call option provides the right to buy the underlying security. A put option provides the right to sell the underlying security. The seller of the contracts is called the writer.

PAR

The stated maturity value, or face value, of a security.

PAR VALUE

The stated or face value of a security expressed as a specific dollar amount marked on the face of the security, the amount of money due at maturity. Par value should not be confused with market value.

PREMIUM

The amount by which the price paid for a security exceeds the security's par value.

PRIME RATE

A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

PRUDENT-MAN RULE

When one person is given control over another's assets, such fiduciaries must act as a prudent man or woman would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

RANGE NOTE

A structured note that provides investors with an above-market coupon, but against foregoing coupon payments when the floating rate (LIBOR, typically) breaks outside the boundaries of a specific range.

RATE OF RETURN

The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond and the current income return.

REPURCHASE AGREEMENT OR RP OR REPO

An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the RPs when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

SAFEKEEPING

A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held by the bank in the customer's name.

SECURITIES LENDING

A transaction wherein the Treasurer's Pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

SETTLEMENT DATE

The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

STRIPS

Bonds, usually issued by the U.S. Treasury, whose two components, interest and repayment of principal, are separated and sold individually as zero-coupon bonds. Strips are an acronym for Separate Trading of Registered Interest and Principal of Securities.

STRUCTURED INVESTMENT VEHICLES (SIV)

A pool of investment assets that attempts to profit from credit spreads between short-term debt and long-term structured finance products such as asset-backed securities (ABS).

TRADE DATE

The date and time corresponding to an investor's commitment to buy or sell a security.

U.S. AGENCY OBLIGATIONS

Federal agency or United States government-sponsored enterprise obligations, participants, or other instruments. The obligations are issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Issuers include: Fannie Mae, Farmer Mac, Federal Farm Credit Banks, Freddie Mac, Federal Home Loan Banks, Financing Corporation, Tennessee Valley Authority, Resolution Trust Funding Corporation, World Bank, Inter-American Development Bank and PEFCO.

US INSTRUMENTALITIES

An organization that serves a public purpose and is closely tied to federal and/or state government, but is not a government agency. Many instrumentalities are private companies, and some are chartered directly by state or federal government.

U.S. TREASURY OBLIGATIONS (TREASURIES)

Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

WEIGHTED AVERAGE MATURITY

The remaining average maturity of all securities held in a portfolio.

YIELD

The rate of annual income return on an investment, expressed as a percentage. Yield does not include capital gains. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

ZERO-COUPON BOND

A bond on which interest is not payable until maturity (or earlier redemption), but compounds periodically to accumulate to a stated maturity amount. Zero-coupon bonds are typically issued at a discount and repaid at par upon maturity.

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances 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) prepayment 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 Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

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

DTC, the world's largest 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 and www.dtc.org. *The foregoing internet addresses are included for reference only, and the information on these internet sites is not incorporated by reference herein.*

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal, premium, if any, 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 the 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 the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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.

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

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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

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

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in St. Paul, Minnesota. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least \$1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the office of the Paying Agent, initially located in St. Paul, Minnesota, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

