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.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 15, 2026

NEW ISSUE – BOOK ENTRY ONLY

RATING:
S&P: "A+"
(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 Resolutions 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.

$18,000,000*
SOLEDAD UNIFIED SCHOOL DISTRICT (MONTEREY COUNTY, CALIFORNIA) GENERAL OBLIGATION BONDS, 2024 ELECTION, 2026 SERIES B

$6,000,000*
SOLEDAD UNIFIED SCHOOL DISTRICT (MONTEREY COUNTY, CALIFORNIA) 2026 GENERAL OBLIGATION REFUNDING BONDS

Dated: Date of Delivery **Due: August 1, as shown on inside cover pages.**

The Soledad Unified School District (Monterey County, California) General Obligation Bonds, 2024 Election, 2026 Series B (the "Series B Bonds") are being issued by the Soledad Unified School District (the "District") to (i) finance the acquisition, construction, furnishing and equipping of District facilities, as more fully described herein under the caption "PLAN OF FINANCE – The Projects" and (ii) pay certain costs of issuance associated therewith. The Series B Bonds were authorized at an election within the District held on November 5, 2024 (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 $42,000,000 aggregate principal amount of general obligation bonds of the District (the "2024 Authorization"). The Series B Bonds are the second series of general obligation bonds issued under the 2024 Authorization.

The Soledad Unified School District 2026 General Obligation Refunding Bonds (the "Refunding Bonds") are being issued by the District to (i) refund certain outstanding general obligation bonds of the District described herein, and (ii) pay certain costs of issuance associated therewith, as more fully described herein under the caption "PLAN OF FINANCE – The Refunding." The Series B Bonds and the Refunding Bonds (together, the "Bonds") are 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 Monterey (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 February 1, 2027. 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 U.S. Bank Trust Company, National Association, as 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.

The District has applied for insurance to guarantee the scheduled payment of principal and interest on the Bonds when due under a policy of municipal bond insurance to be issued concurrently with the delivery of the Bonds and will decide prior to the sale of the Bonds whether to purchase such insurance.

MATURITY SCHEDULE
On Inside Cover Pages

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

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 Norton Rose Fulbright US LLP, Los Angeles, California 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 August 6, 2026.

RAYMOND JAMES®

The Date of this Official Statement is: ________, 2026.

* Preliminary, subject to change.

MATURITY SCHEDULE

$18,000,000*
SOLEDAD UNIFIED SCHOOL DISTRICT
(MONTEREY COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS,
2024 ELECTION, 2026 SERIES B

$__________ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[1] (83421J)

$____________ ____% Term Bonds due August 1, 20__; Yield ____%, CUSIP[1] 83421J___

* Preliminary, subject to change.

[1] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

MATURITY SCHEDULE

$6,000,000*
SOLEDAD UNIFIED SCHOOL DISTRICT
(MONTEREY COUNTY, CALIFORNIA)
2026 GENERAL OBLIGATION REFUNDING BONDS

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[1] (83421J)

* Preliminary, subject to change.

[1] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

SOLEDAD UNIFIED SCHOOL DISTRICT
Monterey County, State of California

Board of Trustees

Ivan Ibarra Mora, *President*
Christopher Bourke, *Vice President*
Javier Galvan, *Clerk*
Roberto Ocampo, *Board Member*
Monica Pantoja, *Board Member*

District Administrators

Deborah Gorgulho, Ed.D., *Superintendent*◆
Vacant, *Associate Superintendent of Educational Services*[1]
Conrad Tanasychuk, *Chief Human Resources Officer*[2]
Rosa Zamudio, *Chief Business Official*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
Long Beach, California

Municipal Advisor

Dale Scott & Co., Inc.
San Francisco, California

Paying Agent, Transfer Agent and Registration Agent and Escrow Agent

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

Verification Agent

Causey Public Finance, LLC
Denver, Colorado

◆ Dr. Gorgulho was appointed Superintendent by the Board of Trustees of the District effective July 1, 2026. The previous Superintendent of the District, Randy Bangs, retired on June 30, 2026.
[1] The District expects to hire a new Associate Superintendent of Educational Services by August 1, 2026.
[2] Mr. Tanasychuk's last day with the District is July 22, 2026. The District expects to hire a replacement by August 1, 2026.

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No dealer, broker, salesperson or other person has been authorized by the Soledad Unified 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 Monterey, the County of Monterey has not approved this Official Statement and 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 "MONTEREY 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 pages hereof and said public offering prices may be changed from time to time by the Underwriter.

The District maintains a website and certain social media accounts. However, the information presented 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.

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$18,000,000*
SOLEDAD UNIFIED SCHOOL DISTRICT
(MONTEREY COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS,
2024 ELECTION, 2026 SERIES B

$6,000,000*
SOLEDAD UNIFIED SCHOOL DISTRICT
(MONTEREY COUNTY, CALIFORNIA)
2026 GENERAL OBLIGATION REFUNDING BONDS

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

General

The Soledad Unified School District (the "District") proposes to issue $18,000,000* aggregate principal amount of its General Obligation Bonds, 2024 Election, 2026 Series B (the "Series B Bonds") under and pursuant to a bond authorization (the "2024 Authorization") for the issuance and sale of not more than $42,000,000 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 November 5, 2024 (the "Election"). The Series B Bonds are the second series of bonds to be issued pursuant to the 2024 Authorization. Subsequent to the issuance of the Series B Bonds, $19,000,000* in principal amount of general obligation bonds will remain for issuance pursuant to the 2024 Authorization.

Proceeds from the sale of the Series B Bonds will be used to finance the acquisition, construction, furnishing and equipping of District facilities and to pay certain costs of issuance associated therewith. See "THE BONDS – Purpose of Issue" and "PLAN OF FINANCE – The Projects" herein.

The District also proposes to issue $6,000,000* aggregate principal amount of its 2026 General Obligation Refunding Bonds (the "Refunding Bonds" and, together with the Series B Bonds, the "Bonds") in order to: (i) refund certain maturities of the District's outstanding (A) General Obligation Bonds, 2012 Election, Series A (the "2012 Series A Bonds"), (B) General Obligation Bonds, 2012 Election, Series B (the "2012 Series B Bonds"), (C) General Obligation Bonds, 2012 Election, Series C (the "2012 Series C Bonds"), and (D) General Obligation Bonds, 2012 Election, Series D (the "2012 Series D Bonds") and (ii) pay certain costs of issuance associated therewith. See "PLAN OF FINANCE – The Refunding" herein.

The Bonds are 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

U.S. Bank Trust Company, National Association 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.

* Preliminary, subject to change.

The District

The District covers an area of approximately 115 square miles and is located in the City of Soledad in California's Salinas Valley in Monterey County, approximately 25 miles southeast of the City of Salinas. The District consists of nine schools, comprised of five elementary schools providing kindergarten through sixth grade education services, one middle school providing seventh and eighth grade education services, one high school serving grades nine through twelve, one alternative school, and one preschool. The District's ADA for the second reporting period ("P-2") for fiscal year 2025-26 was approximately 4,353 and the District has budgeted ADA of approximately 4,265 for fiscal year 2026-27. The District's total assessed valuation was $2,501,775,952 for fiscal year 2025-26. The District's audited financial statements for the fiscal year ended June 30, 2025, are attached hereto as APPENDIX B. For further information concerning the District, see the caption "SOLEDAD UNIFIED 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.

Bond Insurance

The District has applied for a policy of municipal bond insurance which, if purchased, will guarantee the payment of principal of and interest on the Bonds under one or more insurance policies to be issued concurrently with the delivery of the Bonds.

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 to the District with respect to the Bonds. Dannis Woliver Kelley, Long Beach, California is acting as Disclosure Counsel to the District with respect to the Bonds. Dale Scott & Co., Inc. is acting as Municipal Advisor to the District in connection with the issuance of the Bonds. Norton Rose Fulbright US LLP is serving as counsel to the Underwriter with respect to the Bonds. Dannis Woliver Kelley and Dale Scott & Co., Inc. will receive compensation from the District contingent upon the sale and delivery of the Bonds. Norton Rose Fulbright US 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 August 6, 2026.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Series B 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 April 15, 2026 (the "Series B Resolution").

The Refunding Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Articles 9 and 11 of the Government Code (commencing with Section 53550) and pursuant to a resolution of the Board adopted on April 15, 2026 (the "Refunding Resolution" and together with the Series B Resolution, the "Resolutions").

Purpose of Issue

The net proceeds of the Series B 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, renovating, repairing and improving all schools throughout the District; ensuring Americans with Disabilities Act (ADA) compliance; and constructing a new track and field at Soledad High School. See "PLAN OF FINANCE--The Projects" herein.

The net proceeds of the Refunding Bonds will be applied to refund certain maturities of the District's outstanding 2012 Series A Bonds, 2012 Series B Bonds, 2012 Series C Bonds and 2012 Series D Bonds. See "PLAN OF FINANCE – The Refunding" 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 pages 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 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 and 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 U.S. Bank Trust Company, National Association , 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, 2027, and semiannually thereafter on February 1 and August 1 of each year (each, an "Interest Payment Date"). Principal of the Bonds is payable on August 1 of each year as shown on the inside front cover pages hereto until maturity, or, with respect to the Series B Bonds, the earlier redemption thereof. 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 pages 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 (i) it is registered as of an Interest Payment Date, in which event interest shall be payable from such date, or (ii) it is registered prior to an Interest Payment Date and after a Record Date, in which event interest shall be payable from such Interest Payment Date, or (iii) it is registered prior to the close of business on January 15, 2027, 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 Series B Bonds maturing on or before August 1, 2036 are not subject to redemption prior to their stated maturity dates. The Series B Bonds maturing on or after August 1, 2037 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, 2036, 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.

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

Mandatory Redemption. The Series B Bonds maturing August 1, 20__ are subject to mandatory sinking fund redemption on August 1 of each 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 Series B 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 Series B Bonds optionally redeemed.

Selection of Bonds for Redemption

If less than all of the Series B Bonds shall be called for redemption, the particular Series B Bonds or portions thereof to be redeemed shall be called in such order as shall be directed by the District and, in lieu of such direction, on a proportional basis. Within a maturity, the Paying Agent shall select the Series B Bonds for redemption as directed by the District, and, in lieu of such direction by lot; provided, however, that the portion of any Series B Bond to be redeemed shall be in the principal amount of five thousand dollars ($5,000) or some integral multiple thereof and that, in selecting Series B Bonds for redemption, the Paying Agent shall treat each Series B Bond as representing that number of Series B Bonds which is obtained by dividing the principal amount of such Series B Bond by five thousand dollars ($5,000).

Notice of Redemption

When redemption is authorized, the Paying Agent, upon written instruction from the District, shall give notice of the redemption of such Series B Bonds at least 20 but not more than 45 days prior to the redemption date to the respective Owners of such Series B Bonds designated for redemption by first class mail, postage prepaid. Such notice shall specify: (a) that the Series B Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Series B Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and

* Preliminary; subject to change.

(e) descriptive information regarding the Series B Bonds to be redeemed including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Series B Bond to be redeemed, the portion of the principal amount of such Series B Bond to be redeemed, together with interest accrued to said date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Any notice of redemption for an optional redemption of the Series B Bonds delivered in accordance with the Series B Resolution may be conditional, and, if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date: (i) the notice of redemption shall be of no force and effect, (ii) the District shall not be required to redeem such Series B Bonds, (iii) the redemption shall not be made, and (iv) the Paying Agent shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional notice of redemption was given that such condition or conditions were not met and that the redemption was canceled.

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 Series B 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 Series B 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 Series B 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

Notice having been given as required in the Series B Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside for payment of the redemption price, the Series B Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Series B Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Series B Bonds to be redeemed shall cease to accrue and become payable.

Transfer and Exchange

Following the termination or removal of DTC or successor depository, any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Bonds shall be surrendered for transfer, the designated District officials shall execute and the Paying Agent shall authenticate and deliver, new Bonds, of the same maturity and interest rate for a like aggregate principal amount. The Paying Agent may require the payment by any Owner of

Bonds requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Neither the District nor the Paying Agent will be required to transfer any Bonds (a) during the period from the Record Date next preceding any Interest Payment Date to such Interest Payment Date, (b) during the period beginning with the opening of business on the 15th business day next preceding any date of selection of Bonds to be redeemed and ending with the close of business on the day on which the applicable notice of redemption is given, or (c) which have been selected or called for redemption in whole or in part.

The Bonds may be exchanged for Bonds of other authorized denominations of the same maturity and interest rate, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed request for exchange in a form approved by the Paying Agent.

Whenever any Bonds shall be surrendered for exchange, the designated District officials shall execute and the Paying Agent shall authenticate and deliver, new Bonds of the same maturity and interest rate for a like aggregate principal amount. The Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Neither the District nor the Paying Agent will be required to exchange any Bonds (a) during the period from the Record Date next preceding any Interest Payment Date to such Interest Payment Date, (b) during the period beginning with the opening of business on the 15th business day next preceding any date of selection of Bonds to be redeemed and ending with the close of business on the day on which the applicable notice of redemption is given, or (c) which have been selected or called for redemption in whole or in part.

Defeasance

Any or all of the Bonds may be paid by the District in any one or more of the following ways: (a) by paying or causing to be paid the principal or redemption price of and interest on Bonds Outstanding, as and when the same become due and payable; or (b) by depositing with an escrow agent selected by the District, in trust, at or before maturity, money or securities in the necessary amount, including investment earnings thereon, to pay or redeem Bonds Outstanding; or (c) by delivering to the Paying Agent, for cancellation by it, Bonds Outstanding.

If the District shall pay all Bonds Outstanding, and shall also pay or cause to be paid all other sums payable under the applicable Resolution by the District, then and in that case, at the election of the District (evidenced by a certificate of an Authorized Officer, filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and the applicable Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, such Resolution and other assurances made under such Resolution and all covenants, agreements and other obligations of the District under the applicable Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in such Resolution. In such event, upon request of the District, the Paying Agent shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to such Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

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:

	Series B Bonds	Refunding Bonds	Total
Sources of Funds			
Principal Amount of Bonds			
[Net] Original Issue Premium			
Total Sources			
Uses of Funds			
Deposit to Building Fund			
Deposit to Interest and Sinking Fund			
Deposit to Escrow Fund			
Costs of Issuance[(1)]			
Total Uses			

(1) Includes Underwriter's discount, Bond and Disclosure Counsel fees, Municipal Advisor fees, paying agent fees, escrow agent fees, verification agent fees, bond insurance premium (if any), rating agency fees, and other costs of issuance.

District Investments; Application of Proceeds

The Monterey 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 "MONTEREY COUNTY POOLED INVESTMENT FUND" herein.

The net proceeds from the sale of the Series B Bonds (other than premium) shall be paid to the County to the credit of the Soledad Unified School District Building Fund (the "Building Fund") established pursuant to the Series B 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 Series B Bonds will be deposited in the Interest and Sinking Fund of the District, held by the County (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.

The net proceeds of the Refunding Bonds will be deposited into the Escrow Fund (defined herein) established pursuant to the Escrow Agreement (defined herein) and invested in those certain non-callable direct obligations of the United States of America, 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.

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DEBT SERVICE SCHEDULES

The first of the following two tables summarizes the annual principal and interest payments on the Bonds, assuming no optional redemption. The second table presents the annual debt service payments on all of the District's outstanding general obligation bonds, comprised of (i) its general obligation bonds issued under an authorization on November 6, 2012 (the "2012 Authorization Bonds"), (ii) its general obligation bonds issued under an authorization on June 5, 2018 (the "2018 Authorization Bonds"), (iii) its general obligation bonds issued under an authorization on November 3, 2020 (the "2020 Authorization Bonds"), (iv) its general obligation bonds, 2024 Election, 2025 Series A (the "2024 Series A Bonds"), (v) the Series B Bonds and (vi) the Refunding Bonds, rounded to the nearest dollar and assuming no optional redemption.

	Series B Bonds		Refunding Bonds		
Bond Year Ending August 1	Principal	Interest	Principal	Interest	Total Debt Service
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
Total					

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DEBT SERVICE ON ALL OUTSTANDING GENERAL OBLIGATION BONDS

Year Ending (August 1)	2012 Authorization Bonds[1]	2018 Authorization Bonds	2020 Authorization Bonds	2024 Series A Bonds	Series B Bonds	Refunding Bonds	Total Annual Debt Service
2026	$ 2,229,869.00	$ 1,406,275.00	$ 1,108,100.00	$ 1,345,800.00			
2027	2,273,539.00	1,371,075.00	973,450.00	1,390,800.00			
2028	2,327,989.00	1,416,225.00	854,050.00	130,800.00			
2029	2,386,889.00	1,468,025.00	884,950.00	130,800.00			
2030	2,441,064.00	1,521,125.00	918,850.00	130,800.00			
2031	2,514,914.00	1,575,025.00	954,400.00	130,800.00			
2032	2,582,414.00	1,625,375.00	987,600.00	130,800.00			
2033	2,655,814.00	1,686,375.00	1,023,950.00	130,800.00			
2034	2,727,664.00	1,747,375.00	1,063,700.00	130,800.00			
2035	2,817,064.00	1,809,975.00	1,096,650.00	130,800.00			
2036	2,875,664.00	1,873,025.00	1,133,050.00	255,800.00			
2037	2,937,526.00	1,121,275.00	1,169,000.00	259,550.00			
2038	2,682,845.00	1,165,325.00	1,205,500.00	257,800.00			
2039	2,758,964.00	1,205,456.00	1,252,750.00	255,800.00			
2040	1,577,733.00	1,234,313.00	840,000.00	258,550.00			
2041	2,926,153.00	1,285,800.00	--	245,800.00			
2042	3,011,633.00	1,250,600.00	--	248,300.00			
2043	3,095,313.00	1,319,238.00	--	245,300.00			
2044	3,191,550.00	1,290,619.00	--	247,050.00			
2045	--	1,257,000.00	--	293,300.00			
2046	--	1,228,500.00	--	296,800.00			
2047	--	--	--	305,469.00			
2048	--	--	--	318,213.00			
2049	--	--	--	334,800.00			
Totals	$50,014,601.00	$29,858,001.00	$15,466,000.00	$7,605,532.00			

[1] Includes debt service on the Refunded Bonds (defined herein) intended to the refunded with proceeds of the Refunding Bonds, as described herein.

PLAN OF FINANCE

The Projects

The District will apply the net proceeds of the Series B Bonds to finance the acquisition, construction, furnishing and equipping of school facilities of the District 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 Series B 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 Series B Bonds, which was then submitted to the voters at the Election (the "Project List"). The District will prioritize and may not complete all components of the Project List.

The Refunding

The District intends to apply the proceeds of the sale of the Refunding Bonds to (i) refund certain maturities of the 2012 Series A Bonds, the 2012 Series B Bonds, the 2012 Series C Bonds and the 2012 Series D Bonds described below (the "Refunded Bonds") and (ii) pay certain costs of issuance associated therewith.

The 2012 Series A Bonds intended to be refunded by the Refunding Bonds are as follows*:

Soledad Unified School District (Monterey County, California)
Identification of Refunded 2012 Series A Bonds

Maturity Date (August 1)	Principal Amount to be Refunded	Redemption Date*	Interest Rate	CUSIP[1] (83421J)
2028	$445,000	September 8, 2026	4.000%	AQ8
2031	725,000	September 8, 2026	3.500	AT2
2034	810,000	September 8, 2026	4.000	AW5
2037	900,000	September 8, 2026	4.000	AZ8

The 2012 Series B Bonds intended to be refunded by the Refunding Bonds are as follows*:

Soledad Unified School District (Monterey County, California)
Identification of Refunded 2012 Series B Bonds

Maturity Date (August 1)	Principal Amount to be Refunded	Redemption Date*	Interest Rate	CUSIP[1] (83421J)
2044	$6,935,000	September 8, 2026	4.000%	CF0

* Preliminary; subject to change.

[1] Copyright 2026, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP number.

The 2012 Series C Bonds intended to be refunded by the Refunding Bonds are as follows*:

Soledad Unified School District (Monterey County, California)
Identification of Refunded 2012 Series C Bonds

Maturity Date (August 1)	Principal Amount to be Refunded	Redemption Date*	Interest Rate	CUSIP[1] (83421J)
2029	$ 685,000	September 8, 2026	7.000%	CS2
2031	605,000	September 8, 2026	5.000	CU7
2033	745,000	September 8, 2026	4.000	CW3
2035	905,000	September 8, 2026	3.000	CY9
2037	1,055,000	September 8, 2026	3.125	DA0
2039	1,210,000	September 8, 2026	3.125	DC6
2042	2,135,000	September 8, 2026	3.200	DF9
2044	1,665,000	September 8, 2026	3.250	DH5

The 2012 Series D Bonds intended to be refunded by the Refunding Bonds are as follows*:

Soledad Unified School District (Monterey County, California)
Identification of Refunded 2012 Series D Bonds

Maturity Date (August 1)	Principal Amount to be Refunded	Redemption Date*	Interest Rate	CUSIP[1] (83421J)
2027	$ 55,000	September 8, 2026	5.000%	DT9
2032	425,000	September 8, 2026	5.000	DY8
2034	245,000	September 8, 2026	5.000	EA9
2037	475,000	September 8, 2026	4.000	ED3
2039	395,000	September 8, 2026	4.000	EF8
2041	460,000	September 8, 2026	4.000	EH4
2044	825,000	September 8, 2026	4.000	EL5

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* Preliminary; subject to change.

[1] Copyright 2026, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP number.

Upon the issuance of the Refunding Bonds, the District will transfer the net proceeds of the Refunding Bonds to U.S. Bank Trust Company, National Association , as escrow agent (the "Escrow Agent"), for deposit into an escrow fund (the "Escrow Fund") established pursuant to that certain Escrow and Deposit Agreement by and between the District and the Escrow Agent (the "Escrow Agreement"), to be applied to the redemption of the Refunded Bonds on or about September 8, 2026*, at a redemption price of the par amount of the Refunded Bonds plus accrued interest.

The sufficiency of the amounts transferred to the Escrow Agent, together with investment earnings thereon, to effect the redemption of the Refunded Bonds will be verified by Causey Public Finance, LLC, certified public accountants (the "Verification Agent"). See the caption "VERIFICATION" herein.

As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriter's and the Verification Agent's computations, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* taxes for payment of the Refunded Bonds will also be defeased. Amounts deposited pursuant to the Escrow Agreement are not available to pay debt service on the Bonds.

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 $42,000,000 aggregate principal amount of general obligation bonds pursuant to an election of the qualified electors within the District on November 5, 2024. The Series B Bonds are the second series of bonds issued under the 2024 Authorization. Subsequent to the issuance of the Series B Bonds, $19,000,000* in principal amount of general obligation bonds will remain for issuance under the 2024 Authorization.

The District is authorized to issue refunding bonds to refinance its outstanding general obligation bonds (including general obligation refunding bonds) or to purchase its outstanding general obligation bonds to be refunded under the Government Code (commencing with section 53550 thereof).

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

* Preliminary; subject to change.

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.

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

Under 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 Resolutions, 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 Resolutions. 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.

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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 XIIIA 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 basic 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 assessed valuation in the District since fiscal year 2016-17. The District's total assessed valuation was $2,501,775,952 for fiscal year 2025-26.

SOLEDAD UNIFIED SCHOOL DISTRICT
Summary of Assessed Valuations
Fiscal Years 2016-17 Through 2025-26

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2016-17	$1,423,208,477	$2,580,098	$ 91,213,147	$1,517,001,722	--
2017-18	1,475,251,433	2,580,098	108,333,752	1,586,165,283	4.56%
2018-19	1,574,975,663	2,580,098	99,547,725	1,677,103,486	5.73
2019-20	1,694,378,255	2,580,098	103,175,798	1,800,134,151	7.34
2020-21	1,812,502,892	3,124,775	119,793,520	1,935,421,187	7.52
2021-22	1,860,069,556	3,124,775	113,922,628	1,977,116,959	2.15
2022-23	1,978,865,887	3,124,775	124,605,923	2,106,596,585	6.55
2023-24	2,111,128,804	3,124,775	155,652,018	2,269,905,597	7.75
2024-25	2,248,465,266	3,124,775	158,599,570	2,410,189,611	6.18
2025-26	2,340,089,534	3,677,452	158,008,966	2,501,775,952	3.79

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, none of the State (including the County) is experiencing any drought or abnormally dry 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.

Floods. Periods of heavy rainfall caused by atmospheric rivers in California between December 2022 and March 2023 resulted in flooding affecting much of California. Many homes and businesses suffered property damage, suffered road closures, and lost power during the rainstorms and flooding. In January 2023, both Governor Newsom and President Biden declared a state of emergency for several California counties, including the County, due to the flooding and damage. The District was not materially impacted by the flooding.

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.

Earthquakes. All jurisdictions in California are subject to the effects of damaging earthquakes. 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.

Portions of the District are located in a high risk-level earthquake zone. The County is located in a region of high seismicity with numerous local faults, including the San Andreas Fault, the Palo Colorado-San Gregorio Fault and the Monterey Bay-Tularcitos Fault. The City of Soledad (the "City") has experienced a total of 7,549 earthquakes since 1931, with the largest earthquake within 30 miles of the City being a 5.4 magnitude, which occurred in 1986. According to the USGS database, there is an almost 99.94% chance of a major earthquake within 30 miles of the City 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. The economic slowdown created by such a pandemic may increase the risk of an economic recession or depression or a general market decline in real estate values in the future, which in turn could lead to a reduction of assessed values in the District.

Change in Economic Conditions. 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 XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIIIA 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 XIIIA (currently, a 2% annual maximum) until such assessed value again equals the Article XIIIA 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 XIIIA and base year values may not be increased by more than the standard Article XIIIA 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 XIIIA base year value for such property. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIIIA 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.

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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.

SOLEDAD UNIFIED 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:				
Agricultural/Vineyards	$599,000,455	25.60%	362	7.64%
Commercial	108,019,006	4.62	110	2.32
Vacant Commercial	17,135,189	0.73	31	0.65
Industrial	200,496,598	8.57	24	0.51
Vacant Industrial	10,988,143	0.47	19	0.40
Recreational	874,489	0.04	3	0.06
Government/Social/Institutional	147,612	0.01	102	2.15
Miscellaneous	9,842,168	0.42	48	1.01
Subtotal Non-Residential	$946,503,660	40.45%	699	14.76%
Residential:				
Single Family Residence	$1,252,687,747	53.53%	3,454	72.93%
Condominium/Townhouse	53,006,332	2.27	192	4.05
Mobile Home	2,540,802	0.11	90	1.90
Mobile Home Park	7,783,837	0.33	4	0.08
2-4 Residential Units	20,513,425	0.88	65	1.37
5+ Residential Units/Apartments	30,761,630	1.31	29	0.61
Vacant Residential	26,292,101	1.12	203	4.29
Subtotal Residential	$1,393,585,874	59.55%	4,037	85.24%
Total	$2,340,089,534	100.00%	4,736	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.

SOLEDAD UNIFIED SCHOOL DISTRICT
Per Parcel 2025-26 Assessed Valuation of Single Family Homes

	No. of Parcels	2025-26 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	3,454	$1,252,687,747	$362,677	$337,430

2025-26 Assessed Valuation	No. of Parcels [(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	82	2.374%	2.374%	$ 3,167,829	0.253%	0.253%
$50,000 - $99,999	159	4.603	6.977	12,110,797	0.967	1.220
$100,000 - $149,999	147	4.256	11.233	18,403,495	1.469	2.689
$150,000 - $199,999	265	7.672	18.906	47,427,992	3.786	6.475
$200,000 - $249,999	459	13.289	32.195	102,551,108	8.186	14.661
$250,000 - $299,999	363	10.510	42.704	99,656,066	7.955	22.617
$300,000 - $349,999	308	8.917	51.621	99,224,789	7.921	30.538
$350,000 - $399,999	239	6.920	58.541	89,327,999	7.131	37.669
$400,000 - $449,999	315	9.120	67.661	133,979,767	10.695	48.364
$450,000 - $499,999	326	9.438	77.099	154,769,232	12.355	60.719
$500,000 - $549,999	209	6.051	83.150	109,134,734	8.712	69.431
$550,000 - $599,999	159	4.603	87.753	91,213,588	7.281	76.712
$600,000 - $649,999	172	4.980	92.733	107,991,767	8.621	85.333
$650,000 - $699,999	128	3.706	96.439	86,479,237	6.903	92.237
$700,000 - $749,999	77	2.229	98.668	55,489,632	4.430	96.666
$750,000 - $799,999	18	0.521	99.189	13,922,597	1.111	97.778
$800,000 - $849,999	5	0.145	99.334	4,081,766	0.326	98.104
$850,000 - $899,999	6	0.174	99.508	5,242,900	0.419	98.522
$900,000 - $949,999	8	0.232	99.739	7,378,310	0.589	99.111
$950,000 - $999,999	1	0.029	99.768	983,909	0.079	99.190
$1,000,000 and greater	8	0.232	100.000	10,150,233	0.810	100.000
	3,454	100.000%		$1,252,687,747	100.00%	

[(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. Each taxpayer listed below 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 below.

SOLEDAD UNIFIED SCHOOL DISTRICT
2025-26 Largest Total Secured Taxpayers

	Property Owner	Primary Land Use	2025-26 Assessed Valuation	% of Total[1]
1.	Jackson Family Estates II LLC	Vineyards	$104,718,718	4.47%
2.	Bud Antle Inc.	Food Processing	86,301,197	3.69
3.	SCV-EPI Vineyards Inc.	Food Processing	66,033,325	2.82
4.	Golden State Vintners	Food Processing	28,750,114	1.23
5.	G 3 Enterprises Inc.	Vineyards	28,305,660	1.21
6.	Global Ag Properties II USA LLC	Vineyards	22,849,391	0.98
7.	Diageo Chateau & Estate Wine Company	Vineyards	20,907,495	0.89
8.	Huntington Farms	Vineyards	18,532,538	0.79
9.	D'Arrigo Bros. Co.	Vineyards	18,220,763	0.78
10.	Joanne Y. Clark Trust	Vineyards	16,169,525	0.69
11.	Donald H. Hambey Trust	Vineyards	13,409,247	0.57
12.	J. Luis & Paul J. Zabala, Trustees	Vineyards	12,847,005	0.55
13.	Sair Partnership 9 LLC	Vineyards	12,730,197	0.54
14.	Ralph's Grocery Company	Shopping Center	11,883,072	0.51
15.	Kylix Vineyards CA LP	Vineyards	11,654,459	0.50
16.	Arroyo Vineyards LLC	Vineyards	11,402,173	0.49
17.	Dover Realty Holding LP	Vineyards	10,619,178	0.45
18.	Scheid Vineyards California Inc.	Vineyards	10,237,884	0.44
19.	Caprara Ag Properties LLC	Agricultural	10,200,000	0.44
20.	Soledad Shopping Center LP	Shopping Center	10,164,662	0.43
			$525,936,603	22.48

(1) 2025-26 local secured assessed valuation: $2,340,089,534.
Source: *California Municipal Statistics, Inc.*

The top 20 taxpayers on the secured roll for fiscal year 2025-26 account for 22.48% of the local secured assessed value in the District which is $2,340,089,534. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for fiscal year 2025-26 was Jackson Family Estates II LLC accounting for 4.47% of the total secured assessed value in the District. No other secured taxpayer accounts for more than 3.69% 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. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table.

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Tax Rates

Tax Rate Area 126-004 of the District has a fiscal year 2025-26 assessed valuation of $500,011,874 representing approximately 19.99% of the District's assessed valuation. The table below summarizes the total *ad valorem* tax rates, as a percentage of assessed valuation, levied by all taxing entities within TRA 126-004 during the five-year period from fiscal years 2021-22 through 2025-26:

SOLEDAD UNIFIED SCHOOL DISTRICT
Typical Tax Rate per $100 Assessed Valuation (TRA 126-004)[1]

	2021-22	2022-23	2023-24	2024-25	2025-26
General Tax Rate	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Soledad Unified School District	0.180586	0.174580	0.144504	0.240594	0.250220
Hartnell Community College District	0.021686	0.044324	0.033134	0.034184	0.039897
Total Tax Rate	$1.202272	$1.218904	$1.177638	$1.274778	$1.290117

(1) 2025-26 assessed valuation of TRA 126-004 is $500,011,874 which is 19.99% of the District's total assessed valuation.
Source*: California Municipal Statistics, Inc.*

No Teeter Plan

As provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code, the Board of Supervisors of the County may approve the implementation of an Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds, known as a "Teeter Plan," whereby the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The County has not adopted a Teeter Plan, and consequently a Teeter Plan is not available to taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies. Only those secured property taxes actually collected are allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency. The amount of the levy of *ad valorem* property taxes depends upon the collection of *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

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Tax Levies and Delinquencies

The table below summarizes the annual secured tax levy and delinquencies within the District as of June 30 for fiscal years 2020-21 through 2024-25.

SOLEDAD UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies

	Secured Tax Charge(1)	Amount Delinquent June 30	% Delinquent June 30
2020-21	$2,758,413	$62,522	2.27%
2021-22	3,347,494	60,936	1.82
2022-23	3,443,808	40,985	1.19
2023-24	3,041,457	42,280	1.39
2024-25	5,393,798	98,203	1.82

(1) District's general obligation bond debt service levy.
Source: *California Municipal Statistics, Inc*

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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, dated April 2, 2026, is a statement of the District's direct and estimated overlapping bonded debt as of May 1, 2026:

SOLEDAD UNIFIED SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness

2025-26 Assessed Valuation: $2,501,775,952

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/26
Hartnell Joint Community College District	6.253%	$15,997,108
Soledad Unified School District	**100.000**	**72,235,000**[1]
Monterey County Water Resources Agency Benefit Assessment District, Zone 2C	2.585	414,505
City of Soledad 1915 Act Bonds	100.000	3,030,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$91,676,613
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Monterey County General Fund Obligations	2.585%	$2,326,242
Monterey County Board of Education Certificates of Participation	2.585	916,900
Soledad Unified School District Certificates of Participation	**100.000**	**5,190,622**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$8,433,764
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$6,915,000
COMBINED TOTAL DEBT		$107,025,377[2]

Ratios to 2025-26 Assessed Valuation:
Direct Debt ($72,235,000)..2.89%
Total Direct and Overlapping Tax and Assessment Debt 3.66%
Combined Direct Debt ($77,425,622)...3.09%
Combined Total Debt...4.28%

Ratios to Redevelopment Incremental Valuation ($546,999,152):
Overlapping Tax Increment Debt..1.26%

(1) Excludes the Bonds to be sold and includes the Refunded Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: *California Municipal Statistics, Inc.*

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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 2025-26, the LCFF also provides an adjusted add-on for Transitional Kindergarten ("TK") equal to \$6,404 per ADA inclusive of COLA.

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 2025-26, the COLA was 2.30%. For fiscal year 2026-27, the May Revise (defined herein) includes a COLA of 4.30%. See "– State Budget Measures – 2025-26 State Budget." and "– May Revision to Proposed 2026-27 State Budget" for information regarding the COLA for such fiscal years. 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 was phased-in in cohorts of TK students over a four-year period, and completed in fiscal year 2026-27.

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.

SOLEDAD UNIFIED SCHOOL DISTRICT
Historical ADA and Enrollment
Fiscal Years 2015-16 through 2024-25

Fiscal Year	ADA	Enrollment
2015-16	4,647	4,861
2016-17	4,623	4,856
2017-18	4,632	4,882
2018-19	4,658	4,905
2019-20	4,660	4,871
2020-21	4,640	4,911
2021-22	4,640	4,849
2022-23	4,375	4,748
2023-24	4,396	4,699
2024-25	4,422	4,744

Source*: The District.*

Enrollment Trends. Over the prior five fiscal years, the District has experienced a decline in enrollment of approximately 167 students. As shown in the following table, the District projects a gradual and modest decline in enrollment over the next two fiscal years. The projected decline is primarily attributable to demographic trends affecting the local community, including lower birth rates, smaller incoming kindergarten classes, and changing population patterns. In addition, the District has experienced modest student mobility associated with housing affordability and employment patterns within the region. These trends are consistent with enrollment patterns experienced by many school districts in the State. The District continues to monitor enrollment closely and is implementing strategies to attract and retain students through expanded educational opportunities, high-quality instructional programs, Community Schools initiatives, Career Technical Education pathways, dual enrollment opportunities, and continued investment in safe, modern school facilities.

The following table sets forth the estimated ADA, enrollment and the percentage of EL/LI enrollment for fiscal year 2025-26, budgeted for fiscal year 2026-27 and projected for fiscal years 2027-28 through 2028-29.

SOLEDAD UNIFIED SCHOOL DISTRICT
ADA, English Language/Low Income Enrollment
Fiscal Years 2025-26 through 2028-29

	ADA					Enrollment	
Fiscal Year	TK-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment
2025-26[(1)]	1,248.73	967.24	701.24	1,504.62	4,421.83	4,744	33.5%
2026-27[(2)]	1,242.83	968.33	663.73	1,448.03	4,322.92	4,640	30.7
2027-28[(3)]	1,221.09	912.33	640.77	1,490.79	4,264.98	4,586	32.4
2028-29[(3)]	1,217.37	870.48	657.51	1,493.58	4,248.94	4,558	33.5

[1] Estimated.
[2] Budgeted.
[3] 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 basic aid district, and does not expect to in future fiscal years.

Recent deportation efforts initiated by the current presidential administration pose a potential risk to school districts relying on revenue from the LCFF. LCFF districts rely heavily on student attendance and enrollment numbers, and for certain districts, Supplemental and Concentration Grant add-ons for serving a high percentage of EL and LI students, to secure funding. If undocumented students or students who have undocumented parents cease attending school or face deportation, districts may experience a decrease in funding. The District cannot predict the potential changes to enrollment or attendance in response to the deportation efforts initiated by the presidential administration.

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

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

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized 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 Revenues by Source" below for the percentage of total General Fund revenues from each of the four sources of revenue for fiscal years 2022-23 through 2026-27.

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. In the June 30, 2025 announcement, the Trump Administration stated that such program grants were under review and no decision had yet been made for the upcoming academic year. 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.

Percentage of Revenues by Source

The following table presents each revenue source as a percentage of total General Fund revenues for fiscal years 2022-23 through 2026-27.

SOLEDAD UNIFIED SCHOOL DISTRICT
Percentage of Revenue by Source[(1)]
Fiscal Years 2022-23 through 2026-27

Revenue Source	2022-23	2023-24	2024-25	2025-26[(2)]	2026-27[(3)]
LCFF sources	65.40%	70.65%	69.98%	71.41%	74.86%
Federal revenues	5.40	5.86	4.07	3.93	3.23
Other State revenues	23.62	14.43	18.25	17.92	13.71
Other local revenues	5.59	9.03	7.70	6.73	8.21

(1) Percentages may not total to 100% due to rounding.
(2) Estimated, per fiscal year 2025-26 Estimated Actual Results.
(3) Budgeted.
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 collected by the District are $4.79 per square foot for residential construction and $0.78 per square foot of commercial or industrial development and $0.68 per square foot for senior housing. For fiscal years 2022-23, 2023-24, 2024-25, and 2025-26 the District received $854,816, $364,818, $161,591, and $61,983 (estimated) in developer fees, respectively. The District has budgeted receipt of $15,558 in developer fees in fiscal year 2026-27.

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 filed a qualified certification within the meaning of section 42133 of the Education Code for its First Interim Report for fiscal year 2020-21 as a result of declining enrollment, increases in expenses for retirement benefits, insurance and special education. Otherwise, within the last five years, the District has filed positive certifications within the meaning of section 42133 of the Education Code for each of its other interim reports.

General Fund Budget. The District's General Fund adopted budgets for fiscal years 2021-22 through 2025-26, audited actuals for the fiscal years 2020-21 through 2024-25, and the Estimated Actuals Report for fiscal year 2025-26, are set forth on the following page.

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SOLEDAD UNIFIED SCHOOL DISTRICT
GENERAL FUND BUDGETING

	Adopted Budget 2022-23[1]	Audited Actuals 2022-23[2]	Adopted Budget 2023-24[1]	Audited Actuals 2023-24[2]	Adopted Budget 2024-25[1]	Audited Actuals 2024-25	Adopted Budget 2025-26[1]	Estimated Actuals 2025-26[3]	Adopted Budget 2026-27[1]
REVENUES									
LCFF Sources	$62,123,963	$68,285,149	$71,047,327	$70,843,559	$69,435,812	$70,707,535	$71,321,322	$71,727,927	$74,269,654
Federal	2,749,852	5,636,857	6,702,450	5,927,670	2,788,842	4,110,887	3,258,497	3,948,202	3,202,818
Other State	11,181,581	24,661,804	12,154,792	14,478,856	14,957,681	18,439,812	14,797,538	18,004,114	13,599,987
Other Local	3,134,218	7,061,961	4,204,222	7,704,375	4,675,831	7,775,980	6,099,088	6,762,196	8,145,277
Total Revenues	78,189,614	105,645,771	94,108,791	98,954,460	91,858,166	101,034,214	95,476,446	100,442,438	99,217,736
EXPENDITURES									
Current									
Certificated Salaries	28,315,524	26,554,658	27,897,826	29,495,176	30,474,453	30,828,039	32,010,647	31,885,842	32,994,584
Classified Salaries	14,557,850	14,592,279	16,254,110	16,863,899	17,029,540	17,535,750	18,208,440	19,486,275	19,619,106
Employee Benefits	19,951,675	21,119,135	22,993,658	22,767,102	24,396,054	23,920,212	25,992,538	26,342,091	27,660,552
Books and Supplies	3,773,279	3,879,174	17,755,120	7,105,395	10,063,392	3,566,927	4,267,148	4,808,085	3,614,633
Services, Other Operating Expenses	7,675,118	12,217,980	12,465,002	16,214,324	12,937,786	16,302,615	15,717,796	20,802,171	18,219,401
Other Outgo	1,964,630	698,570	2,353,766	1,900,648	2,221,057	1,435,044	1,500,224	1,324,789	1,384,146
Capital outlay	132,365	2,454,787	1,513,317	1,924,695	552,202	2,818,300	111,000	3,829,001	915,486
Debt Service – Principal	--	--	--	--	--	--	--	--	--
Debt Service – Interest	--	--	--	--	--	--	--	--	--
Total Expenditures	76,370,441	81,516,583	101,323,799	96,271,239	97,674,484	96,404,887	97,807,791	108,478,255	104,407,909
Excess (Deficiency) Of Revenues Over (Under) Expenditures	2,819,173	24,129,188	(7,124,008)	2,683,221	(5,816,318)	4,627,327	(2,331,346)	(8,035,817)	(5,190,172)
OTHER FINANCING SOURCES (USES)									
Transfers in	--	--	--	--	--	50,000	--	--	--
Transfers out	--	--	--	--	--	(136,167)	--	--	--
Total Other Financing Sources/(Uses)	--	--	--	--	--	(86,167)	--	--	--
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	2,819,173	24,129,188	(7,124,008)	2,683,221	(5,816,318)	4,541,160	(2,331,346)	(8,035,817)	(5,190,172)
Fund Balance, July 1	12,163,206	24,129,188	18,258,444	36,292,394	28,369,140	38,975,615	27,140,360	43,516,775	35,480,958
Fund Balance, June 30	$14,982,379	$36,292,394	$11,134,436	$38,975,615	$22,552,824	$43,516,775	$24,809,014	$35,480,958	$30,29,0,785

[1] From the adopted budgets of the District for the stated fiscal year.
[2] From the audited financial statements of the District for the stated fiscal year.
[3] From the estimated actuals report of the District for the stated fiscal year.
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, 2025, and prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District, 1261 Metz Road, Soledad, California 93960. See APPENDIX B hereto for the fiscal year 2024-25 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 2024-25.

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SOLEDAD UNIFIED SCHOOL DISTRICT
GENERAL FUND
Statement of Revenues, Expenditures and Change in Fund Balances
for Fiscal Years 2020-21 through 2024-25

	2020-21 Audit	2021-22 Audit	2022-23 Audit	2023-24 Audit	2024-25 Audit
REVENUES					
LCFF	$55,384,712	$59,085,499	$68,285,149	$70,843,559	$70,707,535
Federal Revenues	9,482,079	7,107,006	5,636,857	5,884,960	4,110,887
Other State Revenues	8,703,561	12,071,658	24,661,804	14,478,856	18,439,812
Other Local Revenues	3,102,593	3,555,102	5,834,233	9,063,502	7,835,875
TOTAL REVENUES	76,672,945	81,819,265	104,418,043	100,270,877	101,094,109
EXPENDITURES					
Current					
Instruction	39,849,752	44,462,756	44,194,533	52,462,007	49,992,915
Instruction-related activities					
Supervision of instruction	2,090,937	1,814,334	1,965,935	2,980,607	5,137,708
Instructional library, media and technology	1,349,487	1,599,645	1,782,134	1,746,042	1,898,092
School site administration	4,435,872	4,999,573	5,315,741	6,134,590	6,063,253
Pupil services					
Home-to-school transportation	1,321,888	1,503,243	1,841,211	2,460,158	2,021,248
Food services	104,976	68,491	53,994	248,809	383,632
All other pupil services	6,172,683	7,372,757	8,767,795	9,660,337	9,578,755
Administration					
Data processing	2,564,764	642,260	723,785	861,953	1,199,052
All other administration	4,962,516	5,713,711	5,705,769	6,303,300	6,050,518
Plant services	8,646,789	7,631,660	7,732,934	9,572,481	8,684,407
Ancillary services	226,300	453,110	552,242	616,145	567,315
Community services	--	3,365,764	--	345,001	1,218,363
Other outgo	1,419,397	--	700,410	--	--
Facility acquisition and construction	52,748	198,362	2,072,814	777,630	1,818,173
Debt Service					
Principal	193,548	193,548	193,549	193,549	115,004
Interest and other	--	--	--	91,633	--
TOTAL EXPENDITURES	73,391,657	80,019,214	81,602,846	96,286,369	96,404,887
Excess (Deficiency) of Revenues Over Expenditures	3,281,288	1,800,051	22,815,197	3,984,508	4,687,222
OTHER FINANCING SOURCES (USES):					
Transfers In	--	--	--	--	--
Other sources	--	--	--	--	--
Transfers Out	(811)	--	--	--	(136,167)
TOTAL OTHER FINANCING SOURCES (USES)	(811)	--	--	--	(136,167)
Net Change in Fund Balances	3,280,477	1,800,051	22,815,197	3,984,508	4,551,055
Fund Balance at Beginning of Year	8,597,901	11,891,705[1]	13,691,756	36,506,953	40,491,461
Fund Balance at End of Year	$11,878,378	$13,691,756	$36,506,953	$40,491,461	$45,042,516

[1] The beginning General Fund balance was restated for fiscal year 2021-22.
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.

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.

- *Literary 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.

Proposed 2026-27 State Budget. The proposed budget for fiscal year 2026-27 for the State ("Proposed 2026-27 State Budget") was released by the Governor on January 9, 2026. The Proposed 2026-27 State Budget forecast reflects general fund revenues that are higher by more than $42 billion for the period from fiscal year 2024-25 through fiscal year 2026-27, than projected at the 2024-25 State Budget. The increase is driven by higher cash receipts, higher stock market levels, and an improved economic outlook. At the same time, constitutional funding requirements, the need for an adequate discretionary budget reserve, and higher program costs exceed the level of increased revenues, resulting in a projected shortfall of $2.9 billion. As a result, the Proposed 2026-27 State Budget focuses on implementation of previous investments and does not include new significant spending proposals.

While the Proposed 2026-27 State Budget is balanced in fiscal year 2026-27, with a discretionary reserve of $4.5 billion, it projects a deficit of roughly $22 billion in fiscal year 2027-28 and shortfalls in the two years following. Over the last two fiscal years, the State has withdrawn approximately $12.2 billion from the BSA and suspended deposits into the BSA for fiscal years 2024-25 and 2025-26. Consistent with these actions, the Proposed 2026-27 State Budget suspends a $2.8 billion "true-up" deposit into the BSA in fiscal year 2025-26. However, the Proposed 2026-27 State Budget reflects a BSA deposit in fiscal year 2026-27 of approximately $3 billion and a minor "true-up" for fiscal year 2024-25. Accounting for these actions, the BSA balance in fiscal year 2026-27 is $14.4 billion, an increase compared to the 2025-26 State Budget level of $11.2 billion. In addition, the Proposed 2026-27 State Budget includes $4.5 billion in the Special Fund for Economic Uncertainties and $4.1 billion in the Proposition 98 Rainy Day Fund, bringing the combined amount of reserves in fiscal year 2026-27 to roughly $23 billion.

The Proposed 2026-27 State Budget states that federal policy changes, including House of Representatives (H.R.) 1 of 2025 ("H.R. 1"), which included changes for Health and Human Services programs, are projected to result in costs of $1.4 billion general fund resources fiscal year 2026-27. Of this amount, $1.1 billion in additional costs are in Medi-Cal. In addition, H.R. 1 will add nearly $300 million in costs to CalFresh, the state's Supplemental Nutrition Assistance Program providing food purchase assistance for adequate nutrition to more than 3 million State households.

The Proposed 2026-27 State Budget proposes spending of $348.9 billion in total State funds, consisting of approximately $248.3 billion from the General Fund, $93.7 billion from special funds, and $6.9 billion from bond funds. The Proposed 2026-27 State Budget includes total funding of $149.1 billion ($88.7 billion General Fund and $60.4 billion other funds) for all TK-12 education programs. TK-12 per pupil funding totals $20,427 general funds, a 74.6% increase over fiscal year 2018-19, and $27,418 per pupil when accounting for all funding sources, a 60.8% increase over fiscal year 2018-19. Both per pupil amounts are the highest level ever for California schools.

Certain budgeted programs and adjustments for K-12 education set forth in the Proposed 2026-27 State Budget include the following:

- Proposition 98. The Proposed 2026-27 State Budget reflects Proposition 98 funding levels of $123.8 billion in fiscal year 2024-25, $121.4 billion in fiscal year 2025-26, and $125.5 billion in fiscal year 2026-27, representing an increase of approximately $21.7 billion relative to the 2024-25 State Budget. At the beginning of the three-year budget window, the Proposition 98 Guarantee had an outstanding maintenance factor balance of $8.3 billion. At the 2024-25 State Budget, there was a projected mandatory maintenance factor payment of $5.5 billion in fiscal year 2024-25. Revised Proposition 98 factors have increased that payment amount in the Proposed 2026-27 State Budget to $7.8 billion. No other mandatory payments are projected in fiscal years 2025-26 or 2026-27, leaving a $584.6 million maintenance factor balance at the end of fiscal year 2026-27. The 2024-25 State Budget created $1.9 billion in settle-up in fiscal year 2024-25. The Proposed 2026-27 State Budget proposes to fully repay the settle-up balance in fiscal year 2024-25. Additionally, the Proposed 2026-27 State Budget proposes creating $5.6 billion in settle-up in fiscal year 2025-26. This means that the funded level of the Guarantee in fiscal year 2025-26 is $115.9 billion, instead of the calculated amount of $121.4 billion. This is intended to mitigate the risk of potentially appropriating more resources to the Guarantee than are ultimately available in the final calculation for fiscal year 2025-26. The Guarantee continues to be in a Test 1 for fiscal years 2024-25, 2025-26, and 2026-27.

- Proposition 98 Rainy Day Fund. As a result of adjustments in capital gains revenues in the Proposed 2026-27 State Budget, a deposit of $3.8 billion is required in fiscal year 2024-25, eliminating the mandatory withdrawal in fiscal year 2025-26 and replacing it with a mandatory deposit of $424.3 million, and requiring a mandatory withdrawal of $407.1 million in fiscal year 2026-27. Additionally, the Proposed 2026-27 State Budget proposes a discretionary deposit of $240 million in fiscal year 2025-26, further increasing the Proposition 98 safety net. At the end of the three-year budget window, the total balance in the Proposition 98 Rainy Day Fund is $4.1 billion. There is a cap of 10% on school district reserves in fiscal years immediately succeeding those in which the balance in the Proposition 98 Rainy Day Fund is equal to or greater than 3% of the total TK-12 share of the Proposition 98 Guarantee. The balance in the Proposition 98 Rainy Day Fund triggers school district reserve caps in fiscal years 2025-26 and 2026-27.

- Local Control Funding Formula. The Proposed 2026-27 State Budget includes an LCFF cost-of-living adjustment of 2.41%. The cost-of-living adjustment, when combined with population growth adjustments, increases discretionary funding for local education agencies ("LEAs") by approximately $2 billion. Additionally, budgetary deferrals of $1.9 billion for TK-12 education are fully repaid in fiscal year 2026-27. The Proposed 2026-27 Budget also includes an ongoing increase of $30.7 million Proposition 98 General Fund to provide a 20% increase in LCFF funding for Necessary Small Schools, which is the funding formula for the smallest schools in the state.

- State Education Governance. The Proposed 2026-27 State Budget proposes to implement the 2002 "California's Master Plan for Education" recommendation to amend the Education Code to move oversight authority of the management of the California Department of Education and support of LEAs under the State Board of Education. The Proposed 2026-27 State Budget further proposes to provide the State Superintendent of Public Instruction the ability to strengthen coordination and alignment among the bodies setting policy from early childhood through postsecondary education.

- Community Schools. The Proposed 2026-27 State Budget proposes $1 billion ongoing Proposition 98 general fund resources to expand the community school model to more school sites that have large concentrations of students from low-income families, English learners, and youth in foster care. To date approximately 2,500 schools in California have received community schools grants through the California Community Schools Partnership Program; this new funding would provide ongoing resources for these grantees and expand access to the model to thousands of additional high-need schools.

- Special Education. The Proposed 2026-27 State Budget proposes an increase of $509 million ongoing Proposition 98 general fund resources to increase special education base rates. This additional funding will allow for full equalization of special education rates across the state, meaning that all LEAs will now receive the same rate per pupil for state special education funding.

- Master Plan for Career Education: TK-12 Education. The Proposed 2026-27 State Budget proposes: (1) $100 million one-time Proposition 98 general fund resources to increase access to college and career pathways for high school students, including expanding access to dual enrollment and dual credit opportunities, and (2) including prioritizing creation and expansion of dual enrollment and pathways programs with funds allocated through the $2.8 billion Student Support and Discretionary Block Grant.

- Before, After and Summer School. The Proposed 2026-27 State Budget proposes $62.4 million ongoing Proposition 98 general fund resources to provide a guaranteed $1,800 per pupil for Tier 2 LEAs, stabilizing the existing variable Tier 2 rate. With this increase, total ongoing program funding is $4.7 billion Proposition 98 general fund resources.

- Teacher Preparation. The Proposed 2026-27 State Budget includes $250 million one-time Proposition 98 general fund resources to continue educator residency programs through 2029-30. California has invested $620 million in residency programs over the last five years; these funds will be fully awarded by the end of fiscal year 2025-26.

- Student Support and Professional Development Discretionary Block Grant. The Proposed 2026-27 State Budget proposes $2.8 billion one-time Proposition 98 general fund resources to provide LEAs with additional fiscal support to manage attendance and enrollment declines, including those caused by federal government immigration actions, and address rising costs. The funds will also support implementation of statewide priorities including: including: (1) professional development for teachers on the English Language Arts/English Language Development (ELA/ELD) Framework and the Literacy Roadmap, with a focus on strategies to support literacy for English learners; (2) professional development for teachers on the Mathematics Framework; (3) teacher recruitment and retention strategies; (4) professional development for TK teachers and site administrators on the principles and guidelines of developmentally appropriate TK instruction; and (5) career pathways and dual enrollment expansion efforts consistent with the Master Plan for Career Education.

- Charter School Accountability. The Proposed 2026-27 State Budget proposes new requirements for charter schools to ensure that public funds are properly utilized, address fraud and malfeasance, and improve accountability and oversight. It also provides for the use of verified data in the charter school renewal process until June 30, 2028.

- School Facilities. The recently approved Kindergarten through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024 (Proposition 2) authorizes a total of $8.5 billion in state General Obligation bonds for TK-12 schools to be allocated through the School Facility Program. These funds are allocated across several key areas: $4 billion for modernization projects, $3.3 billion for new construction, $600 million for charter schools, and $600 million for career technical education projects. The Proposed 2026-27 State Budget continues to allocate $1.5 billion Proposition 2 bond funds to support school construction projects in fiscal year 2026-27, similar to amounts allocated in prior years.

Additional budgeted programs and adjustments for K-12 education set forth in the Proposed 2026-27 State Budget include the following:

- Learning Recovery Emergency Block Grant. The Proposed 2026-27 State Budget provides $757.3 million in one-time Proposition 98 general fund resources to support the Learning Recovery Emergency Block Grant, which supports LEAs in establishing learning recovery initiatives through the 2027-28 school year. This investment is expected to be the final payment to this program, which has received multi-year investments totaling $7.2 billion in past budgets to support schools in learning recovery efforts related to the COVID-19 Pandemic.

- Home-to-School Transportation. The Proposed 2026-27 State Budget includes $322 million one-time and $239.2 million ongoing Proposition 98 general fund to reflect higher costs in the Home-to-School Transportation Program.

- Cost-of-Living Adjustments. The Proposed 2026-27 State Budget proposes $228.2 million ongoing Proposition 98 general fund resources to reflect a 2.41% COLA for specified categorical programs and the LCFF Equity Multiplier. The specified categorical programs include Special Education, Child Nutrition, State Preschool, Foster Youth Services Coordinating Program, Mandates Block Grant, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- Kitchen Infrastructure and Training. The Proposed 2026-27 State Budget proposes $100 million one-time Proposition 98 general fund for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.

- Reading Difficulties Risk Screening. The Proposed 2026-27 State Budget proposes $40 million one-time Proposition 98 general fund resources to support continued implementation of student reading difficulties screenings.

- L.A. County School Wildfire Recovery. The Proposed 2026-27 State Budget proposes $22.9 million one-time Proposition 98 general fund resources to support LEAs that are continuing to recover from the January 2025 Los Angeles County wildfires.

- Universal and Targeted Assistance. The Proposed 2026-27 State Budget proposes $13.3 million additional ongoing Proposition 98 general fund resources, for a total of $131.9 million, for county offices of education to provide universal and targeted support to school districts and charter schools, including those eligible for differentiated assistance.

- Fiscal Crisis and Management Assistance Team (FCMAT). The Proposed 2026-27 State Budget proposes $994,000 in additional ongoing Proposition 98 general fund resources to support increased FCMAT workload.

- California School Information System (CSIS). $966,000 in additional ongoing Proposition 98 general fund resources to support increased CSIS costs.

- Curriculum-Embedded Performance Tasks for Science. The Proposed 2026-27 State Budget proposes $890,000 ongoing Proposition 98 general fund resources to maintain performance task resources at the Los Angeles County Office of Education in support of inquiry-based science instruction and the state's Next Generation Science Standards.

- K-12 High Speed Network. The Proposed 2026-27 State Budget proposes $629,000 in additional ongoing Proposition 98 general fund resources to support the K-12 High Speed Network program.

- County Offices of Education LCFF. The Proposed 2026-27 State Budget proposes an ongoing decrease of $15.6 million Proposition 98 general fund resources to reflect ADA changes applicable to the county office of education LCFF, and a 2.41% COLA adjustment.

- School Nutrition Programs. The Proposed 2026-27 State Budget proposes an ongoing decrease of $67.9 million Proposition 98 general fund resources to support the Universal School Meals program, reflecting a reduction in fiscal year 2025-26 estimates compared to the 2025-26 State Budget projections and an increase in meal reimbursement rates.

- Local Property Tax Adjustments. The Proposed 2026-27 State Budget proposes a decrease of $18 million Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2025-26, and a decrease of $1.4 billion ongoing Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2026-27, resulting from increased offsetting property taxes.

May Revision to the Proposed 2026-27 State Budget. Governor Newsom announced his updates to the Proposed 2026-27 State Budget on May 14, 2026 (the "May Revision") which proposes revenue, spending, and reserve solutions to balance the budgets for fiscal year 2026-27 and fiscal year 2027-28, provide positive year-end balances over the next two fiscal years, and maintain substantial reserves in both years. The May Revision further reduces operating deficits projected in future years by more than half. The May Revision does not propose any significant new ongoing expenditures. Instead of committing to higher spending in fiscal year 2026-27, the May Revision provides for a transfer of $9.7 billion to the recently created Projected Surplus Temporary Holding Account to set aside funds in fiscal year 2026-27 to support fiscal year 2027-28. Established in 2024, the Projected Surplus Temporary Holding Account allows the State to set aside a portion of anticipated surplus funds for allocation in a subsequent fiscal year, helping protect against overcommitting projected resources before revenues are realized and expenditures are finalized.

The May Revision revenue forecast shows an increase of $16.5 billion in personal income tax, corporate tax and sales tax revenues from the estimates at the Proposed 2026-27 State Budget, driven primarily by personal income tax revenues associated with a spike in capital gains realizations reflected in higher cash receipts through April. General fund spending is estimated at $246.6 billion in fiscal year 2026-27, which is approximately $1.8 billion lower than estimated at the Proposed 2026-27 State Budget. To balance the budget over the next two fiscal years and reduce the State's structural deficit, the May Revision incorporates new revenue and spending solutions, including revenue solutions of $3.6 billion in fiscal year 2026-27 growing to $5.1 billion in fiscal year 2027-28, spending reductions and reforms of $411 million in fiscal year 2026-27, and general fund offsets of $390.7 million in fiscal year 2026-27. Major revenue proposals include permanently limiting business credit use to $5 million or 50% of tax liability, whichever is greater, taxation of digital prewritten software and software as a service, and a 2027 managed care organization tax. Major spending reductions and reforms include Medi-Cal asset test limits and increased monthly premiums for certain adults with unsatisfactory immigration status, and general fund offsets include use of the Behavioral Health Services Fund in lieu of general fund. The May Revision reflects a BSA deposit in fiscal year 2026-27 of approximately $3.6 billion and a minor true-up for fiscal year 2024-

25, and results in an operating reserve of $4.5 billion in fiscal year 2026-27 and $2.1 billion in fiscal year 2027-28.

The May Revision includes $91.3 billion general fund and $60.3 billion other funds for total funding of $151.6 billion for all TK-12 education programs. At the May Revision, the revised estimates of general fund revenues result in adjustments to the Proposition 98 guarantee to $124.9 billion in 2024-25, $125.1 billion in 2025-26, and $127.1 billion in fiscal year 2026-27. These revised Proposition 98 funding amounts represent an increase of approximately $28 billion over the three-year period relative to the 2025-26 State Budget, and an increase of approximately $6.4 billion from the Proposed 2026-27 State Budget. Much of the funding increase between the Proposed 2026-27 State Budget and May Revision is required to be deposited in the PSSSA and will not immediately be available to TK-12 schools and community colleges. In addition, the Proposition 98 formula requires an $8.3 billion maintenance factor payment in fiscal year 2024-25 above the Proposition 98 guarantee, which will fully retire the Proposition 98 maintenance factor balance. The May Revision also maintains a settle-up payment of $1.9 billion in fiscal year 2024-25 and a $3.9 billion settle-up amount in fiscal year 2025-26; which amounts may be statutorily required if revenues for fiscal year 2025-26 remain at current levels.

The Proposed 2026-27 State Budget projected a total balance of roughly $4.1 billion in the PSSSA, reflecting total mandatory deposits of $4.3 billion across fiscal years 2024-25 and 2025-26, a $240 million discretionary deposit in fiscal year 2025-26, and a $407.1 million mandatory withdrawal in fiscal year 2026-27. Adjustments in capital gains revenues at the May Revision are projected to eliminate the mandatory withdrawal in fiscal year 2026-27 and require mandatory deposits across the three-year budget window totaling $8.7 billion. To provide long-term budget stability, the May Revision proposes to increase the discretionary $240 million deposit to $1.6 billion, resulting in a final balance in the PSSSA of $10.3 billion. Notably, of the $6.4 billion in Proposition 98 funds across the three-year window from the Proposed 2026-27 State Budget to the May Revision, $4.6 billion is required to be allocated to the PSSSA. In addition to the BSA balance of $15.1 billion and the operating reserve in the Special Fund for Economic Uncertainties of $4.5 billion, these amounts bring combined reserves in fiscal year 2026-27 to roughly $29.9 billion.

The May Revision includes a statutory LCFF COLA of 2.87%, up from 2.41% at the Proposed 2026-27 State Budget. When combined with population growth adjustments, this will result in an increase of approximately $1.3 billion in discretionary funds for local educational agencies compared to the 2025-26 State Budget. Additionally, the May Revision includes $906.7 million to further increase funding for LCFF. This discretionary investment, commonly referred to as a "super COLA," results in a total cost-of-living adjustment of 4.3.

The May Revision maintains the $509 million discretionary increase for special education included in the Proposed 2026-27 State Budget and adds an additional ongoing special education base rate investment of $1.8 billion. In total, this represents a nearly $2.4 billion increase in special education funding, or 43% over the 2025-26 State Budget. The May Revision also increases the amount of one-time Proposition 98 general fund available for the Student Support and Professional Development Discretionary Block Grant from $2.8 billion at the Proposed 2026-27 State Budget to $5 billion. The May Revision adds a new benefit for K-14 employees of up to 14 weeks of paid pregnancy disability leave beginning in fiscal year 2026-27.

2026-27 State Budget. The 2026-27 State Budget was signed by Governor Newsom on June 29, 2026, however, as of the date hereof, the State Department of Finance has not yet released details of the 2026-27 State Budget. Information regarding State budgets is published at the State Department of Finance website at www.dof.ca.gov or www. ebudget.ca.gov when available.

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. See also "DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact" for a discussion of COVID-19 and its impact on the State economy.

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 XIIIA of the California Constitution

Article XIIIA of the State Constitution ("Article XIIIA") limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the County assessor. Article XIIIA 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 XIIIA 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 XIIIA 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 XIIIA 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 XIIIA 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 XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. 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 XIIIA.

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. The District is a basic aid district so any taxes lost through a reduction in assessed valuation will not 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 XIIIB of the California Constitution

Article XIIIB of the State Constitution ("Article XIIIB"), 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 XIIIB 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 XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB 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 XIIIB 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 XIIIB 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 XIIIC and Article XIIID 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 XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), 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 XIIIC 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 XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID 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 XIIIA 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 XIIIC 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 XIIID. 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 XIIIB 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 XIIIB 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 XIIIB 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 XIIIB 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 XIIIB 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 XIIIB 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 XIIIB 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 XIIIA 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 required 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 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% of General Fund expenditures and other financing uses. On June 30, 2026, the District had available reserves of $9,545,940 (unaudited), or 8.8% of General Fund expenditures and other financing uses. The District is unable to predict what the effect on its budget will be following implementation of these new rules. It is anticipated that if the cap is triggered, it will materially change the District's current policies on reserves.

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.

Community College Facilities. The 2024 State School Facilities Bond includes \$1.5 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment.

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 8, 2022, 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 the California Department of Education 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 XIIIA, Article XIIIB, Article XIIIC and Article XIIID 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.

THE DISTRICT

Introduction

The District covers an area of approximately 115 square miles and is located in the City of Soledad in California's Salinas Valley in Monterey County, approximately 25 miles southeast of the City of Salinas. The District consists of nine schools, comprised of five elementary schools providing kindergarten through sixth grade education services, one middle school providing seventh and eighth grade education services, one high school serving grades nine through twelve, one alternative school, and one preschool. The District's ADA at P-2 for fiscal year 2025-26 was approximately 4,353 students and the District has budgeted an ADA of approximately 4,265 students for fiscal year 2026-27. The District's total assessed valuation was $2,501,775,952 for fiscal year 2025-26. The District's audited financial statements for the fiscal year ended June 30, 2025, are attached hereto as APPENDIX B.

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 reports of the District may be obtained by contacting: Soledad Unified School District, 1261 Metz Road, Soledad, California 93960, Attention: Superintendent. The District may charge a small fee for copying, mailing and handling.

Board of Trustees

The District is governed by a Board of Trustees ("Board"), which consists of five members who are elected to overlapping four-year terms at elections held in staggered years. 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 following table.

SOLEDAD UNIFIED SCHOOL DISTRICT
Board of Trustees

Name	Office	Trustee Area[(1)]	Term Expires December
Ivan Ibarra Mora	President	1	2028
Christopher Bourke	Vice President	--	2026
Javier Galvan	Clerk	2	2028
Roberto Ocampo	Member	4	2028
Monica Pantoja	Member	--	2026

(1) Board Members Bourke and Pantoja were elected at large in November 2022, prior to the transition to by trustee areas. See, "—Transition to By Trustee Area," below.
Source*: The District.*

Transition to By-Trustee Area

On September 14, 2022, the District began its transition to by-trustee area elections with the Board's adoption of Resolution No. 9-03-22. The Board held two public hearings to gather input on the composition of potential trustee areas. In early January 2023, the District published draft trustee area maps on the District's website and presented them to the Board. Following the two statutorily required public hearings to receive community input on the proposed trustee-area maps, the Board selected a preferred map on February 23, 2024. On March 7, 2023, the County Committee on School District Organization approved the District's proposal to establish trustee areas, elect governing board members using trustee-area elections and establish a sequence of elections. The District's first by-trustee area election was held on November 5, 2024.

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The Superintendent of the District is responsible for administering the day-to-day affairs of the District in accordance with the policies of the Board. A brief biography of the Superintendent follows.

Key Personnel

The following is a listing of the key administrative personnel of the District and a brief biography of the Superintendent follows.

Name	Title
Deborah Gorgulho, Ed.D.	Superintendent
Raymond Fausel, Ed.D.	Assistant Superintendent of Educational Services
Rosa Zamudio	Chief Business Official

Deborah Gorgulho, Ed.D. – Superintendent. Dr. Deborah Gorgulho was appointed by the Governing Board to serve as Superintendent of the Soledad Unified School District, effective July 1, 2026. Dr. Gorgulho brings more than 30 years of experience in public education as a teacher, assistant principal, principal, district administrator, and county office executive. Most recently, she served as Assistant Superintendent of the Educational Progress Division for the Santa Clara County Office of Education, where she provided leadership for countywide educational initiatives, fiscal oversight, state and federal compliance, and support to 31 school districts. Prior to that, she served as Director of Educational Services–Secondary for Gilroy Unified School District and as principal at Ann Sobrato High School and Hollister High School. A bilingual educational leader fluent in English and Spanish, Dr. Gorgulho holds a Bachelor of Arts degree from the University of California, Santa Barbara, a Master of Arts degree from San José State University, and a Doctor of Education degree from Northcentral University. Throughout her career, she has been recognized for her leadership in educational services, equity, and student achievement.

Employees and Labor Relations

The District employs approximately 273 full-time equivalent certificated academic professionals as well as approximately 275 full-time equivalent classified employees.

The certificated employees of the District have assigned the Soledad Teacher's Association ("STA") as their exclusive bargaining agent and the contract between the District and STA expires on June 30, 2027. The District and STA agreed to an increase in compensation of 2.0%, retroactive to July 1, 2026 and an increase in stipend payments equivalent to 0.06%. This agreement was approved by the Board at the April 29, 2026 Board meeting.

The classified employees have assigned California School Employees Association, Chapter 457 ("CSEA") as their exclusive bargaining agent. The contract among the District and CSEA expires on June 30, 2025. The District and CSEA agreed to an increase in compensation of 2.0%, retroactive to July

1, 2026 and an increase in stipend payments equivalent to 0.06%. This agreement was approved by the Board at the June 10, 2026 Board meeting.

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 be construed as a representation by the District.

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 2026-27, the District is 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. The State also contributes to STRS, currently in an amount equal to 10.828% of teacher payroll for fiscal year 2026-27. 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 16.15% (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 $3,966,896 to STRS for fiscal year 2020-21, $4,409,892 for fiscal year 2021-22, $4,759,549 for fiscal year 2022-23, and $5,217,345 for fiscal year 2023-24 and $5,267,147 for fiscal year 2024-25. Such contributions were equal to 100% of the required contributions for the respective years. The District estimates a contribution to STRS of $7,927,203 for fiscal year 2025-26, and has budgeted a contribution of $8,388,612 for fiscal year 2026-27. 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 26.40% of eligible salary expenditures for fiscal year 2026-27, 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 13, 2026, the PERS Board adopted the fiscal year 2026-27 contribution rate for school districts of 26.40% and released its school employer projected contribution rates as follows:

Fiscal Year	Projected Employer Contribution Rates Schools Pool (PERS Actuarial Report)[1]
2027-28	26.80%
2028-29	25.90
2029-30	25.10
2030-31	24.00
2031-32	23.80

[1]As of June 30, 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 years ended June 30, 2023, June 30, 2024 and June 30, 2025 reported investment returns of 6.1%, 9.5% and 11.6%, respectively. Most recently, on July 12, 2026, PERS reported a preliminary investment return of 14.8% for the fiscal year ended June 30, 2026.

The District contributed $3,178,996 to PERS for fiscal year 2021-22, $3,663,213 for fiscal year 2022-23, $4,419,127 for fiscal year 2023-24, and $4,763,547 for fiscal year 2024-25 which amounts equaled 100% of required contributions to PERS. The District estimates a contribution to PERS of $4,927,688 for fiscal year 2025-26, and has budgeted a contribution of $5,157,416 for fiscal year 2026-27.

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
California Public Employees Retirement Fund (PERS)	$133,978	$ 93,187	$(40,791)
California State Teachers' Retirement Fund Defined Benefit Program (STRS)	380,507	321,910	(85,532)

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 No. 67 and No. 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 such 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, and 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. 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 PERS and STRS, as of June 30, 2025, are as shown in the following table.

Pension Plan	Proportionate Share of Net Pension Liability
PERS	$28,420,522
STRS	27,278,914
Total	$55,699,436

Source: The District.

For further information about the District's contributions to PERS and STRS, see Note 11 in the District's audited financial statements for fiscal year ended June 30, 2025 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 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.

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.*

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. As of June 30, 2025, 95 retirees and beneficiaries were receiving Health and Welfare Benefits and 490 employees were active plan members.

The following table shows the components of the District's annual Health and Welfare Benefits cost for the year, the amount actually contributed to fund Health and Welfare Benefits, and changes in the District's net Health and Welfare Benefits as of June 30, 2025.

Total Health & Welfare Benefits Liability	
Service Cost	$ 779,389
Interest	699,406
Difference between expected and actual experience	202,289
Changes of Assumptions	(713,030)
Benefits Payments	(740,011)
Net Change in OPEB Liability	228,043
Total OPEB Liability – beginning	19,040,974
Total OPEB liability – ending	$19,269,017

Source*: The District.*

Expenditures for Health & Welfare Benefits are recognized on a pay-as-you-go basis. As of June 30, 2025, the District had not set aside any amounts in an irrevocable trust in order to fund its Health & Welfare Benefits.

Expenditures for Health & Welfare Benefits are recognized each pay period at a rate that approximates the amount of premiums paid. The District has completed an actuarial study of its Health and Welfare Benefits based on an actuarial valuation of the health and welfare benefit plans of the District as of June 30, 2023. Based on that study, the District's total Health & Welfare Benefits liability as of June 30, 2025 was $19,269,017. For the measurement period of June 30, 2025, the District's Health & Welfare Benefits contributions totaled $740,011, all of which was used for current premiums.

For the year ending June 30, 2025, the District recognized Health & Welfare Benefits expense of $1,255,436. The District has estimated $864,193 in Health & Welfare Benefits expense for fiscal year 2025-26 and has budgeted Health & Welfare Benefits expense of $865,000 for fiscal year 2026-27.

Risk Management and Joint Powers Agencies

The District is exposed to various risks of loss related to tortious liability, theft, damage or destruction of assets, errors or omissions, employee injuries or natural disasters. The District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages 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.

The District participates in two joint powers agreements with the following entities: the Monterey and San Benito County Property and Liability JPA ("MSBCPL") and the Monterey Educational Risk Management Authority ("MERMA" and, together with MSBCPL, the "JPAs"). MSBCPL provides property and liability coverage, and MERMA is an insurance purchasing pool for workers' compensation insurance for its member school districts. The District pays a premium commensurate with the level of coverage requested.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards. The relationships between the District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes. See also APPENDIX B – "SOLEDAD UNIFIED SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2025 – Note 13" hereto.

District Debt Structure

Long-Term Debt. A schedule of the District's changes in long-term debt for the year ended June 30, 2025 is shown below:

SOLEDAD UNIFIED SCHOOL DISTRICT
Outstanding Long-Term Debt

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
General Obligation Bonds	$ 66,510,000	$18,090,000	$15,440,000	$69,160,000	$1,925,000
Unamortized premium	3,299,644	2,648,994	189,097	5,759,541	354,000
Total General Obligation Bonds	69,809,644	20,738,994	15,629,097	74,919,541	2,279,660
Certificates of participation	1,772,385	--	331,763	1,440,622	343,933
Leases Payable	517,518	--	115,004	402,514	115,004
Financed Purchases	387,988	--	93,494	294,494	107,573
CEC energy loans	3,042,090	--	286,116	2,755,974	286,116
Compensated absences	4,872,328	--	650,671	4,221,657	1,075,612
Total OPEB liability	19,040,974	228,043	--	19,269,017	--
Net pension liability	60,979,101	--	5,279,665	55,699,436	--
Total Long-Term liabilities	$160,422,028	$20,967,037	$22,385,810	$159,003,255	$4,207,898

Source*: The District.*

General Obligation Bonds. Pursuant to an election of the qualified voters within the District on November 6, 2012, the District received authorization to issue $40,000,000 aggregate principal amount of general obligation bonds (the "2012 Authorization"). Pursuant to the 2012 Authorization, on June 6, 2013, the District issued $5,000,000 in principal amount of its Series A Bonds; on August 13, 2014, the District issued its $22,000,000 in principal amount of its Series B Bonds; on November 10, 2016, the District issued $9,865,000 in principal amount of its Series C Bonds; and on April 27, 2017, the District issued $3,135,000 in principal amount of its Series D Bonds. No further general obligation bonds remain for issuance under the 2012 Authorization. On August 1, 2024, the District issued $11,840,000 in principal amount of its 2024 General Obligation Refunding Bonds to refund a portion of the Series B Bonds. The District intends to apply the proceeds of the sale of the Refunding Bonds to refund all or a portion of the outstanding Series A

Bonds, Series B Bonds, Series C Bonds, and Series D Bonds, as described herein. See "PLAN OF FINANCE – The Refunding."

On June 5, 2018, the District received authorization to issue $25,210,000 aggregate principal amount of general obligation bonds pursuant to an election of the registered voters within the District (the "2018 Authorization"). On December 19, 2018, the District issued its $15,496,098.60 General Obligation Bond Anticipation Notes (the "2018 Notes"). The 2018 Notes were payable from the future sale of general obligation bonds issued pursuant to the Authorization. On June 24, 2021, the District issued its $18,210,000 General Obligation Bonds, 2018 Election, 2021 Series A which, *inter alia*, paid the 2018 Notes at maturity. On April 27, 2023, the District issued its $7,000,000 General Obligation Bonds, 2018 Election, 2023 Series B. No further general obligation bonds remain for issuance under the 2018 Authorization.

Pursuant to an election of the qualified voters within the District on November 3, 2020, the District received authorization to issue $13,750,000 aggregate principal amount of general obligation bonds (the "2020 Authorization"). On March 17, 2021, the District issued its $2,000,000 General Obligation Bonds, Election of 2020, Series A and on September 30, 2021, the District issued its $5,500,000 General Obligation Bonds, Election of 2020, Series B. On August 1, 2024, the District issued its $6,250,000 General Obligation Bonds, Election of 2020, Series C. No general obligation bonds remain for issuance under the 2020 Authorization.

Pursuant to the 2024 Authorization, on July 23, 2025, the District issued its $5,000,000 General Obligation Bonds, 2024 Election, 2025 Series A. The Bonds are the second series of general obligation bonds to be issued under the Authorization subsequent to which $19,000,000* aggregate principal amount of general obligation bonds will remain for issuance under the Authorization.

Certificates of Participation. The District caused the execution and delivery of its $5,765,000 Certificates of Participation (2005 Financing Project) (the "2005 Certificates") in order to finance completion of an elementary school and refinance certain outstanding certificates of participation of the District. In 2015, the District executed and delivered its $4,343,692 Refunding Certificates of Participation (the "Refunding Certificates") to refund the 2005 Certificates. As of June 30, 2025, the Refunding Certificates were outstanding in the principal amount of $1,440,622.

On July 23, 2025, the District executed and delivered its $3,750,000 Certificates of Participation (the "2025 Certificates") in order to finance workforce housing for its eligible teachers and staff. As of the date of this Official Statement, the 2025 Certificates are outstanding in the principal amount of $3,750,000.

Short-Term Debt. As of June 30, 2025, the District did not have any short-term debt outstanding. The District did not issue any short term debt in fiscal year 2025-26 and does not expect to issue any tax and revenue anticipation notes or other short-term debt in fiscal year 2026-27.

Capital Leases. The District has entered into lease agreements to finance a District-wide solar project. The District's minimum lease payments under its capital leases are as follows:

Year Ended June 30	Principal	Interest	Total
2026	$107,573	$ 6,677	$114,250
2027	121,954	3,918	125,872
2028	64,967	806	65,773
Total	$294,494	$11,401	$305,895

Source*: The District.*

* Preliminary; subject to change.

Loans. The District has entered into two loans with the California Energy Commission for completing energy efficiency construction projects. The loans mature through June 2037 and do not bear interest. As of June 30, 2025, the outstanding principal amount of the combined loans is $2,755,974

See "DEBT SERVICE SCHEDULES" hereto for the debt service payments to be made on all of the District's outstanding general obligation bonds.

Charter Schools

The State Legislature enacted the Charter Schools Act of 1992 (State Education Code Sections 47600-47663) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, the State's charter school law states that local boards are the primary charter-approving agency and that county boards of education can approve a denied charter. State education standards apply, and charter schools are required to use the same student assessment instruments. Charter schools are exempt from state and local education rules and regulations, except as specified in the legislation.

The District has certain fiscal oversight and other responsibilities with respect to any independent and District-operated charter schools established within its boundaries. However, any independent charter schools would receive funding directly from the State, and such funding would not be reported in the District's audited financial statements. Any District-operated charter schools would receive funding through the District, and such funding would be reflected in the District's audited financial statements. Currently, there are no independent or District-operated charter schools established 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 such charter schools, and the corresponding financial impact on the District.

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 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 is not aware of any major cybersecurity attack or breach of its systems during the last five years. 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.

MONTEREY COUNTY POOLED INVESTMENT FUND

The following information, and the information contained in APPENDIX E hereto, concerning the Monterey 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, with limited exception, the District is required to pay all monies received from any source into the Monterey County Treasury to be held on behalf of the District. The 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 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 ("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.

Neither the District nor the Underwriter has made an independent investigation of the investments in the Pooled Investment Fund and has made no assessment of the current Investment Policy. The value of the various investments in the Pooled Investment Fund 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 and approval by the Board may change the Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pooled Investment Fund will not vary significantly from the values described therein.

The County's current Investment Policy and a copy of the Pooled Investment Compliance Report for the month ended April 30, 2026 are attached hereto as APPENDIX E.

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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 nine (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 2025-26 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 filed its annual report filings late for fiscal years 2019-20 and 2020-21, however, such filings have since been corrected. Although the District timely filed its fiscal year 2021-22 audit, the filing included a link to an external website and was not incorporated by specific reference in the manner permitted under the Rule which allows for incorporation by reference only if the documents are available on EMMA or filed with the SEC, accompanied by clear identifying language. The District has since uploaded a PDF of the fiscal year 2021-22 audit. The District's fiscal year 2023-24 audit report, fiscal year 2024-25 budget, fiscal year 2024-25 first interim report, and fiscal year 2024-25 second interim report were timely filed and were recently connected to the CUSIPs for the 2024 Refunding Bonds.

The District has engaged Dale Scott & Co., Inc. 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, forms of which are attached hereto as APPENDIX A. Dannis Woliver Kelley, Long Beach, California is also acting as Disclosure Counsel to the District. Norton Rose Fulbright US 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 Treasury Pool

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 Resolutions and the provisions of the Government Code 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 Pooled Investment Fund, as described in APPENDIX E – "MONTEREY 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 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 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 Senate Bill 222 ("SB 222"), applicable to general obligations bonds issued after its effective date on January 1, 2017, 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 forms 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 Resolutions 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.

Forms of Bond Counsel Opinion. The forms of the proposed opinions of Bond Counsel relating to the Bonds are 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 Government Code, the Bonds are eligible to secure deposits of public moneys in California.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its municipal bond rating of "A+" to the Bonds. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained as follows: S&P at 55 Water Street, New York, New York 10041, tel. (212) 438-7280. 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 any 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.

VERIFICATION

The sufficiency of amounts on deposit in the Escrow Fund to pay interest on and the redemption price of the Refunded Bonds will be verified by Causey Public Finance, LLC, certified public accountants (the "Verification Agent"). The Verification Agent will deliver a report to that effect on the date of delivery of the Refunding Bonds.

UNDERWRITING

Raymond James & Associates, Inc. (the "Underwriter") has agreed to purchase the Series B Bonds pursuant to the terms of a bond purchase agreement by and between the District and the Underwriter ("Series B Purchase Agreement") at the purchase price of $_________ (reflecting the principal amount of the Series B 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 Underwriter has agreed to purchase the Refunding Bonds pursuant to the terms of a bond purchase agreement by and between the District and the Underwriter ("Refunding Purchase Agreement" and, together with the Series B Purchase Agreement, the "Purchase Agreements") at the purchase price of $_________ (reflecting the principal amount of the Refunding 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 Agreements provide that the Underwriter will purchase all of the Bonds, subject to certain terms and conditions set forth in the Purchase Agreements, 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 pages. The offering prices may be changed from time to time by the Underwriter.

NO MATERIAL LITIGATION

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

Absence of Material Litigation. The District is subject to lawsuits and claims that arise in the regular course of operating as a public school district. In the opinion of the District, the aggregate amount of uninsured liabilities of the District under existing lawsuits and claims will not materially affect the financial position or operations of the District. The District has a risk management program pursuant to which it obtains insurance policies to minimize its potential exposures and liabilities. Pursuant to Assembly Bill 218 ("AB 218"), which became effective on January 1, 2020, certain changes have been made to the claim prerequisites, available damages and the applicable statute of limitations periods for claims of childhood sexual assault, including claims against public entities like the District. The District has no active claims under AB 218.

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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 to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolutions are available upon request from the Soledad Unified School District, 1261 Metz Road, Soledad, California 93960.

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

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

SOLEDAD UNIFIED SCHOOL DISTRICT

By: ____
Superintendent

APPENDIX A

FORMS OF BOND COUNSEL OPINION

__________, 2026

Board of Trustees
Soledad Unified School District

Soledad, California

Re: $_________ Soledad Unified School District (Monterey County, California) General Obligation Bonds, 2024 Election, 2026 Series B

Members of the Board:

We have acted as bond counsel for the Soledad Unified School District (Monterey County, California) (the "District"), in connection with the issuance by the District of $_________ aggregate principal amount of the District's General Obligation Bonds, 2024 Election, 2026 Series B (the "Series B Bonds"). The Series B 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 April 15, 2026 (the "Series B 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 Series B 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 of Monterey 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 Series B 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 Series B 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 Series B 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 Series B 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 Series B Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series B 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 Series B Bonds constitute valid and binding general obligations of the District.

2. The Series B 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 Series B 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 Series B Bonds is exempt from personal income taxes of the State of California.

Bondholders should note that interest on the Series B 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 Series B 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 Series B 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 Series B 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

__________, 2026

Board of Trustees
Soledad Unified School District

Soledad, California

Re: $_________ Soledad Unified School District (Monterey County, California)
2026 General Obligation Refunding Bonds

Members of the Board:

We have acted as bond counsel for the Soledad Unified School District (Monterey County, California) (the "District"), in connection with the issuance by the District of $_________ aggregate principal amount of the District's 2026 General Obligation Refunding Bonds (the "Refunding Bonds"). The Refunding Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53550), and that certain resolution adopted by the Board of Trustees of the District on April 15, 2026 (the "Refunding 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 Refunding 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 of Monterey 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 Refunding 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 Refunding 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 Refunding 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 Refunding 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 Refunding Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Refunding 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 Refunding Bonds constitute valid and binding general obligations of the District.

2. The Refunding 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 Refunding 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 Refunding Bonds is exempt from personal income taxes of the State of California.

Bondholders should note that interest on the Refunding 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 Refunding 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 Refunding 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 Refunding 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

SOLEDAD UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2025

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SOLEDAD UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2025

SOLEDAD UNIFIED SCHOOL DISTRICT
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JUNE 30, 2025

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Governing Board
Soledad Unified School District
Soledad, 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 Soledad Unified School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Soledad Unified 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 Soledad Unified School District, as of June 30, 2025, 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 Soledad Unified 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, the Soledad Unified School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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.

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Responsibilities of Management for the Financial Statements

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 Soledad Unified 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 Soledad Unified 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 Soledad Unified 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 total 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 Soledad Unified 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 February 20, 2026 on our consideration of the Soledad Unified 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 Soledad Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Soledad Unified School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
February 20, 2026

SOLEDAD UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

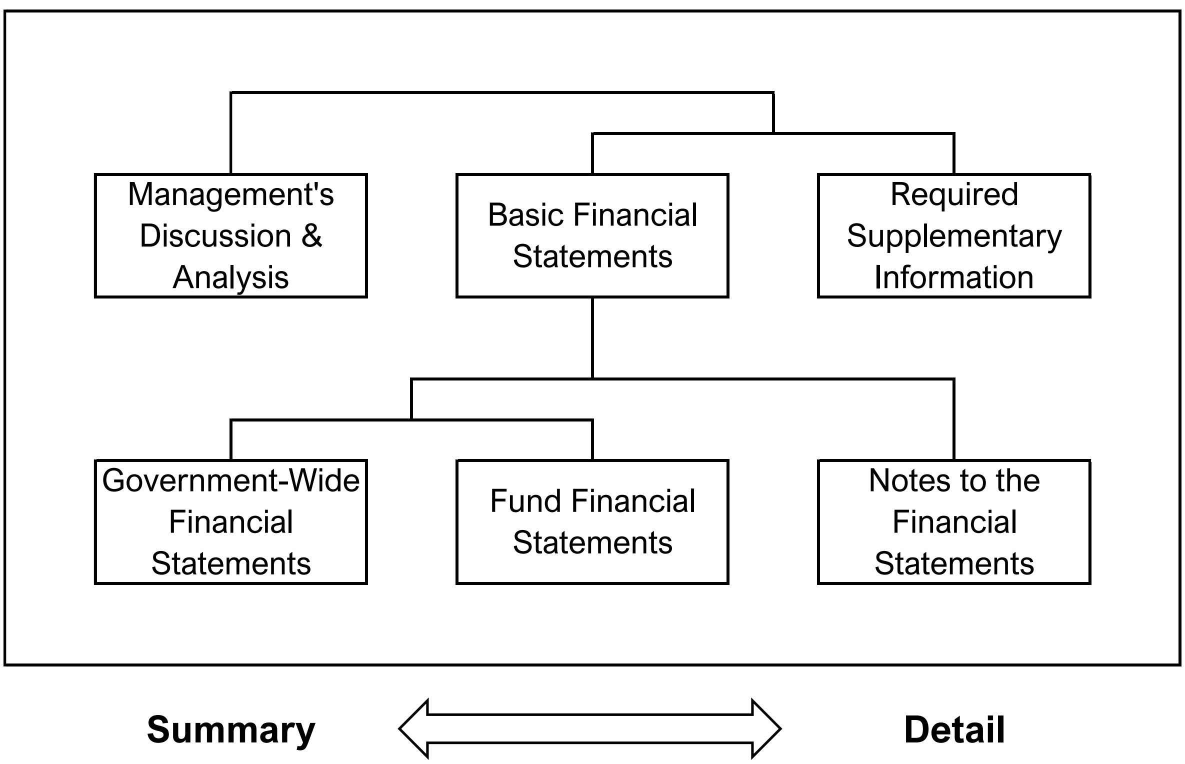
Our discussion and analysis of Soledad Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was $20,016,945 at June 30, 2025. This was an increase of $9,932,588 from the prior year, after restatement.
- Overall revenues were $113,086,227, which exceeded expenses of $103,153,639.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



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.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was $20,016,945 at June 30, 2025, as reflected in the table below. Of this amount, $(47,451,549) 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		
	2025	2024	Net Change
ASSETS			
Current and other assets	$ 83,545,294	$ 80,147,674	$ 3,397,620
Capital assets	95,013,757	92,749,247	2,264,510
Total Assets	178,559,051	172,896,921	5,662,130
DEFERRED OUTFLOWS OF RESOURCES	24,327,769	26,326,533	(1,998,764)
LIABILITIES			
Current liabilities	15,977,468	21,285,343	(5,307,875)
Long-term liabilities	154,795,357	152,742,656	2,052,701
Total Liabilities	170,772,825	174,027,999	(3,255,174)
DEFERRED INFLOWS OF RESOURCES	12,097,050	10,271,593	1,825,457
NET POSITION			
Net investment in capital assets	29,766,465	28,968,291	798,174
Restricted	37,702,029	32,949,182	4,752,847
Unrestricted	(47,451,549)	(46,993,611)	(457,938)
Total Net Position	$ 20,016,945	$ 14,923,862	$ 5,093,083

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		
	2025	**2024**	**Net Change**
REVENUES			
Program revenues			
Charges for services	$ 82,290	$ 397,833	$ (315,543)
Operating grants and contributions	31,469,796	30,909,491	560,305
General revenues			
Property taxes	18,065,572	15,150,300	2,915,272
Unrestricted federal and state aid	60,173,181	61,055,119	(881,938)
Other	3,295,388	3,074,599	220,789
Total Revenues	113,086,227	110,587,342	2,498,885
EXPENSES			
Instruction	47,584,549	51,839,544	(4,254,995)
Instruction-related services	12,601,423	10,770,803	1,830,620
Pupil services	15,464,353	15,434,064	30,289
General administration	6,732,050	7,296,068	(564,018)
Plant services	8,712,630	9,554,589	(841,959)
Ancillary and community services	2,216,865	1,393,756	823,109
Debt service	3,046,907	2,417,057	629,850
Other outgo	1,851,552	1,832,127	19,425
Depreciation and amortization	4,943,310	4,649,688	293,622
Total Expenses	103,153,639	105,187,696	(2,034,057)
Change in net position	9,932,588	5,399,646	4,532,942
Net Position - Beginning, as Restated*	10,084,357	9,524,216	560,141
Net Position - Ending	$ 20,016,945	$ 14,923,862	$ 5,093,083

* *Beginning net position was restated for the 2025 year only.*

The cost of all our governmental activities this year was $103,153,639. The amount that our taxpayers ultimately financed for these activities through taxes was only $18,065,572 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

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	
	2025	**2024**
Instruction	$ 33,206,470	$ 35,606,442
Instruction-related services	11,417,522	8,688,790
Pupil services	8,187,182	7,331,943
General administration	5,316,609	5,905,624
Plant services	8,560,435	8,960,693
Ancillary and community services	(3,910,061)	(883,803)
Debt service	3,046,907	2,417,057
Transfers to other agencies	833,179	1,203,938
Depreciation and amortization	4,713,302	4,649,688
Total	$ 71,371,545	$ 73,880,372

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 $73,135,518, which is more than this year's restated beginning fund balance of $62,199,618. The District's General Fund had $4,687,222 more in operating revenues than expenditures for the year ended June 30, 2025. Additionally, the District's Building Fund had $3,064,263 less in operating revenues than expenditures, combined with net financing sources of $6,398,965, resulting in a net increase in fund balance of $3,334,702 for the year ended June 30, 2025.

CURRENT YEAR BUDGET 2024-2025

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.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2024-2025 the District had invested $95,013,757 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2025	2024, as Restated	Net Change
CAPITAL ASSETS			
Land	$ 8,224,471	$ 8,224,471	$ -
Construction in progress	3,916,642	4,775,445	(858,803)
Land improvements	14,932,825	13,830,851	1,101,974
Buildings & improvements	129,023,662	124,933,339	4,090,323
Furniture & equipment	7,366,399	5,009,591	2,356,808
Less: accumulated depreciation	(68,852,756)	(64,024,450)	(4,828,306)
Lease assets - furniture & equipment	575,020	575,020	-
Less: Accumulated amortization	(172,506)	(57,502)	(115,004)
Total	$ 95,013,757	$ 93,266,765	$ 1,746,992

Long-Term Liabilities

At year-end, the District had $154,795,357 in long-term liabilities. This was a decrease of 2.09% from the prior year, after restatement, as summarized in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2025	2024, as Restated	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$ 74,919,541	$ 69,809,644	$ 5,109,897
Total certificates of participation	1,440,622	1,772,385	(331,763)
Leases payable	402,514	517,518	(115,004)
Financed purchases	294,494	387,988	(93,494)
CEC energy loans	2,755,974	3,042,090	(286,116)
Compensated absences	4,221,657	4,872,328	(650,671)
Total OPEB liability	19,269,017	19,040,974	228,043
Net pension liability	55,699,436	60,979,101	(5,279,665)
Less: current portion of long-term liabilities	(4,207,898)	(2,325,470)	(1,882,428)
Total	$ 154,795,357	$ 158,096,558	$ (3,301,201)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Several economic and fiscal factors could influence the District's financial condition in the coming year, including continued enrollment declines, uncertain federal and state revenues, high pension obligations, and a cooling California economy.

Long-Term Declining Enrollment

California's K–12 system continues to experience enrollment decline. Statewide enrollment fell another 0.5% in 2024–25 to about 5.8 million students, roughly 420,000 fewer than a decade ago. The Department of Finance projects an additional 586,000-student decline by 2033–34. Lower birth rates, high housing costs, and out-migration are key drivers, along with growing competition from charter and private schools. Because many costs—such as staffing and facilities—cannot easily adjust, revenue loss from declining Average Daily Attendance (ADA) creates structural fiscal challenges that require multi-year planning.

Revenue Uncertainties

- **Status of Proposition 98:** The 2025–26 State Budget sets the Proposition 98 guarantee at $114.6 billion, slightly below earlier projections. To maintain K–12 funding commitments amid weaker tax receipts, the State relied on reserve drawdowns, internal borrowing, and limited deferrals. The outlook remains fragile since Proposition 98 revenues are highly sensitive to income-tax and capital-gains fluctuations. A market slowdown could trigger future adjustments. The Legislative Analyst's Office urges districts to budget cautiously and preserve flexibility given ongoing volatility.

- **Federal Funding Uncertainties:** Federal funding for K–12 education remains uncertain heading into 2025–26. Several large federal programs—including Title I, Title II, IDEA, and after-school and enrichment grants—face potential reductions or delays under current federal budget proposals and continuing appropriations negotiations. The U.S. Department of Education has also paused or delayed disbursement of certain previously approved formula and competitive grants, creating short-term cash-flow and planning challenges for districts. Analyses by nonpartisan agencies such as the Congressional Budget Office and the Learning Policy Institute note that up to $5–6 billion in K-12 formula funds nationwide remain at risk of reduction or deferral if congressional appropriations are not finalized. While districts are expected to continue receiving baseline allocations during temporary funding resolutions, long-term federal support levels for education could decline modestly in real terms, requiring districts to plan for possible funding interruptions or reductions in future years.

Pension Liabilities and Employer Rates

The District participates in CalSTRS and CalPERS, both of which remain underfunded and continue to exert upward pressure on budgets. For 2025–26, the CalSTRS employer rate is 19.10%, and the CalPERS Schools Pool rate is 26.81%. These elevated rates—well above pre-2014 levels—will likely persist through the decade as both systems address unfunded liabilities. Districts must continue to account for escalating pension costs in long-range projections.

Economic and Market Conditions

California's economy has cooled following its post-pandemic rebound. High interest rates, weaker venture investment, and commercial-real-estate softness have slowed growth, especially in tech-dependent regions. The UCLA Anderson Forecast (Fall 2025) expects subdued growth into 2026, with unemployment near 5%. Inflation has eased, but interest-rate uncertainty continues to constrain housing and business investment.

Because the State's tax base depends heavily on capital-gains income, stock-market volatility remains a major risk to General Fund and Proposition 98 revenues. Fiscal advisors therefore recommend that districts maintain prudent reserves and avoid long-term commitments based on one-time revenue gains.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Summary

Declining enrollment, volatile revenues, persistent pension costs, and broader economic uncertainty all contribute to a challenging fiscal environment for California school districts. The District's 2025–26 budget reflects these conditions through conservative revenue assumptions, strong reserves, and continued monitoring of State fiscal trends.

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 the District's business office at (831) 678-3950.

SOLEDAD UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 72,696,321
Accounts receivable	10,843,380
Inventory	5,593
Capital assets:	
Capital assets, not depreciated	12,141,113
Capital assets, net of accumulated depreciation	82,470,130
Lease assets, net of accumulated amortization	402,514
Total Assets	178,559,051
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	19,987,875
Deferred outflows related to OPEB	4,339,894
Total Deferred Outflows of Resources	24,327,769
LIABILITIES	
Accrued liabilities	11,215,472
Unearned revenue	554,098
Long-term liabilities, current portion	4,207,898
Long-term liabilities, non-current portion	154,795,357
Total Liabilities	170,772,825
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	6,508,228
Deferred inflows related to OPEB	5,588,822
Total Deferred Inflows of Resources	12,097,050
NET POSITION	
Net investment in capital assets	29,766,465
Restricted:	
Capital projects	2,026,085
Debt service	3,266,766
Educational programs	26,715,852
Food service	5,458,374
Associated student body	234,952
Unrestricted	(47,451,549)
Total Net Position	$ 20,016,945

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

SOLEDAD UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	$ 47,584,549	$ 45,253	$ 14,332,826	$ (33,206,470)
Instruction-related services				
Instructional supervision and administration	4,982,226	4,558	845,343	(4,132,325)
Instructional library, media, and technology	1,858,492	-	53,985	(1,804,507)
School site administration	5,760,705	21	279,994	(5,480,690)
Pupil services				
Home-to-school transportation	1,849,536	1,025	66,844	(1,781,667)
Food services	4,554,737	8,155	5,790,796	1,244,214
All other pupil services	9,060,080	187	1,410,164	(7,649,729)
General administration				
Centralized data processing	576,161	-	631,598	55,437
All other general administration	6,155,889	327	783,516	(5,372,046)
Plant services	8,712,630	972	151,223	(8,560,435)
Ancillary services	1,038,644	26	536,426	(502,192)
Community services	1,178,221	-	5,590,474	4,412,253
Interest on long-term debt	3,046,907	-	-	(3,046,907)
Other outgo	1,851,552	21,766	996,607	(833,179)
Depreciation (unallocated)	4,828,306	-	-	(4,828,306)
Amortization (unallocated)	115,004	-	-	(115,004)
Total Governmental Activities	$ 103,153,639	$ 82,290	$ 31,469,796	(71,601,553)
	General revenues			
	Taxes and subventions			
	Property taxes, levied for general purposes			12,213,347
	Property taxes, levied for debt service			5,715,044
	Property taxes, levied for other specific purposes			137,181
	Federal and state aid not restricted for specific purposes			60,173,181
	Interest and investment earnings			2,295,026
	Miscellaneous			1,000,362
	Subtotal, General Revenue			81,534,141
	CHANGE IN NET POSITION			9,932,588
	Net Position - Beginning, as Restated			10,084,357
	Net Position - Ending			$ 20,016,945

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

SOLEDAD UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 45,424,421	$ 14,397,944	$ 12,873,956	$ 72,696,321
Accounts receivable	9,837,836	-	1,005,544	10,843,380
Due from other funds	147,783	297,929	-	445,712
Stores inventory	-	-	5,593	5,593
Total Assets	$ 55,410,040	$ 14,695,873	$ 13,885,093	$ 83,991,006
LIABILITIES				
Accrued liabilities	$ 9,584,209	$ 130,020	$ 141,449	$ 9,855,678
Due to other funds	272,334	-	173,378	445,712
Unearned revenue	510,981	-	43,117	554,098
Total Liabilities	10,367,524	130,020	357,944	10,855,488
FUND BALANCES				
Nonspendable	7,404	-	5,593	12,997
Restricted	25,861,045	14,565,853	13,200,778	53,627,676
Committed	2,100,000	-	-	2,100,000
Assigned	5,005,818	-	320,778	5,326,596
Unassigned	12,068,249	-	-	12,068,249
Total Fund Balances	45,042,516	14,565,853	13,527,149	73,135,518
Total Liabilities and Fund Balances	$ 55,410,040	$ 14,695,873	$ 13,885,093	$ 83,991,006

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

Total Fund Balance - Governmental Funds		$ 73,135,518
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, lease assets, accumulated depreciation and accumulated amortization:		
Capital assets	$ 163,463,999	
Lease assets	575,020	
Accumulated depreciation	(68,852,756)	
Accumulated amortization (lease assets)	(172,506)	95,013,757
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 unmatured interest owing at the end of the period was:		(1,359,794)
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	$ 74,919,541	
Total certificates of participation	1,440,622	
Leases payable	402,514	
Financed purchases	294,494	
CEC energy loans	2,755,974	
Compensated absences	4,221,657	
Total OPEB liability	19,269,017	
Net pension liability	55,699,436	(159,003,255)
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	$ 19,987,875	
Deferred inflows of resources related to pensions	(6,508,228)	13,479,647

(continued on the following page)

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	$ 4,339,894	
Deferred inflows of resources related to OPEB	(5,588,822)	(1,248,928)
Total Net Position - Governmental Activities		$ 20,016,945

SOLEDAD UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	$ 70,707,535	$ -	$ -	$ 70,707,535
Federal sources	4,110,887	-	4,079,011	8,189,898
Other state sources	18,439,812	-	4,129,162	22,568,974
Other local sources	7,835,875	607,018	6,899,921	15,342,814
Total Revenues	101,094,109	607,018	15,108,094	116,809,221
EXPENDITURES				
Current				
Instruction	49,992,915	-	1,451,858	51,444,773
Instruction-related services				
Instructional supervision and administration	5,137,708	-	178,340	5,316,048
Instructional library, media, and technology	1,898,092	-	-	1,898,092
School site administration	6,063,253	-	140,221	6,203,474
Pupil services				
Home-to-school transportation	2,021,248	-	-	2,021,248
Food services	383,632	-	4,235,241	4,618,873
All other pupil services	9,578,755	-	-	9,578,755
General administration				
Centralized data processing	1,199,052	-	-	1,199,052
All other general administration	6,050,518	-	243,408	6,293,926
Plant services	8,684,407	80,696	101,574	8,866,677
Facilities acquisition and construction	1,818,173	3,417,485	622,382	5,858,040
Ancillary services	567,315	-	518,602	1,085,917
Community services	1,218,363	-	-	1,218,363
Transfers to other agencies	1,678,452	-	-	1,678,452
Debt service				
Principal	115,004	-	2,776,373	2,891,377
Interest and other	-	173,100	2,939,287	3,112,387
Total Expenditures	96,406,887	3,671,281	13,207,286	113,285,454
Excess (Deficiency) of Revenues Over Expenditures	4,687,222	(3,064,263)	1,900,808	3,523,767
Other Financing Sources (Uses)				
Transfers in	-	148,965	-	148,965
Other sources	-	6,250,000	14,488,994	20,738,994
Transfers out	(136,167)	-	(12,798)	(148,965)
Other uses	-	-	(13,326,861)	(13,326,861)
Net Financing Sources (Uses)	(136,167)	6,398,965	1,149,335	7,412,133
NET CHANGE IN FUND BALANCE	4,551,055	3,334,702	3,050,143	10,935,900
Fund Balance - Beginning, as Restated	40,491,461	11,231,151	10,477,006	62,199,618
Fund Balance - Ending	$ 45,042,516	$ 14,565,853	$ 13,527,149	$ 73,135,518

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

SOLEDAD UNIFIED 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, 2025

Net Change in Fund Balances - Governmental Funds			$ 10,935,900
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, including lease assets, are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets, including lease assets, are allocated over their estimated useful lives as depreciation expense and amortization expense, respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:			
	Expenditures for capital outlay:	$ 6,690,302	
	Depreciation expense:	(4,828,306)	
	Amortization expense (lease assets):	(115,004)	1,746,992
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:			16,266,377
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:			(20,738,994)
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:			(344,856)
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:			650,671
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:			(454,616)

(continued on the following page)

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

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:		1,682,017
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:		189,097
Change in Net Position of Governmental Activities	$	9,932,588

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Soledad Unified 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 K-12 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.

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.

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).

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.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections* 52616[b] and 52501.5[a]).

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section* 8200 et seq.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section* 8328).

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).

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).

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

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.

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.

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)

Capital Assets (continued)
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:

Asset Class	Estimated Useful Life
Buildings	20 to 50 Years
Improvements/Infrastructure	5 to 50 Years
Equipment	2 to 15 Years

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

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.

Compensated Absences
In accordance with GASB Statement No. 101, *Compensated Absences*, accumulated unpaid employee vacation and sick leave benefits are accrued as a liability in the government-wide financial statements as the benefits are earned, provided they accumulate and are more likely than not to be used or paid. The measurement of this liability includes estimated salary amounts and the employer's share of related taxes and benefits, as applicable, that are directly related to these compensated absences.

For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. For accumulated sick leave benefits, a liability is recognized for the portion that employees have earned and that are more likely than not to be used or paid. The District's policy for sick leave recognition aligns with this criterion, accruing the liability based on historical usage patterns and other relevant factors.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Postemployment Benefits Other Than Pensions (OPEB)
For purposes of measuring the total 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 total 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.

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.

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
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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

I. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

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 implemented this Statement as of June 30, 2025

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 implemented this Statement as of June 30, 2025

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.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. 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	$ 71,492,175
Fair value adjustment	313,409
Cash on hand and in banks	883,333
Cash in revolving fund	7,404
Total	$ 72,696,321

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.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The Monterey 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.

NOTE 2 – CASH AND INVESTMENTS (continued)

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 $71,805,584. The average weighted maturity for this pool is 484 days.

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.

NOTE 2 – CASH AND INVESTMENTS (continued)

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, 2025, 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 Monterey 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, 2025 were as follows:

	Uncategorized
Investment in county treasury	$ 71,805,584
Total	$ 71,805,584

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025 consisted of the following:

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government			
Categorical aid	$ 1,441,787	$ 681,946	$ 2,123,733
State Government			
Apportionment	649,566	-	649,566
Categorical aid	7,595,932	323,598	7,919,530
Lottery	522	-	522
Local Government			
Other local sources	150,029	-	150,029
Total	$ 9,837,836	$ 1,005,544	$ 10,843,380

NOTE 4 – CAPITAL ASSETS

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

	Restated Balance July 01, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	$ 8,224,471	$ -	$ -	$ 8,224,471
Construction in progress	4,775,445	-	858,803	3,916,642
Total capital assets not being depreciated	12,999,916	-	858,803	12,141,113
Capital assets being depreciated				
Land improvements	13,830,851	1,101,974	-	14,932,825
Buildings & improvements	124,933,339	4,090,323	-	129,023,662
Furniture & equipment	5,009,591	2,356,808	-	7,366,399
Total capital assets being depreciated	143,773,781	7,549,105	-	151,322,886
Less: Accumulated depreciation				
Land improvements	12,256,782	81,048	-	12,337,830
Buildings & improvements	48,642,173	4,304,257	-	52,946,430
Furniture & equipment	3,125,495	443,001	-	3,568,496
Total accumulated depreciation	64,024,450	4,828,306	-	68,852,756
Total capital assets being depreciated, net	79,749,331	2,720,799	-	82,470,130
Lease assets being amortized				
Furniture & equipment	575,020	-	-	575,020
Total lease assets being amortized	575,020	-	-	575,020
Less: Accumulated amortization for lease assets				
Furniture & equipment	57,502	115,004	-	172,506
Total accumulated amortization for lease assets	57,502	115,004	-	172,506
Total lease assets being amortized, net	517,518	(115,004)	-	402,514
Governmental Activities Capital Assets, net	$ 93,266,765	$ 2,605,795	$ 858,803	$ 95,013,757

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2025 are summarized as follows:

	Due From Other Funds		
Due To Other Funds	General Fund	Building Fund	Total
General Fund	$ -	$ 272,334	$ 272,334
Non-Major Governmental Funds	147,783	25,595	173,378
Total	$ 147,783	$ 297,929	$ 445,712

Due from the General Fund to the Building Fund for expenditure reimbursement.	$ 272,334
Due from the Adult Education Fund to the General Fund for expenditure reimbursement.	7,401
Due from the Child Development Fund to the General Fund for expenditure reimbursement.	8
Due from the Cafeteria Fund to the General Fund for indirect costs.	140,374
Due from the Cafeteria Fund to the Building Fund for expenditure reimbursement.	11,302
Due from the County School Facilities Fund to the Building Fund for expenditure reimbursement.	13,115
Due from the Special Reserve Fund for Capital Outlay Projects to the Building Fund for expenditure reimbursement.	1,178
Total	$ 445,712

B. Operating Transfers

Interfund transfers for the year ended June 30, 2025 consisted of the following:

	Interfund Transfers In	
Interfund Transfers Out	Building Fund	Total
General Fund	$ 136,167	$ 136,167
Non-Major Governmental Funds	12,798	12,798
Total	$ 148,965	$ 148,965

Transfer from the General Fund to the Building Fund for expenditure reimbursement.	$ 136,167
Transfer from the Cafeteria Fund to the Building Fund for expenditure reimbursement.	5,651
Transfer from the County School Facilities Fund to the Building Fund for expenditure reimbursement.	6,558
Transfer from the Special Reserve Fund for Capital Outlay Project to the Building Fund for expenditure reimbursement.	589
Total	$ 148,965

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2025 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	$ 2,135,607	$ -	$ 37,285	$ -	$ 2,172,892
Construction	-	130,020	4,178	-	134,198
Vendors payable	7,448,602	-	99,986	-	7,548,588
Unmatured interest	-	-	-	1,359,794	1,359,794
Total	$ 9,584,209	$ 130,020	$ 141,449	$ 1,359,794	$ 11,215,472

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2025 consisted of the following:

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	$ 152,272	$ 37,234	$ 189,506
State categorical sources	358,709	5,883	364,592
Total	$ 510,981	$ 43,117	$ 554,098

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025 consisted of the following:

	Restated Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 66,510,000	$ 18,090,000	$ 15,440,000	$ 69,160,000	$ 1,925,000
Unamortized premium	3,299,644	2,648,994	189,097	5,759,541	354,660
Total general obligation bonds	69,809,644	20,738,994	15,629,097	74,919,541	2,279,660
Certificates of participation	1,772,385	-	331,763	1,440,622	343,933
Leases payable	517,518	-	115,004	402,514	115,004
Financed purchases	387,988	-	93,494	294,494	107,573
CEC energy loans	3,042,090	-	286,116	2,755,974	286,116
Compensated absences*	4,872,328	-	650,671	4,221,657	1,075,612
Total OPEB liability	19,040,974	228,043	-	19,269,017	-
Net pension liability	60,979,101	-	5,279,665	55,699,436	-
Total	$ 160,422,028	$ 20,967,037	$ 22,385,810	$ 159,003,255	$ 4,207,898

* The change in the compensated absences liability is presented as a net change.

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for certificates of participation are made in the Capital Facilities Fund.
- Payments for financed purchases are made in the Capital Facilities Fund.
- Payments for CEC energy loans are made in the General Fund and the Capital Facilities Fund.

A. General Obligation Bonds

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

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2024	Additions	Deductions	Bonds Outstanding June 30, 2025
2012 Series A	5/21/2013	8/1/2037	3.00% - 8.00%	$ 5,000,000	$ 3,480,000	$ -	$ 190,000	$ 3,290,000
2012 Series B	7/30/2014	8/1/2044	3.00% - 5.00%	22,000,000	20,635,000	-	13,700,000	6,935,000
2012 Series C	10/25/2016	8/1/2044	3.00% - 8.00%	9,865,000	9,475,000	-	135,000	9,340,000
2012 Series D	4/11/2017	8/1/2044	3.25% - 6.00%	3,135,000	3,000,000	-	35,000	2,965,000
2018 Series A	6/24/2021	8/1/2046	2.125% - 4.00%	18,210,000	16,805,000	-	-	16,805,000
2020 Series B	9/21/2021	8/1/2036	2.00% - 4.00%	5,500,000	5,475,000	-	-	5,475,000
2018 Series B	4/12/2023	8/1/2036	5.00%	7,000,000	7,000,000	-	740,000	6,260,000
2020 Series C	7/17/2024	8/1/2040	5.00%	6,250,000	-	6,250,000	-	6,250,000
2024 Refunding Bonds	7/17/2024	8/1/2040	5.00%	11,840,000	-	11,840,000	-	11,840,000
Subtotal - general obligation bonds					65,870,000	18,090,000	14,800,000	69,160,000
2020 Series A - Direct Placement	3/10/2021	2/1/2025	0.90%	2,000,000	640,000	-	640,000	-
Total					$ 66,510,000	$ 18,090,000	$ 15,440,000	$ 69,160,000

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds (continued)

The annual requirements to amortize the District's outstanding general obligation bonds at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 1,925,000	$ 2,681,369	$ 4,606,369
2027	2,110,000	2,583,654	4,693,654
2028	2,085,000	2,483,164	4,568,164
2029	2,165,000	2,381,564	4,546,564
2030	2,410,000	2,272,951	4,682,951
2031 - 2035	16,225,000	9,459,469	25,684,469
2036 - 2040	21,105,000	5,578,247	26,683,247
2041 - 2045	18,735,000	1,970,426	20,705,426
2046 - 2047	2,400,000	57,000	2,457,000
Total	$ 69,160,000	$ 29,467,844	$ 98,627,844

2024 General Obligation Refunding Bonds
On July 17, 2024, the District issued the 2024 General Obligation Refunding Bonds in the amount of $11,840,000. The net proceeds received for the bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the Election of 2012, Series B General Obligation Bonds that were partially refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. This refunding reduced total debt service payments by $1,293,163 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $804,687.

B. Certificates of Participation

In 2015, the District issued refunding certificates of participation in the amount of $4,343,692, to provide funds for the purpose of refunding previously issued certificates of participation. As of June 30, 2025, the principal balance outstanding was $1,440,622.

The annual requirements to amortize the District's outstanding certificates of participation at June 30, 2025 were as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 343,933	$ 44,660	$ 388,593
2027	355,808	33,998	389,806
2028	362,345	22,968	385,313
2029	378,536	11,734	390,270
Total	$ 1,440,622	$ 113,360	$ 1,553,982

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. Leases Payable

The District entered into various agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Year Ended June 30,	Lease Payment
2026	$ 122,088
2027	122,088
2028	122,088
2029	61,044
Total minimum lease payments	427,308
Less amount representing interest	(24,794)
Present value of minimum lease payments	$ 402,514

D. Financed Purchases

The District has entered into an agreement with Signature Public Financing to finance a district-wide solar project. The remaining payments on these agreements as of June 30, 2025, are scheduled as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 107,573	$ 6,677	$ 114,250
2027	121,954	3,918	125,872
2028	64,967	806	65,773
Total	$ 294,494	$ 11,401	$ 305,895

E. California Energy Commission (CEC) Energy Loans

The District has entered into two loans with the California Energy Commission for purposes of completing energy efficient construction projects. The loans mature through June 2037 and bear no interest. At June 30, 2025, the combined principal outstanding on these loans amounted to $3,042,090 The annual payments required to amortize the CEC Energy Loans outstanding as of June 30, 2025, are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 286,116	$ -	$ 286,116
2027	286,116	-	286,116
2028	286,116	-	286,116
2029	286,116	-	286,116
2030	286,116	-	286,116
2031 - 2035	1,140,264	-	1,140,264
2036 - 2037	185,130	-	185,130
Total	$ 2,755,974	$ -	$ 2,755,974

F. Compensated Absences

The restated beginning compensated absences balance was $4,872,328 and decreased by a net amount of $650,671 during the year ended June 30, 2025. The ending compensated absences at June 30, 2025 amounted to $4,221,657. This amount is included as part of long-term liabilities in the government-wide financial statements.

NOTE 8 – LONG-TERM LIABILITIES (continued)

G. Other Postemployment Benefits

The District's beginning total OPEB liability was $19,040,974 and increased by $228,043 during the year ended June 30, 2025. The ending total OPEB liability at June 30, 2025 was $19,269,017. See Note 10 for additional information regarding the total OPEB liability.

H. Net Pension Liability

The District's beginning net pension liability was $60,979,101 and decreased by $5,279,665 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was $55,699,436. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2025:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	$ 7,404	$ -	$ -	$ 7,404
Stores inventory	-	-	5,593	5,593
Total non-spendable	7,404	-	5,593	12,997
Restricted				
Educational programs	25,861,045	-	854,807	26,715,852
Food service	-	-	5,458,374	5,458,374
Associated student body	-	-	234,952	234,952
Capital projects	-	14,565,853	2,026,085	16,591,938
Debt service	-	-	4,626,560	4,626,560
Total restricted	25,861,045	14,565,853	13,200,778	53,627,676
Committed				
Other commitments	2,100,000	-	-	2,100,000
Total committed	2,100,000	-	-	2,100,000
Assigned				
LCAP carryover	1,627,110	-	-	1,627,110
Special reserve	1,477,217	-	-	1,477,217
Other assignments	1,901,491	-	320,778	2,222,269
Total assigned	5,005,818	-	320,778	5,326,596
Unassigned	12,068,249	-	-	12,068,249
Total	$ 45,042,516	$ 14,565,853	$ 13,527,149	$ 73,135,518

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.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Soledad Unified School District's defined benefit OPEB plan, Soledad Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

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

	Certificated	Classified	Management
Benefit types provided	Medical, dental and vision*	Medical, dental and vision	Medical, dental and vision*
Duration of Benefits	To age 79	To age 65**	To age 79
Required Service	15 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	No	No	No
District Contribution %	50%***	50%***	50%***
District Cap	Active	Active	Active

* Non-CSEA employees hired on or after 7/1/2016 are only eligible for the PEMHCA minimum.
** CSEA employees hired before 1/1/1999 are entitled to District-paid benefits to age 79.
*** Employees hired prior to 7/1/2007 receive up to 100% of cap (1/1/1999 for CSEA)

C. Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Soledad Teachers Association (STA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, STA, CSEA, and the unrepresented groups. For the measurement period, the District contributed $740,011 to the Plan, all of which was used for current premiums. There is no actuarially determined contribution, nor any contribution requirement established by statute or contract. The District's contribution is currently based on a projected pay as-you-go funding method, that is, benefits are payable when due.

D. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	95
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	490
Total number of participants**	585

*Information not provided
**As of the June 30, 2023 valuation date

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Total OPEB Liability

The Soledad Unified School District's total OPEB liability of $19,269,017 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2025, 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.

Economic assumptions:

Inflation	2.50%
Salary increases	2.75%
Discount rate	3.93%
Healthcare cost trend rate	4.00%

Non-economic assumptions:

Mortality:	
Certificated	2020 CalSTRS Mortality Table
Classified	2021 CalPERS Active Mortality for Miscellaneous Employees Table
Retirement rates:	
Certificated	2020 CalSTRS Retirement Rates Table
Classified	2021 CalPERS Retirement Rates for School Employees Table

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.

G. Changes in Total OPEB Liability

	June 30, 2025
Total OPEB Liability	
Service cost	$ 779,389
Interest on total OPEB liability	699,406
Difference between expected and actual experience	202,289
Changes of assumptions	(713,030)
Benefits payments	(740,011)
Net change in total OPEB liability	228,043
Total OPEB liability - beginning	19,040,974
Total OPEB liability - ending	$ 19,269,017

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

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

	1% Decrease (2.93%)	Valuation Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	$ 21,915,404	$ 19,269,017	$ 17,103,152

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

The following presents the total OPEB liability of the Soledad Unified School District, as well as what the District's total 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 (3.00%)	Healthcare Cost Trend Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	$ 16,385,887	$ 19,269,017	$ 22,858,290

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

For the year ended June 30, 2025, the Soledad Unified School District recognized OPEB expense of $1,255,436. At June 30, 2025, the Soledad Unified 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 expected and actual experience	$ 701,926	$ 1,113,872
Changes in assumptions	2,837,148	4,474,950
District contributions subsequent to the measurement date	800,820	-
Total	$ 4,339,894	$ 5,588,822

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

The $800,820 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2026. Other 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
2026	$ 334,299	$ 557,658
2027	334,299	557,658
2028	334,299	557,658
2029	334,299	557,658
2030	334,299	557,658
Thereafter	1,867,579	2,800,532
Total	$ 3,539,074	$ 5,588,822

NOTE 11 – 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	$ 27,278,914	$ 10,896,139	$ 5,571,419	$ 3,923,199
CalPERS Pension	28,420,522	9,091,736	936,809	4,425,478
Total	$ 55,699,436	$ 19,987,875	$ 6,508,228	$ 8,348,677

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 annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, , P.O. Box 15275, Sacramento, CA 95851-0275.

NOTE 11 – PENSION PLANS (continued)

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

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.

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 2025, 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 2025 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 $5,267,147 for the year ended June 30, 2025.

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 $2,527,183 to CalSTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2025, 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	$	27,278,914
State's proportionate share of the net pension liability associated with the District		12,515,852
Total	$	39,794,766

NOTE 11 – 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)

The net pension liability was measured as of June 30, 2024, 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, 2023 and rolling forward the total pension liability to June 30, 2024. 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, 2024, the District's proportion was 0.041 percent, which was unchanged from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $3,923,199. In addition, the District recognized pension expense and revenue of $(1,195,811) for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 110,069
Differences between expected and actual experience	3,085,596	1,192,891
Changes in assumptions	119,411	1,863,055
Changes in proportion and differences between District contributions and proportionate share of contributions	2,423,985	2,405,404
District contributions subsequent to the measurement date	5,267,147	-
Total	$ 10,896,139	$ 5,571,419

The $5,267,147 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 1,536,885	$ 3,027,243
2027	1,268,882	(1,112,744)
2028	1,032,870	1,215,364
2029	1,032,867	1,080,699
2030	580,809	1,049,332
2031	176,679	311,525
Total	$ 5,628,992	$ 5,571,419

NOTE 11 – 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, 2023, and rolling forward the total pension liability to June 30, 2024 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 Growth	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-2021 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022.

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 2024 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, 2024, 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%
	100%	

* Real return is net of assumed 2.75% inflation.

NOTE 11 – 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	$ 48,520,263	$ 27,278,914	$ 9,541,507

Pension Plan Fiduciary Net Position

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

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 annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q 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.

NOTE 11 – PENSION PLANS (continued)

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

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 2025 was 27.05% of annual payroll. Contributions to the plan from the District were $4,763,547 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of $28,420,522 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 and rolling forward the total pension liability to June 30, 2024. 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, 2024, the District's proportion was 0.080 percent, which was a decrease of 0.003 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $4,425,478. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 1,103,973	$ -
Differences between expected and actual experience	2,382,645	203,405
Changes in assumptions	628,189	-
Changes in proportion and differences between District contributions and proportionate share of contributions	213,382	733,404
District contributions subsequent to the measurement date	4,763,547	-
Total	$ 9,091,736	$ 936,809

NOTE 11 – PENSION PLANS (continued)

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

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

The $4,763,547 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 1,794,776	$ 668,037
2027	2,604,740	268,772
2028	277,987	-
2029	(349,314)	-
Total	$ 4,328,189	$ 936,809

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 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, 2023, 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.

NOTE 11 – 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)%
	100.0%	

*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	$ 42,218,922	$ 28,420,522	$ 17,021,945

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

NOTE 12 – 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, 2025.

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, 2025.

C. Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of $14,196,681.

NOTE 13 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the year ended June 30, 2025, the District contracted with Monterey and San Benito County Property and Liability JPA for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For the year ended June 30, 2025, the District participated in the Monterey Educational Risk Management Authority (MERMA), an insurance purchasing pool. The intent of MERMA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in MERMA. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in MERMA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of MERMA. Participation in MERMA is limited to districts that can meet MERMA selection criteria.

NOTE 13 – RISK MANAGEMENT (continued)

Employee Medical Benefits

The District has contracted with CalPERS to provide health and welfare coverage to the District's administrative classified and certificated employees. Premiums are paid to CalPERS for coverage. Additionally, the District is a member of California Valued Trust (CVT) for its CSEA classified members for Health and Welfare coverage. The District has also contracted with the Alameda County Schools Insurance Group (ACSIA) to provide employee dental and vision coverage. ACSIA and CVT are shared risk pools. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors have the right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. 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 11. At June 30, 2025, total deferred outflows related to pensions was $19,987,875 and total deferred inflows related to pensions was $6,508,228.

B. 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 10. At June 30, 2025, total deferred outflows related to other postemployment benefits was $4,339,894 and total deferred inflows related to other postemployment benefits was $5,588,822.

NOTE 15 – RESTATEMENT OF NET POSITION AND FUND BALANCE

The beginning net position of Governmental Activities has been restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes recognition and measurement guidance for liabilities related to compensated absences, requiring that the liability be recognized when leave is attributable to services already rendered and it is probable that the leave will be used or paid. This standard supersedes certain provisions of GASB Statement No. 16. Additionally, the beginning net position of Governmental Activities has been restated to accurately reflect the substance of lease activity that occurred in the prior year.

Additionally, the beginning fund balances of the Student Activity Fund and the Bond Interest and Redemption Fund were restated to accurately reflect the substance of the underlying transactions that occurred in the prior year.

The cumulative effect on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	$ 14,923,862
Restatement	(4,839,505)
Net Position - Beginning, as Restated	$ 10,084,357

The effect on beginning fund balance is presented as follows:

	Student Activity Fund	Bond Interest and Redemption Fund
Fund Balance - Beginning, as Previously Reported	$ 251,065	$ 2,630,958
Restatement	(19,085)	15,964
Fund Balance - Beginning, as Restated	$ 231,980	$ 2,646,922

NOTE 16 – SUBSEQUENT EVENTS

A. General Obligation Bonds

On July 8, 2025, the District issued $5,000,000 of Election of 2024, 2025 Series A general obligation bonds to finance construction, improvement and modernization projects within the District. Debt service payments will be due semiannually in February and August of each year, beginning on August 1, 2025. The bonds will fully mature on August 1, 2049.

B. Certificates of Participation

The District issued $3,750,000 of 2025 Certificates of Participation on July 8, 2025. The proceeds from this issuance will be used to finance facilities improvement projects at Jack Franscioni Elementary School. Debt service payments will be due semiannually in February and August of each year, beginning on August 1, 2025. The certificates will fully mature on August 1, 2049.

REQUIRED SUPPLEMENTARY INFORMATION

SOLEDAD UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 69,435,812	$ 70,179,548	$ 70,707,535	$ 527,987
Federal sources	2,788,842	4,398,488	4,110,887	(287,601)
Other state sources	14,957,681	15,462,065	18,439,812	2,977,747
Other local sources	4,675,831	4,701,743	7,775,980	3,074,237
Total Revenues	91,858,166	94,741,844	101,034,214	6,292,370
EXPENDITURES				
Certificated salaries	30,474,453	31,237,975	30,828,039	409,936
Classified salaries	17,029,540	18,136,668	17,535,750	600,918
Employee benefits	24,396,054	24,999,356	23,920,212	1,079,144
Books and supplies	10,063,392	17,495,764	3,566,927	13,928,837
Services and other operating expenditures	12,937,786	17,870,760	16,302,615	1,568,145
Capital outlay	552,202	1,632,590	2,818,300	(1,185,710)
Other outgo				
Excluding transfers of indirect costs	2,571,455	2,571,455	1,678,452	893,003
Transfers of indirect costs	(350,398)	(358,544)	(243,408)	(115,136)
Total Expenditures	97,674,484	113,586,024	96,406,887	17,179,137
Excess (Deficiency) of Revenues Over Expenditures	(5,816,318)	(18,844,180)	4,627,327	23,471,507
Other Financing Sources (Uses)				
Transfers in	-	-	50,000	50,000
Transfers out	-	-	(136,167)	(136,167)
Net Financing Sources (Uses)	-	-	(86,167)	(86,167)
NET CHANGE IN FUND BALANCE	(5,816,318)	(18,844,180)	4,541,160	23,385,340
Fund Balance - Beginning	28,369,142	38,975,615	38,975,615	-
Fund Balance - Ending	$ 22,552,824	$ 20,131,435	$ 43,516,775	$ 23,385,340

* 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 on that schedule include the financial activity of the Deferred Maintenance Fund, the Special Reserve Fund for Other Than Capital Outlay Projects, and the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- Audit reclassifications are not included in the schedule above.

See accompanying notes to required supplementary information.

SOLEDAD UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	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	$ 779,389	$ 880,835	$ 1,206,204	$ 1,076,998	$ 762,143	$ 549,427	$ 574,992	$ 559,603
Interest on total OPEB liability	699,406	642,116	453,143	473,939	597,080	615,914	618,869	548,976
Difference between expected and actual experience	202,289	526,467	53,685	(1,192,798)	41,433	(474,970)	-	-
Changes of assumptions	(713,030)	(347,339)	(3,755,471)	(354,777)	3,592,785	643,338	(703,926)	-
Benefits payments	(740,011)	(663,858)	(607,401)	(675,437)	(652,816)	(566,417)	(543,407)	(502,570)
Net change in total OPEB liability	228,043	1,038,221	(2,649,840)	(672,075)	4,340,625	767,292	(53,472)	606,009
Total OPEB liability - beginning	19,040,974	18,002,753	20,652,593	21,324,668	16,984,043	16,216,751	16,270,223	15,664,214
Total OPEB liability - ending	$ 19,269,017	$ 19,040,974	$ 18,002,753	$ 20,652,593	$ 21,324,668	$ 16,984,043	$ 16,216,751	$ 16,270,223
Covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
District's total OPEB liability as a percentage of covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

* The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

See accompanying notes to required supplementary information.

SOLEDAD UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	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
District's proportion of the net pension liability	0.041%	0.041%	0.043%	0.044%	0.045%	0.043%	0.041%	0.039%	0.040%	0.041%
District's proportionate share of the net pension liability	$ 27,278,914	$ 30,894,034	$ 30,152,637	$ 20,148,988	$ 43,133,554	$ 38,656,843	$ 37,336,990	$ 35,889,209	$ 32,368,119	$ 27,636,413
State's proportionate share of the net pension liability associated with the District	12,515,852	14,802,467	15,100,529	10,138,400	22,235,352	21,089,889	21,377,173	21,231,753	18,426,593	14,616,616
Total	$ 39,794,766	$ 45,696,501	$ 45,253,166	$ 30,287,388	$ 65,368,906	$ 59,746,732	$ 58,714,163	$ 57,120,962	$ 50,794,712	$ 42,253,029
District's covered payroll	$ 27,528,178	$ 24,915,835	$ 26,150,536	$ 24,562,824	$ 24,240,579	$ 23,535,393	$ 22,686,818	$ 20,681,479	$ 20,697,931	$ 19,084,245
District's proportionate share of the net pension liability as a percentage of its covered payroll	99.09%	123.99%	115.30%	82.03%	177.94%	164.25%	164.58%	173.53%	156.38%	144.81%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.60%	81.20%	87.20%	71.80%	72.60%	71.00%	69.46%	70.04%	74.02%

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

See accompanying notes to required supplementary information.

SOLEDAD UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	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
District's proportion of the net pension liability	0.080%	0.083%	0.090%	0.087%	0.088%	0.078%	0.074%	0.069%	0.065%	0.060%
District's proportionate share of the net pension liability	$ 28,420,522	$ 30,085,067	$ 30,997,721	$ 17,648,322	$ 27,073,451	$ 22,756,715	$ 19,613,144	$ 16,518,225	$ 12,914,406	$ 8,817,092
District's covered payroll	$ 16,515,472	$ 14,445,849	$ 13,899,705	$ 12,579,333	$ 12,809,426	$ 10,841,850	$ 9,954,736	$ 9,000,410	$ 8,473,681	$ 10,497,120
District's proportionate share of the net pension liability as a percentage of its covered payroll	172.08%	208.26%	223.01%	140.30%	211.36%	209.90%	197.02%	183.53%	152.41%	84.00%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	70.00%	69.80%	81.00%	70.00%	70.00%	70.80%	71.87%	73.90%	79.43%

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

See accompanying notes to required supplementary information.

SOLEDAD UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	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
Contractually required contribution	$ 5,267,147	$ 5,217,345	$ 4,759,549	$ 4,409,892	$ 3,966,896	$ 4,145,139	$ 3,831,562	$ 3,273,708	$ 2,601,730	$ 2,220,888
Contributions in relation to the contractually required contribution*	(5,267,147)	(5,217,345)	(4,759,549)	(4,409,892)	(3,966,896)	(4,145,139)	(3,831,562)	(3,273,708)	(2,601,730)	(2,220,888)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 28,040,975	$ 27,528,178	$ 24,915,835	$ 26,150,536	$ 24,562,824	$ 24,240,579	$ 23,535,393	$ 22,686,818	$ 20,681,479	$ 20,697,931
Contributions as a percentage of covered payroll	18.78%	18.95%	19.10%	16.86%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

SOLEDAD UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	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
Contractually required contribution	$ 4,763,547	$ 4,419,127	$ 3,663,213	$ 3,178,996	$ 2,603,922	$ 2,526,147	$ 1,958,255	$ 1,546,070	$ 1,249,977	$ 1,003,877
Contributions in relation to the contractually required contribution*	(4,763,547)	(4,419,127)	(3,663,213)	(3,178,996)	(2,603,922)	(2,526,147)	(1,958,255)	(1,546,070)	(1,249,977)	(1,003,877)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 17,524,073	$ 16,515,472	$ 14,445,849	$ 13,899,705	$ 12,579,333	$ 12,809,426	$ 10,841,850	$ 9,954,736	$ 9,000,410	$ 8,473,681
Contributions as a percentage of covered payroll	27.18%	26.76%	25.36%	22.87%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

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 Total 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 total OPEB liability, and the components of the total OPEB liability and related ratios, including the total 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 assumption changed from 3.65% to 3.93% since the previous measurement.

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. 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. 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.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2025, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	**Actual**	**Excess**
General Fund			
Capital outlay	$ 1,632,590	$ 2,818,300	$ 1,185,710

SUPPLEMENTARY INFORMATION

SOLEDAD UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A, Basic Grants Low-Income and Neglected **[1]**	84.010	14329	$ 879,930
Adult Education			
Adult Education: Adult Basic Education & ESL	84.002A	14508	13,908
Adult Education: Adult Secondary Education	84.002	13978	63,668
Subtotal Adult Education			77,576
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	106,144
Title III, English Learner Student Program	84.365	14346	224,520
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	46,776
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,181,654
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	55,583
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	16,244
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	197
Subtotal Special Education Cluster			1,253,678
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048	14894	45,742
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: **[1]**			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	1,038,855
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	206,269
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	126,479
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	40,482
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	17,521
ASES Rate Increase: ESSER III State Reserve Summer Learning Programs	84.425	15752	75,995
Subtotal Education Stabilization Fund Discretionary Grants			1,505,601
Total U. S. Department of Education			4,139,967
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	1,252,468
National School Lunch Program	10.555	13391	2,084,964
USDA Commodities	10.555	*	226,738
Meal Supplements	10.555	*	63,940
Summer Food Service Program for Children	10.559	13004	80,558
Subtotal Child Nutrition Cluster			3,708,668
Passed through California Department of Social Services:			
CACFP Claims - Centers and Family Day Care	10.558	13393	292,767
Total U. S. Department of Agriculture			4,001,435
U. S. DEPARTMENT OF DEFENSE:			
Direct Award:			
Navy Junior Reserve Officers' Training Corps (JROTC)	12.537	*	52,378
Total U. S. Department of Defense			52,378
Total Federal Expenditures			$ 8,193,780

[1] - Major Program
***** - Pass-Through Entity Identifying Number not available or not applicable

See accompanying note to supplementary information.

SOLEDAD UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	1,246.37	1,251.04
Extended Year Special Education	2.36	2.36
Total TK/K through Third	1,248.73	1,253.40
Fourth through Sixth		
Regular ADA	966.35	967.94
Extended Year Special Education	0.89	0.89
Total Fourth through Sixth	967.24	968.83
Seventh through Eighth		
Regular ADA	700.78	698.32
Extended Year Special Education	0.07	0.07
Special Education - Nonpublic Schools	0.39	0.57
Total Seventh through Eighth	701.24	698.96
Ninth through Twelfth		
Regular ADA	1,501.38	1,464.05
Extended Year Special Education	1.73	1.73
Special Education - Nonpublic Schools	1.40	1.40
Extended Year Special Education - Nonpublic Schools	0.11	0.11
Total Ninth through Twelfth	1,504.62	1,467.29
TOTAL SCHOOL DISTRICT	4,421.83	4,388.48

See accompanying note to supplementary information.

SOLEDAD UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025

Grade Level	Minutes Requirement	Actual Instructional Minutes	Number of Days	Status
Kindergarten	36,000	58,380	180	Complied
Grade 1	50,400	52,980	180	Complied
Grade 2	50,400	52,980	180	Complied
Grade 3	50,400	52,980	180	Complied
Grade 4	54,000	54,115	180	Complied
Grade 5	54,000	54,115	180	Complied
Grade 6	54,000	54,115	180	Complied
Grade 7	54,000	63,140	180	Complied
Grade 8	54,000	63,140	180	Complied
Grade 9	64,800	67,340	180	Complied
Grade 10	64,800	67,340	180	Complied
Grade 11	64,800	67,340	180	Complied
Grade 12	64,800	67,340	180	Complied

See accompanying note to supplementary information.

SOLEDAD UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

	2026 (Budget)	2025	2024	2023
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 95,476,446	$ 101,084,214	$ 98,954,460	$ 105,645,771
Expenditures And Other Financing Uses	97,807,792	96,543,054	96,271,239	81,516,583
Net change in Fund Balance	$ (2,331,346)	$ 4,541,160	$ 2,683,221	$ 24,129,188
Ending Fund Balance	$ 41,185,429	$ 43,516,775	$ 38,975,615	$ 36,292,394
Available Reserves*	$ 9,872,066	$ 12,068,154	$ 2,888,138	$ 5,711,890
Available Reserves As A Percentage Of Outgo	10.09%	12.50%	3.00%	7.01%
Long-term Liabilities	$ 154,795,357	$ 159,003,255	$ 155,068,126	$ 156,905,755
Average Daily Attendance At P-2	4,389	4,422	4,396	4,375

The General Fund ending fund balance has increased by $7,224,381 over the past two years. However, the fiscal year 2025-26 budget projects a decrease of $2,331,346. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term obligations have increased by $2,097,500 over the past two years.

Average daily attendance has increased by 47 ADA over the past two years. A decrease of 33 ADA is anticipated during the 2025-26 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, the Special Reserve Fund for Other Than Capital Outlay Projects, and the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54. Additionally, audit reclassifications are not reflected in the schedule above.

See accompanying note to supplementary information.

SOLEDAD UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Special Reserve Fund for Postemployment Benefits
June 30, 2025, annual financial and budget report fund balance	$ 43,516,775	$ 48,524	$ 74,047	$ 1,403,170
Adjustments and reclassifications:				
Increase (decrease) in total fund balances:				
Fund balance transfer (GASB 54)	1,525,741	(48,524)	(74,047)	(1,403,170)
Net adjustments and reclassifications	1,525,741	(48,524)	(74,047)	(1,403,170)
June 30, 2025, audited financial statement fund balance	$ 45,042,516	$ -	$ -	$ -

See accompanying note to supplementary information.

SOLEDAD UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS									
Cash and investments	$ 234,952	$ 9,563	$ 806,531	$ 4,831,016	$ 1,769,187	$ 267,931	$ 328,216	$ 4,626,560	$ 12,873,956
Accounts receivable	-	78,132	-	927,412	-	-	-	-	1,005,544
Stores inventory	-	-	-	5,593	-	-	-	-	5,593
Total Assets	$ 234,952	$ 87,695	$ 806,531	$ 5,764,021	$ 1,769,187	$ 267,931	$ 328,216	$ 4,626,560	$ 13,885,093
LIABILITIES									
Accrued liabilities	$ -	$ 24,616	$ 1,511	$ 111,144	$ -	$ 4,178	$ -	$ -	$ 141,449
Due to other funds	-	7,401	8	151,676	-	13,115	1,178	-	173,378
Unearned revenue	-	-	5,883	37,234	-	-	-	-	43,117
Total Liabilities	-	32,017	7,402	300,054	-	17,293	1,178	-	357,944
FUND BALANCES									
Non-spendable	-	-	-	5,593	-	-	-	-	5,593
Restricted	234,952	55,678	799,129	5,458,374	1,769,187	250,638	6,260	4,626,560	13,200,778
Assigned	-	-	-	-	-	-	320,778	-	320,778
Total Fund Balances	234,952	55,678	799,129	5,463,967	1,769,187	250,638	327,038	4,626,560	13,527,149
Total Liabilities and Fund Balances	$ 234,952	$ 87,695	$ 806,531	$ 5,764,021	$ 1,769,187	$ 267,931	$ 328,216	$ 4,626,560	$ 13,885,093

See accompanying note to supplementary information.

SOLEDAD UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES									
Federal sources	$ -	$ 77,576	$ -	$ 4,001,435	$ -	$ -	$ -	$ -	$ 4,079,011
Other state sources	-	408,361	1,343,112	1,896,177	-	457,654	-	23,858	4,129,162
Other local sources	521,574	29,920	28,269	141,500	161,591	3,960	279,683	5,733,424	6,899,921
Total Revenues	521,574	515,857	1,371,381	6,039,112	161,591	461,614	279,683	5,757,282	15,108,094
EXPENDITURES									
Current									
Instruction	-	482,363	969,495	-	-	-	-	-	1,451,858
Instruction-related services									
Instructional supervision and administration	-	-	178,340	-	-	-	-	-	178,340
School site administration	-	140,221	-	-	-	-	-	-	140,221
Pupil services									
Food services	-	-	-	4,235,241	-	-	-	-	4,235,241
General administration									
All other general administration	-	25,474	77,560	140,374	-	-	-	-	243,408
Plant services	-	-	45,089	16,693	39,792	-	-	-	101,574
Facilities acquisition and construction	-	-	-	-	-	370,141	252,241	-	622,382
Ancillary services	518,602	-	-	-	-	-	-	-	518,602
Debt service									
Principal	-	-	-	-	711,373	-	-	2,065,000	2,776,373
Interest and other	-	-	-	-	64,510	-	-	2,874,777	2,939,287
Total Expenditures	518,602	648,058	1,270,484	4,392,308	815,675	370,141	252,241	4,939,777	13,207,286
Excess (Deficiency) of Revenues Over Expenditures	2,972	(132,201)	100,897	1,646,804	(654,084)	91,473	27,442	817,505	1,900,808
Other Financing Sources (Uses)									
Other sources	-	-	-	-	-	-	-	14,488,994	14,488,994
Transfers out	-	-	-	(5,651)	-	(6,558)	(589)	-	(12,798)
Net Financing Sources (Uses)	-	-	-	(5,651)	-	(6,558)	(589)	1,162,133	1,149,335
NET CHANGE IN FUND BALANCE	2,972	(132,201)	100,897	1,641,153	(654,084)	84,915	26,853	1,979,638	3,050,143
Fund Balance - Beginning, as Restated	231,980	187,879	698,232	3,822,814	2,423,271	165,723	300,185	2,646,922	10,477,006
Fund Balance - Ending	$ 234,952	$ 55,678	$ 799,129	$ 5,463,967	$ 1,769,187	$ 250,638	$ 327,038	$ 4,626,560	$ 13,527,149

See accompanying note to supplementary information.

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, 2025 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2025.

	AL Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 8,189,898
IDEA Capacity Building, Part B, Sec 611	84.027A	3,882
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$ 8,193,780

The District has not elected to use the de minimis indirect cost rate of up to 15 percent.

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

The Soledad Unified School District was unified on July 1, 1996, and consists of an area comprising approximately 100 square miles. The District operates five elementary schools, one middle school, one high school, and a community education center, providing instruction from kindergarten through grade twelve, and special preschool and community education programs. There were no boundary changes during the year.

GOVERNING BOARD

Member	Office	Term Expires
Christopher Bourke	President	November 2026
Ivan A. Ibarra-Mora	Vice President	November 2028
Roberto Ocampo	Clerk	November 2028
Monica Pantoja	Trustee	November 2026
Javier Galvan	Trustee	November 2028

DISTRICT ADMINISTRATORS

Mr. Randall W. Bangs
Superintendent

Dr. Raymond Fausel
Associate Superintendent of Educational Services

Vacant
Executive Director of Human Resources

Sarah Doherty
Chief Business Official

OTHER INDEPENDENT AUDITORS' REPORTS

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

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
Soledad Unified School District
Soledad, 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 Soledad Unified School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Soledad Unified School District's basic financial statements, and have issued our report thereon dated February 20, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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Purpose of this Report

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

Christy White, Inc.

San Diego, California
February 20, 2026

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
Soledad Unified School District
Soledad, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Soledad Unified 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 Soledad Unified School District's major federal programs for the year ended June 30, 2025. Soledad Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Soledad Unified 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (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 Soledad Unified 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 Soledad Unified 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 Soledad Unified School District's federal programs.

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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 Soledad Unified 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 Soledad Unified 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 Soledad Unified 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 Soledad Unified 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 Soledad Unified 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.

Christy White, Inc.

San Diego, California
February 20, 2026

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Independent Auditors' Report

Governing Board
Soledad Unified School District
Soledad, California

Report on State Compliance

Opinion on State Compliance

We have audited Soledad Unified School District's compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Soledad Unified 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, 2025.

In our opinion, Soledad Unified 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, 2025.

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 *2024-2025 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 Soledad Unified 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 Soledad Unified 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 Soledad Unified School District's state programs.

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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 Soledad Unified 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 Soledad Unified 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 Soledad Unified 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 Soledad Unified 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 Soledad Unified School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Soledad Unified 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
Independent Study	No
Continuation Education	No
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 or Programs	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	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	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

We did not perform procedures for independent study because program ADA does not exceed the materiality threshold. Additionally, we did not perform procedures for continuation education because program ADA does not exceed the materiality threshold.

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.

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. 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.

Report on Internal Control Over Compliance (continued)

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
February 20, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SOLEDAD UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENTS	
Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	

AL Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A
84.425, 84.425U	Education Stabilization Fund Discretionary Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes
STATE AWARDS	
Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with *2024-25 Guide for Annual Audits of California K-12 Local Education Agencies* ?	No
Type of auditors' report issued on compliance for state programs:	Unmodified

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

There were no financial statement findings for the year ended June 30, 2025.

FIVE DIGIT CODE	**AB 3627 FINDING TYPE**
50000	Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2025.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2025.

FINDING #2024-001: INTERNAL CONTROL OVER CAFETERIA FINANCIAL REPORTING (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 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 audit, we found a deficiency in internal control over cafeteria financial reporting. As summarized in the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, we noted several transactions within the Cafeteria Fund that were not properly accounted for. This includes duplicate recording of the May 2024 SNP reimbursement claim and uncleared accounts receivable balances for prior year meal reimbursement claims. This discrepancy resulted in a material audit adjustment to be posted to the financial statements.

Effect: Audit adjustments were required due to material misstatements within the unaudited financial statements prepared by the District.

Cause: Administrative oversight.

Recommendation: The District should implement procedures to ensure that cafeteria claims revenue and the related accruals are properly recorded during the closing process. Additionally, review processes should be consistently performed to ensure all amounts are properly valued and classified within the correct resource and object classifications.

Repeat Finding: This is not a repeat finding.

Corrective Action Plan: The District will revisit its internal control systems to ensure cafeteria claimed revenues and related accrual are properly recorded during the closing of the books. To ensure all amounts are properly valued and classified within the correct resource and object classification, a reassessment of internal fiscal procedures should be conducted on a constant basis throughout the fiscal year. The fiscal accountant that oversees the recording of claim revenues received will also record the accruals for revenues received after year-end that apply to the previous year's claims, and for any revenues not yet received

Current Status: Implemented.

FINDING #2024-002: AFTER SCHOOL EDUCATION AND SAFETY PROGRAM – DIRECT SERVICES REQUIREMENT (40000)

Criteria: Pursuant to EC sections 8483.9(a)(b)(c), a fiscal agent receiving state funding for the After School Education and Safety (ASES) Program may allocate no less than 85 percent of the total grant amount to school sites for direct services; and spend no more than 15 percent of the amount of the grant for administrative costs, including indirect costs.

Condition: Through review of the ASES expenditure report for the fiscal year ended June 30, 2024, we noted that the District exceeded the allowable administrative cost threshold of 15 percent. Of the $918,548 in total program expenditures incurred during the fiscal year ended June 30, 2024, administrative costs in the amount of $164,611 represented approximately 17.9 percent of current year program expenditures.

Cause: Based on our inquiries, the impact of the school closures due to the COVID-19 pandemic led the District to fall out of compliance with this requirement.

Effect: The District did not meet the expenditure requirements for direct services provided to pupils.

Questioned Cost: The result is an excess of approximately $26,829 from the allowable administrative cost threshold of 15 percent.

Repeat Finding: This is a repeat finding of Finding #2023-003.

Recommendation: We recommend that the program management staff implement a process to periodically monitor compliance with this requirement throughout the fiscal year.

Corrective Action Plan: The District will revisit its internal control systems with program management staff to modify and implement processes to periodically monitor compliance with this criteria throughout the fiscal year:

Pursuant to EC sections 8483.9(a)(b)(c), a fiscal agent receiving state funding for the After School Education and Safety (ASES) Program may allocate no less than 85 percent of the total grant amount to school sites for direct services; and spend no more than 15 percent of the amount of the grant for administrative costs, including indirect costs.

Current Status: Implemented.

FINDING #2024-003: AFTER SCHOOL EDUCATION & SAFETY (ASES) PROGRAM - ATTENDANCE REPORTING (40000)

Criteria: Per Education Code Section 8483.7(a)(1)(A), each school that establishes a program pursuant to this article is subject to semiannual attendance reporting requirements. Amounts reported to the California Department of Education (CDE) for the semi-annual attendance reports should be supported by written contemporaneous documentation that is accurate and reported in accordance with the related sections of Education Code 8483.

Condition: During the testing of ASES program attendance for the 1st Half Base Attendance reporting period, auditors noted that attendance reported for the school sites shown below did not reconcile to the attendance count source detail from EZ Reports. The discrepancies noted are as follows:

School Site	Students Served per 1st Half Report	Students Served per EZ Reports Attendance Detail	(Overstatement) Understatement
Frank Ledesma Elementary	5,265	5,271	6
Gabilan Elementary	6,580	6,511	(69)
Jack Franscioni Elementary	6,531	6,533	2
Rose Ferrero Elementary	6,332	6,294	(38)
San Vicente Elementary	6,407	6,341	(66)
Total	31,115	30,950	(165)

Effect: The result is an overstatement of 165 students served for the 1st Half of the 2023-24 school year.

Cause: The reason for this error in reporting appears to be a clerical error in calculation of students served by the ASES program during the 1st Half of the 2023-24 school year.

Questioned Cost: None. The ASES program funding is not affected if the pupil participation level is maintained at 85% of the projected attendance or greater. Since the finding noted does not cause the District to fall below 85% of the targeted annual attendance, there are no questioned costs.

Repeat Finding: This is a repeat of Finding #2023-004.

Recommendation: We recommend the District implement procedures to accurately prepare and review ASES attendance totals for the purposes of reporting to CDE.

Corrective Action Plan: In an effort to accurately prepare and review ASES attendance totals for the purpose of reporting to CDE, the program manager will provide training to staff and implement protocols to ensure accurate and transparent information is collected on a consistent basis throughout the fiscal year. It will be advisable for the program manager to have two individuals participating in the reporting of attendance in ASSIST, one staff to review and ensure the accuracy of the information and the other to input the information into ASSIST. This will be implemented prior to June 30, 2025. The District is working with the EZ Report vendor to correct the glitch in the system to ensure accurate reporting for 2024-25 and subsequent fiscal years.

Current Status: Implemented.

MANAGEMENT LETTER

Governing Board
Soledad Unified School District
Soledad, California

In planning and performing our audit of the basic financial statements of Soledad Unified School District for the year ended June 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated February 20, 2026, on the financial statements of Soledad Unified School District.

1. **Capital Assets Reporting**

   Observation: Based on audit procedures performed over capital assets reporting, it does not appear that the District has adequate procedures in place to ensure timely and accurate reporting of capital assets, related accumulated depreciation, and construction in progress balances.

   Recommendation: In order ensure that the balances outlined above are reported in a timely and accurate manner, we recommend redesigning and implementing improved procedures to ensure that current year additions, disposals, depreciation, and construction in progress activity are accurately summarized and reported during the year-end closing process. These procedures should include timely supervision and review of reporting documents.

2. **Associated Student Body (ASB) Funds**

   Observation: During our cash receipts testing at Soledad High School and Main Street Middle School we noted that a portion of the deposits in our sample were lacking sufficient supporting documentation for fundraising and other event proceeds such as sales activity reports, sales receipts and control sheets. Additionally, it was noted that cash receipts are not consistently deposited in a timely manner, sometimes occurring more than one month from the date in which proceeds were initially received.

   Recommendation: We recommend that appropriate supporting documentation be prepared for all major fundraising activities. Additionally, deposits should be made no later than two weeks from the date in which proceeds were received in order to properly safeguard student funds.

We will review the status of the comments outlined above during our next audit engagement.

Christy White, Inc.

San Diego, California
February 20, 2026

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APPENDIX C

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR MONTEREY COUNTY

The following information concerning Monterey 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 District is located in the County. The County borders the Pacific Ocean almost at the midpoint of the California coastline, approximately 130 miles south of San Francisco and 240 miles north of Los Angeles. Incorporated in 1850 as one of the State's original 27 counties, the City of Salinas is the County seat. The County covers an area of approximately 3,300 square miles, with a population in excess of 421,000. Agriculture, tourism, and government are major contributors to the County's economy. The Salinas Valley, located in the eastern portion of the County, is a rich agricultural center and one of the nation's major vegetable producing areas. Most of the county's population live near the northern coast and Salinas Valley, while the southern coast and inland mountain regions are almost devoid of human habitation.

Population

The following table shows historical population statistics, from 2021 to 2025, for the City, other cities in the County, the unincorporated portion of the County, and the County as a whole.

POPULATION ESTIMATES[(1)]
Cities of Monterey County and County Total
Calendar Years 2021 through 2025

Area	2021	2022	2023	2024	2025
Carmel-By-The-Sea	3,172	3,070	3,067	3,056	3,049
Del Rey Oaks	1,571	1,554	1,561	1,551	1,546
Gonzales	8,557	8,420	8,452	8,459	8,434
Greenfield	18,908	19,888	20,316	20,543	20,785
King City	13,545	13,426	14,062	14,189	14,344
Marina	21,484	21,825	22,603	22,831	23,086
Monterey	28,630	28,333	27,380	24,148	27,273
Pacific Grove	15,016	14,826	14,955	14,935	14,871
Salinas	161,830	160,463	161,603	161,039	160,645
Sand City	379	370	376	374	373
Seaside	31,478	32,539	30,524	30,299	32,019
Soledad	26,585	26,681	26,521	26,831	27,310
Balance Of County	106,274	105,189	105,552	105,358	105,096
Incorporated	331,155	331,395	331,420	331,255	333,735
Total	437,429	436,584	436,972	436,613	438,831

(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.

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]
Monterey County, California, and the United States
Calendar Years 2020 through 2024

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate[2]
2020				
Monterey County	211,900	188,100	23,900	11.3%
California	18,956,600	17,039,800	1,916,800	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
Monterey County	209,800	192,100	17,600	8.4%
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				
Monterey County	215,300	202,000	13,300	6.2%
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				
Monterey County	216,600	201,400	15,200	7.0%
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				
Monterey County	221,200	205,100	16,100	7.3%
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

Educational and health services are the largest employers in the County followed by professional and business services. The table below shows the estimated employment by industry group for 2020 through 2024.

EMPLOYMENT BY INDUSTRY[1]
Monterey County
Calendar Years 2020 through 2024

Industry	2020	2021	2022	2023	2024
Total Farm	53,800	54,800	58,400	54,400	56,600
Total Nonfarm	131,700	136,000	143,200	145,500	148,100
Goods Producing	11,000	11,500	12,200	12,400	12,500
Construction	6,200	6,500	6,900	7,200	7,600
Manufacturing	4,600	4,900	5,100	5,000	4,800
Service Providing	120,700	124,500	131,000	133,100	135,600
Wholesale Trade	5,400	5,300	5,500	5,800	5,800
Retail Trade	15,500	16,000	16,200	16,200	16,200
Transportation, Warehousing, Utl.	3,800	3,600	3,600	3,500	3,600
Information	800	800	900	900	900
Financial Activities	4,100	4,200	4,300	4,100	4,200
Professional Business and Services	14,400	15,400	15,500	14,400	13,600
Private Education and Health	19,800	20,200	21,000	22,000	23,800
Leisure and Hospitality	18,800	20,500	24,200	25,500	25,800
Other Services	4,500	4,900	5,300	5,500	5,500
Government	33,800	33,600	34,400	35,200	36,300
Total	185,500	190,800	201,600	199,900	204,700

[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 and the City host a diverse mix of major employers representing industries ranging from labor contractors and government to harvesting, and agriculture. The following table lists the County's and the City's major employers in 2025.

MAJOR EMPLOYERS
Monterey County
Calendar Year of 2025

Employer Name	Location	Industry
Al Pak Labor	Soledad	Labor Contractors
Bud of California	Soledad	Fruits & Vegetables-Growers & Shippers
County-Monterey Behavioral	King City	Health Services
Filipino American Cmnty Club	Marina	Clubs
Growers Co	Salinas	Fruits & Vegetables & Produce-Retail
Hilltown Packing Co Inc	Salinas	Harvesting-Contract
Macy's	Monterey	Department Stores
Mann Packing Co Inc	Salinas	Packing & Crating Service
Mee Memorial Healthcare System	King City	Hospitals
Middlebury Institute-Intl Stds	Monterey	Schools-Universities & Colleges Academic
Misionero Vegetables	Gonzales	Fruits & Vegetables-Growers & Shippers
Monterey Bay Aquarium Rstrnt	Monterey	Non-Profit Organizations
Monterey County Public Works	Salinas	Government Offices-County
Monterey County Sheriff Office	Salinas	Non-Profit Organizations
Monterey County Social Svc Dpt	Salinas	Government Offices-County
Monterey Mushrooms	Royal Oaks	Mushrooms
Monterey Peninsula College	Monterey	Junior-Community College-Tech Institutes
Pebble Beach Co	Pebble Beach	Hotel & Motel Management
Pebble Beach Resorts	Pebble Beach	Resorts
Premium Packing	Salinas	Labor Contractors
Quality Farm Labor	Gonzales	Labor Contractors
R C Packing	Gonzales	Packing & Crating Service
Rocha Brothers Farms LLC	Moss Landing	Farms
Salinas Valley Health	Salinas	Health Care Management
Valley Harvesting	Greenfield	Crop Harvesting-Primarily By Machine

Source: *State of California Employment Development Department* extracted from America's Labor Market Information System (ALMIS) Employer Database, 2026 1st Edition.

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Income

The following tables summarize the personal income and per capita personal income for the County the State of California and the United States from 2020 through 2024.

PERSONAL INCOME
Monterey County, State of California, and the United States
Calendar Years 2020 through 2024

Year	Monterey County	California	United States
2020	26,807,865	2,770,488,779	19,613,059,000
2021	28,527,642	3,019,215,274	21,484,168,000
2022	28,634,611	3,021,645,501	22,144,814,000
2023	30,339,685	3,182,779,295	23,577,208,000
2024	32,358,723	3,400,237,317	24,897,613,000

Source: U.S. Bureau of Economic Analysis, SAINC1 State annual personal income summary: personal income, population, per capita personal income and CAINC1 County and MSA personal income summary: personal income, population, per capita personal income (accessed Friday, March 20, 2026).

PER CAPITA PERSONAL INCOME[1]
Monterey County, State of California, and the United States
Calendar Years 2020 through 2024

Year	Monterey County	California	United States
2020	60,857	70,100	59,151
2021	64,974	77,134	64,692
2022	65,611	77,196	66,298
2023	68,644	81,196	70,002
2024	74,175	86,232	73,204

(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

The tables below show the number of permits and taxable transactions in the County between 2020 and 2024, the most recent data available.

VALUATION OF TAXABLE TRANSACTIONS
Monterey 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	8,078	$4,923,656,978	12,228	$6,953,873,120
2021	7,363	5,930,461,615	12,347	8,439,414,760
2022	7,455	6,384,227,250	12,783	9,422,998,655
2023	7,163	6,287,633,712	12,425	9,291,579,389
2024	7,022	6,299,416,660	13,505	9,288,692,594

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 Soledad Unified School District (the "District") in connection with the execution and delivery of $_________ aggregate principal amount of the District's General Obligation Bonds, 2024 Election, 2026 Series B (the "Series B Bonds") and $_________ aggregate principal amount of the District's 2026 General Obligation Refunding Bonds (the "Refunding Bonds" and together with the Series B Bonds, the "Bonds"). The Bonds are being issued pursuant to resolutions adopted by the Board of Trustees of the District on April 15, 2026 (the "Resolutions"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolutions.

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 Raymond James & Associates, Inc. (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 Resolutions, 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 Dale Scott & Co., Inc.

"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 _________, 2026 ("Final Official Statement").

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than nine (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 ended June 30, 2026, which would be due on April 1, 2027, 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) Adopted budget of the District for the current fiscal year, or a summary thereof, and any interim budget reports approved as of the date of filing of the Annual Report.

(ii) District average daily attendance for the last completed fiscal year.

(iii) District outstanding debt as of June 30 of the last completed fiscal year.

(iv) Information regarding total assessed valuation of taxable properties within the District for the then current fiscal year.

(v) Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County for the then current fiscal year.

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 (for the purposes of this subsection, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the 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 Resolutions.

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 Resolutions 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 Resolutions, 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: __________, 2026

SOLEDAD UNIFIED SCHOOL DISTRICT

By:____
Superintendent

Acceptance of duties as Dissemination Agent:

DALE SCOTT & CO., INC.

By:____________________________________
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Soledad Unified School District

Name of Issue: $________ General Obligation Bonds, 2024 Election, 2026 Series B

$_________ 2026 General Obligation Refunding Bonds

Date of Issuance: __________, 2026

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 ____________, 2026. The Issuer anticipates that the Annual Report will be filed by ___________________.

Dated: __________________________

DALE SCOTT & CO., INC.

By:____
Authorized Representative

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APPENDIX E

MONTEREY COUNTY INVESTMENT POLICY STATEMENT AND POOLED INVESTMENT COMPLIANCE REPORT

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COUNTY OF MONTEREY TREASURER'S INVESTMENT POLICY

FISCAL YEAR 2025-2026

APPROVED BY THE BOARD OF SUPERVISORS AUGUST 12, 2025

COUNTY OF MONTEREY INVESTMENT POLICY

TABLE OF CONTENTS

2025-2026

Investment Policy
Treasurer-Tax Collector
County of Monterey

1.0 Policy

It is the policy of the Treasurer-Tax Collector of the County of Monterey ("Treasurer") to invest public funds in a manner which provides for the safety of the funds on deposit, the cash flow demands or liquidity needs of the Treasury Pool participants, and the highest possible yield after first considering the first two objectives of safety and liquidity. In addition, it is the Treasurer's Policy to invest all funds in strict conformance with all state statutes governing the investment of public monies.

2.0 Scope

This Investment Policy applies to all financial assets in the Treasury Pool. The Policy does not apply to bond proceeds, which are governed by their respective bond documents. Also excluded from this Policy is the County's 115 Pension Trust, which is governed by a separate policy. These funds are accounted for in the Annual Comprehensive Financial Reports of the County and each of the Treasury Pool's participating agencies.

2.1 Participating Agencies

Participants in the Treasurer's Investment Pool shall be limited to the County of Monterey, school districts within Monterey County and those special districts, which, by statute, maintain depository authority with the Treasurer.

2.2 Outside Agency Participation

It is the Treasurer's policy to prohibit any voluntary agency participation in the Treasury Pool.

3.0 Prudence

The Treasurer is a trustee and therefore a fiduciary subject to the prudent investor standard[1]. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the Treasurer shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, a trustee is authorized to acquire investments as authorized by law.

Nothing in this Policy is intended to grant investment authority to any person or governing body except as provided in Sections 53601 and 53607 of the California Government Code.

[1] California Government Code §53600.3

4.0 Objectives

The primary objectives, in priority order, of the County of Monterey's investment activities shall be:

4.1 Safety of Principal

Investments of the County shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses do not exceed the income generated from the remainder of the portfolio.

4.2 Liquidity

The investment portfolio shall remain sufficiently liquid to enable all depositors to meet all expenditure requirements that might be reasonably anticipated. A minimum of 30% of the invested assets, including cash held in commercial bank accounts, shall be kept in assets having a maturity of one (1) year or less. In the event that unforeseen cash-flow fluctuations temporarily cause the ratio of liquid assets to decline below 30% of the portfolio balance, no new investments with maturities beyond one year will be made until the minimum percentage is restored. (Custom portfolios are not required to maintain a 30% liquidity rate)

4.3 Return on Investment

The County's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Socially Responsible Investment Consideration

In addition to and subordinate to the objectives set forth in Section 4.0 herein, the Treasurer will be mindful of environmental, social and governance (ESG) principles including, but not limited to, environmental sustainability, social and economic justice, and good corporate governance.

6.0 Delegation of Authority

Subject to amended delegation by the Board of Supervisors pursuant to Government Code Section 53607, the Treasurer is authorized to manage the County of Monterey investment program. The Treasurer shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Procedures should include reference to safekeeping, master repurchase agreements, funds transfer agreements, collateral/depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions, including a third-party Investment Advisor, if so engaged. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

7.0 Conflict of Interest

Pursuant to Article 2 (commencing with Section 87200) of Chapter 7 of Title 9 of the Government Code and the regulations of the Fair Political Practices Commission enacted pursuant thereto, the Treasurer shall disclose investments, interests in real properties, and any income received during the period since the previous statement was filed. Such disclosure shall be in writing and shall be filed with the officer designated by law within the time periods specified by law.

7.1 Limits on Honoraria, Gifts and Gratuities

The Treasurer and all designated departmental staff shall be governed by the provisions of the State Political Reform Act and the Treasurer's Conflict of Interest Code, which provide annual limits on the acceptance of monetary or in-kind gifts from any individual, broker, dealer, or firm doing business or seeking to do business with the Treasurer. Those individuals shall be required to file an annual statement of economic interest.

8.0 Authorized Dealers and Institutions

The Treasurer will maintain a list of broker/dealers and institutions authorized to provide investment services. Repurchase agreements and reverse repurchase agreements shall only be made with primary dealers designated by the Federal Reserve Bank of New York. The Treasurer may impose additional qualifications of brokers and their firms in order to ensure professionalism and suitability. At a minimum, all broker/dealers and/or financial institutions authorized to provide investment services to Monterey County shall meet the following criteria:

a. Commercial banks and savings institutions must be authorized as insured with the FDIC, SIPC, or NCUA (credit unions), as applicable.
b. Must hold an active corporate registered status with the Secretary of State (California), or an out-of-state counterpart agency.
c. Commercial banks and savings institutions used for deposits, must be a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial loan company, in this state.
d. Must be an active member of the Financial Industry Regulatory Authority (FINRA). Both the firm and any individuals serving the County must be registered to do business in California.

If a third-party Investment Advisor is authorized to conduct investment transactions on the County's behalf, the Investment Advisor may use its own list of approved broker/dealers and financial institutions for investment purposes. The Investment Advisor's approved list must be made available to the County upon request.

8.1 Limitations on Political Contributions

Pursuant to Government Code Section 27133 (c), the Treasurer shall not select for business any broker, brokerage, dealer, or securities firm that has made a political contribution within the last four years in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the County

Treasurer, any member of the County of Monterey Board of Supervisors, or any candidate for those offices.

9.0 Authorized and Suitable Investments

The authorized investments of the Treasurer are governed by Section 53601 and 53635 of the Government Code of the State of California, and within the limits of any other Government Code Statute that permits public agency investment in various securities or participation in investment trading techniques or strategies. The Treasurer seeks to restrict investments authorized by Code, as defined in Appendix A. Investments excluded from Appendix A are not permitted. In the event an apparent discrepancy is found between this Policy and the Government Code, the more restrictive parameters shall take precedence. A security purchased in accordance with this Policy shall not have a forward settlement date exceeding 45 days from the time of investment.

Rating requirements and percentage limitations, where indicated, apply at the time of purchase.

9.1 Limitations

The Treasurer shall not invest in any security, which, by its structure, term or other characteristics, has the possibility of returning a zero or negative yield or could be subject to a loss of principal at the time such security has attained its maturity date. Investments shall not be made in inverse floaters, range notes, and mortgage-derived interest-only strips.

Notwithstanding the prohibition in the above paragraph, the Treasurer may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. The County may hold these instruments until their maturity dates. This section shall remain in effect only until January 1, 2026, and as of that date is repealed. (Note: this section was added to California Government Code Section 53601.6 from the passage of Senate Bill 998, effective January 1, 2021. In the event subsequent legislation extends this provision, this policy will be updated accordingly.

9.2 Reverse Repurchase Agreements

Any reverse repurchase agreement shall have a maximum maturity of 92 days, and the proceeds shall not be invested beyond the expiration of the reverse repurchase agreement. The maximum amount of reverse repurchase agreements shall be limited to 20% of the portfolio’s book value on the date of the transaction.

9.3 Maximum Credit Exposure

The Treasurer shall limit the investments in any single issuer, regardless of the combination of asset class, to no more than 5% of the portfolio’s book value on the date of the transaction, unless otherwise noted in Appendix A. Obligations of the U.S. Treasury, federal agencies, supranational, and pooled investments such as LAIF, CAMP, CalTRUST, and money market funds are exempted from this restriction.

9.4 Credit Downgrade

In the event a security held by the County is downgraded below the minimum ratings required by the Policy, the security will be reviewed. The course of action will be determined on a case-by-case basis, considering such factors as the reason for the ratings change, remaining maturity, prognosis for recovery or further ratings changes, and the market price of the security.

10.0 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, shall be conducted on a delivery-versus-payment basis. Securities shall be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts and tri-party master repurchase agreements.

11.0 Investments Outside Treasury Pool

The Treasurer may accept funds for investment outside of the core pooled portfolio (custom invested funds) from depository agencies who also deposit their operating fund in the core portfolio under the following criteria:

a. All such investments are subject to prior approval by the Treasurer.

b. The funds represent proceeds of bonds, other forms of indebtedness, or special purpose funds not required for normal operating expenses, and

c. The funds represent new or additional assets of the agency that were not previously invested in the County of Monterey Investment Pool and, are of a value that, in the Treasurer's opinion, will benefit from a "custom investment(s)" or under other conditions approved by the Treasurer, and

d. The funds may be transferred to the core portfolio upon mutual agreement between the depository agency and the Treasurer. Any such transfer will reflect the market value of any securities sold prior to their maturity, where the underlying funds cannot be transferred back to a custom investment outside the core portfolio unless approved by the Treasurer, and

e. Funds may be transferred to the Treasurer's operating (checking) account for further disbursement provided the funds originate from: maturing securities; overnight funds; sold securities subject to subsection 11 (c.) above, and associated earned income on those funds, and

f. Within 7 business days prior to the maturity of any security the depository agency shall inform the Treasurer of the desired disposition of such maturing assets to include, rollover to a new asset, transfer to the core portfolio, or transfer to the Treasurer's operating account subject to the conditions in 11 (a.) through (h.) inclusive, and

g. Any earned income on "custom invested funds" will be segregated from the core portfolio and deposited to an overnight fund designated specifically for such income. Any liquidation or transfer of the underlying asset will invoke a corresponding transfer of the associated earned income.

h. Any costs incurred specific to "custom invested funds" will be charged to that fund separate and apart from any other costs.

12.0 Criteria for Withdrawal of Funds from the Treasury Investment Pool

An agency with funds on deposit in the County Treasury where such funds may statutorily be invested outside of the County Treasury may apply for a withdrawal of those funds. Pursuant to Government Code Sections 27133 (h) and 27136, the County Treasurer shall evaluate each proposal for withdrawal of funds. The Treasurer's evaluation shall assess the effect of a proposed withdrawal on the stability and predictability of the investments in the County Treasury Pool. In addition and prior to any withdrawal, the Treasurer shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the Treasury Pool.

All applications for withdrawal must be submitted by a Resolution of the depository agency at least 30 days in advance of the anticipated date of withdrawal and may be subject to a monthly maximum amount. Resolutions for withdrawal shall include:

a. A statement of the purpose for withdrawal and the following information:
    i. The California Code Section (or other legal authority) that allows for the withdrawal and an attestation that all applicable legal requirements have been met,
    ii. A statement that relieves the Treasurer and County of Monterey of fiduciary responsibility to the agency,
    iii. The understanding and agreement to hold harmless the Treasurer and County from any adverse impacts the agency may face as result of withdrawal,
    iv. Acknowledgement the withdrawal is intended to be permanent and may preclude reentry into the Pool for a term of no less than two years,
    v. The understanding that this action removes access to dry period financing from the County as delineated in the California Constitution Article XVI Section 6, and
    vi. Addition of any other provisions as required by state and/or local law (i.e. maintenance of any required bonds, statement of annual revenues, etc.).
b. The date(s) and amount(s) of funds requested to be withdrawn.
c. A certification that funds withdrawn from the county pool shall be managed by a qualified fiduciary of the applicant agency and that withdrawn funds shall not be returned for future investment by the County Treasurer, and
d. An acknowledgement that the value of any funds withdrawn from the County Treasury shall reflect their most recent quarterly asset valuation as reported by the Treasurer.

The Treasurer shall review the request and provide an applicant agency a written response within 15 days from receipt of the application. The Treasurer's determination shall be final.

13.0 Maximum Maturities

Any non-marketable investments, such as time deposits, should not exceed a two-year maturity. In addition, no specific investment shall have a term remaining to maturity in excess of five years, unless the Board of Supervisors has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment. For purposes of compliance with this section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity.

13.1 Weighted Average Maturity

The weighted average maturity of the pool portfolio (exclusive of custom investments) shall not exceed two years.

Other special purpose investments where the maturity term is not integral to short term cash flow needs may have a weighted average maturity of greater than two years.

14.0 Audits

The County of Monterey investment portfolio shall be subject to a process of independent review by the Auditor-Controller's internal auditor. The County's external auditors shall review the investment portfolio in connection with the annual county audit and requirements of the Governmental Accounting Standards Board (GASB).

15.0 Performance Standards

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the County's investment risk constraints and cash flow needs. The County may establish a market-based performance benchmark for comparison.

16.0 Investment Policy Review and Approval

The Treasurer shall submit the Investment Policy to the Board of Supervisors for review and approval at least annually.

16.1 Legislative Changes

Any State of California legislative action that further restricts allowable maturities, investment types, minimum credit requirements, or percentage allocations will be incorporated immediately into the Investment Policy.

17.0 Reporting

Pursuant to Government Code Section 53646 (b) the Treasurer may provide quarterly investment reports to the Board of Supervisors and all pool participants. The report shall include a listing of all securities held in the portfolio. Such listing shall include investment description, maturity date, par, amortized book value, market values and their source, and a risk measurement standard such as duration, along with certifications concerning the portfolio's compliance with the Policy and the portfolio's available liquidity to meet expenditure requirements for the next six months. The quarterly report shall be submitted to the Board of Supervisors within 45 days of the quarter end being reported.

18.0 Allocation of Investment Costs

The costs of investing, banking, and cash management as budgeted annually and applied quarterly shall be assessed to depositing agencies at the time of quarterly interest apportionment by the County Auditor-Controller, and in accordance with Government Code statutes. Depositing agencies will receive net revenue after pro rata application of costs that correspond to a basis point reduction to earned interest rates.

When actual annual costs of investing are determined, any differences from budgeted amounts shall be included in an adjusting interest allocation by the Auditor-Controller.

19.0 Disaster Recovery

The Treasurer shall maintain a disaster recovery plan and shall include contact information for key personnel as well as active bankers, broker/dealers, and the County's investment advisor.

APPENDIX A
Authorized Investments County General Pool

Instrument	Maximum Maturity per code	Max %/ Dollar Limit	Government Code Sections
Collateralized bank deposits	5 years	N/A	53630 et seq and 53601(n)
California State Treasurer’s Local Agency Investment Fund (LAIF)	N/A	Amount permitted by LAIF per account or as approved by the State Treasurer for bond/note proceeds (Currently $75,000,000)	16429.1
California Asset Management Program (CAMP)	N/A	20%	53601(p)
CalTrust	N/A	20%	53601(p)
Bonds, including revenue bonds, issued by the County, its Agencies, or authorities	5 years	10% limit issuer	53601(a)
U.S. Treasury notes, bonds, bills, or certificates of indebtedness bearing a full faith and credit pledge	5 years	N/A	53601(b)
Registered warrants, notes, and bonds, including revenue bonds, of the State of California and all other 49 states (1)	5 years	10% limit issuer	53601(c) and 53601(d)
Bonds, notes, warrants, and other evidences of indebtedness issued by any local agency within California, including revenue bonds (1)	5 years	10% limit issuer	53601(e)
Obligations of federal agencies and United States government-sponsored enterprises	5 years	N/A	53601(f)
Bankers acceptances (2)	180 days	40%	53601(g)
Prime commercial paper	270 days	40%	53601(h) and 53635(a)(1),(2)
Negotiable certificates of deposit issued by domestic banks, associations, and state-chartered branches of foreign banks (1)	5 years	30%	53601(i)
Reverse repurchase agreements	92 days matched maturities	20%	53601(j)
Repurchase agreements	1 year	20%	53601(j)
Medium term notes 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 (3)	5 years	30%	53601(k)
Money market mutual funds	N/A	20% Total all funds 10% any one fund	53601(l)
Mortgage-based and asset-backed securities (4)	5 years	20%	53601(o)
U.S. 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, and eligible for purchase and sale within the U.S. (5)	5 years	30%	53601(q)
Overall portfolio weighted average maturity	2 years	-----	-----

(1) which are rated in a long-term rating category of “A” or in a short-term rating category of “A-1” or its equivalent, or better at time of purchase by a minimum of one nationally recognized statistical rating organization (NRSRO)
(2) which are rated in a rating category of “A-1” or its equivalent, or better by a minimum of one NRSRO at time of purchase
(3) which are rated in a rating category of “A” or its equivalent, or better by a minimum of one NRSRO at the time of purchase
(4) which are rated in a rating category of “AA” or its equivalent, or better by a minimum of one NRSRO at time of purchase. Minimum rating requirement, maximum maturity limit, and maximum % dollar limit do not apply to securities that are issued or guaranteed by the United States, a federal agency, or government sponsored enterprise.
(5) Which are rated in a rating category of “AA” or its equivalent or better by a minimum of one NRSRO at time of purchase.

pfm asset management

County of Monterey

Investment Portfolio Compliance Report

April 30, 2026

pfmam.com

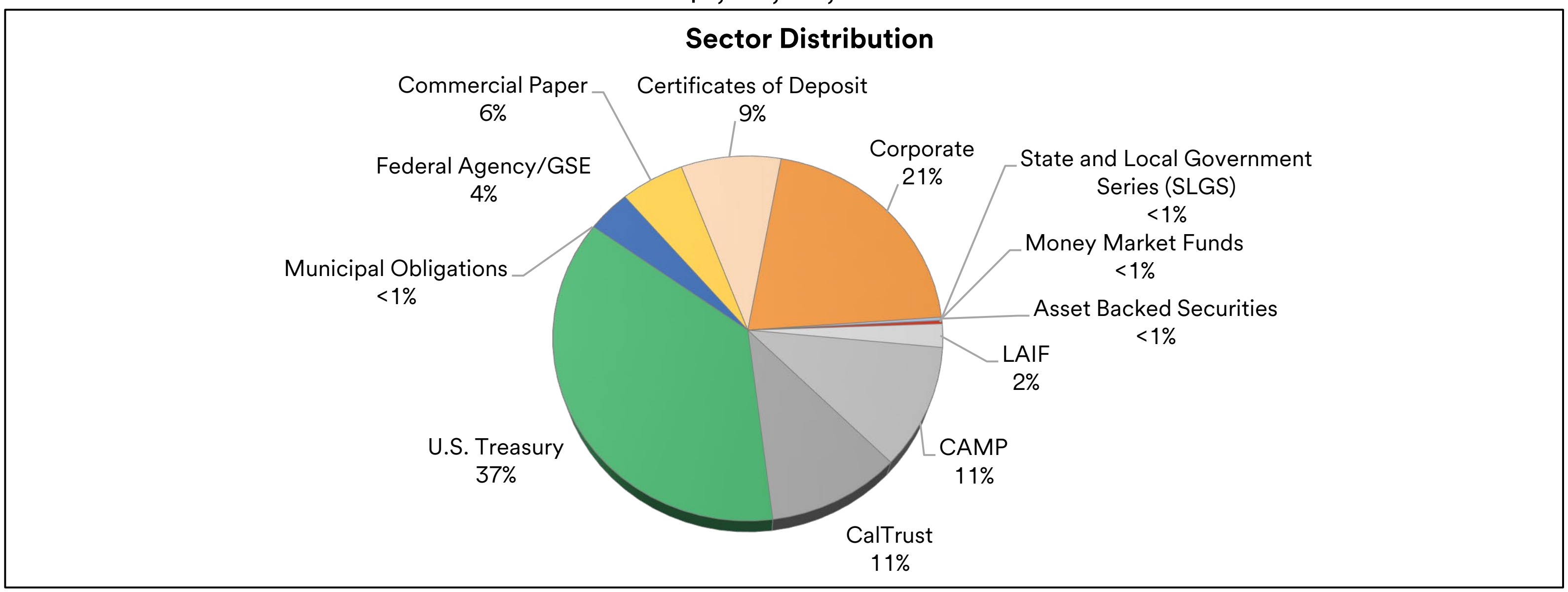
PFM Asset Management a division of U.S. Bancorp Asset Management, Inc

Sector	Sector Limitation	Maximum Per Issuer	Maximum Maturity	Minimum Credit Requirements
LAIF	$75 million	$75 million	N/A	None
CAMP	20%	20%	N/A	None
CalTrust	20%	20%	N/A	None
Monterey County Bonds	100%	10%	5 years	None
U.S. Treasury	100%	100%	5 years	None
Municipal Obligations	100%	10%	5 years	A by NRSRO
Federal Agency/GSE	100%	100%	5 years	None
Supranationals	30%	30%	5 years	AA by NRSRO
Bankers' Acceptance	40%	5%	180 days	A-1/P-1 by NRSRO
Commercial Paper	40%	5%	270 days	A-1/P-1 by NRSRO
Negotiable CD	30%	5%	5 years	A or A-1 by NRSRO
Reverse Repo/Securities Lending	20%	N/A	92 days	None
Repurchase Agreements	20%	N/A	1 year	None
Corporate	30%	5%	5 years	A by NRSRO
Asset Backed Securities	20%	5%	5 years	AA by NRSRO
Money Market Funds	20%	10%	N/A	AAA by 2 NRSRO/Advisor Req.
Collateralized Deposits/Inv. Contracts	100%	100%	5 years	Insured/Collateralized

Monterey County: Sector Allocations

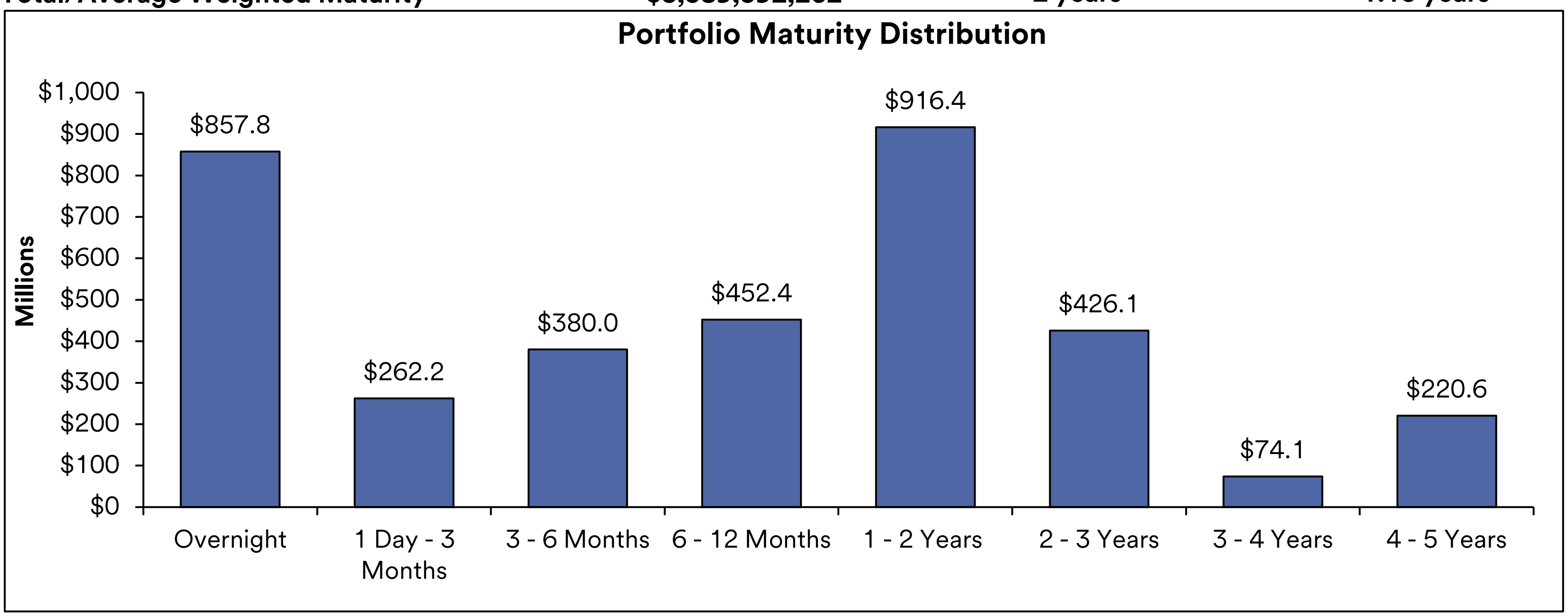
April 30, 2026

Sector	Market Value	Sector Limit	Current Allocation
LAIF	$74,700,930	$75 million	2.1%
CAMP	$390,900,000	20%	10.9%
CalTrust	$381,443,451	20%	10.6%
Monterey County Bonds	None	100%	None
U.S. Treasury	$1,323,094,839	100%	36.9%
Municipal Obligations	$79,665	100%	0.0%
Federal Agency/GSE	$135,694,149	100%	3.8%
Supranationals	None	30%	None
Bankers' Acceptance	None	40%	None
Commercial Paper	$198,408,400	40%	5.5%
Certificates of Deposit	$310,739,778	30%	8.7%
Reverse Repo/Securities Lending	None	20%	None
Repurchase Agreements	None	20%	None
Corporate	$753,406,753	30%	21.0%
Asset Backed Securities	$10,344,672	20%	0.3%
Money Market Funds	$436,592	20%	0.0%
State and Local Government Series (SLGS)	$10,343,035	100%	0.3%
Collateralized Deposits/Inv. Contracts	None	100%	None
Totals	**$3,589,592,262**		**100.0%**



Detail may not add to total due to rounding.

Sector	Market Value	Maximum Maturity	Current Maximum
LAIF	$74,700,930	N/A	1 day
CAMP	$390,900,000	N/A	1 day
CalTrust	$381,443,451	N/A	1 day
Monterey County Bonds	None	5 years	-
U.S. Treasury	$1,323,094,839	5 years	4.8 years
Municipal Obligations	$79,665	5 years	0.2 years
Federal Agency/GSE	$135,694,149	5 years	4.7 years
Supranationals	None	5 years	-
Bankers' Acceptance	None	180 days	-
Commercial Paper	$198,408,400	270 days	175 days
Negotiable CD	$310,739,778	5 years	1.0 years
Reverse Repo/Securities Lending	None	92 days	-
Repurchase Agreements	None	1 year	-
Corporate	$753,406,753	5 years	5.0 years
Asset-Backed Securities	$10,344,672	5 years	4.1 years
Money Market Funds	$436,592	N/A	1 day
State and Local Government Series	$10,343,035	N/A	1 day
Collateralized Deposits/Inv. Contracts	None	5 years	-
Total/Average Weighted Maturity	**$3,589,592,262**	**2 years**	**1.15 years**



Detail may not add to total due to rounding.

Issuer	Total	Current Issuer Allocation	Issuer Limit
United States Treasury	$1,323,094,839	36.9%	100%
FHLB	$81,195,699	2.3%	100%
FHLMC	$54,498,450	1.5%	100%
Abbott Laboratories	$9,813,700	0.3%	5%
Adobe Inc	$25,419,580	0.7%	5%
Alphabet Inc	$35,087,447	1.0%	5%
Amazon.com, Inc.	$30,874,536	0.9%	5%
American Express	$133,400	<0.1%	5%
American Honda Finance	$70,127	<0.1%	5%
Analog Devices Inc.	$19,278,644	0.5%	5%
Apple	$29,573,085	0.8%	5%
Astrazeneca PLC	$10,545,580	0.3%	5%
Bank of America Corp	$250,843	<0.1%	5%
Bank of Montreal Chicago	$25,005,000	0.7%	5%
Bank of Tokyo Mitsubishi	$74,579,400	2.1%	5%
Blackrock	$10,349,122	0.3%	5%
BMW US Capital LLC	$10,419,180	0.3%	5%
BNP Paribas NY	$69,615,350	1.9%	5%
Bristol-Myers Squibb Co	$19,900,800	0.6%	5%
Caterpillar Inc	$40,185,931	1.1%	5%
Charles Schwab	$350,076	<0.1%	5%
Cisco Systems	$30,431,334	0.8%	5%
Citigroup	$27,706,754	0.8%	5%
Coca-Cola	$9,737,000	0.3%	5%
Colgate-Palmolive Co	$105,152	<0.1%	5%
Credit Agricole CIB NY	$74,448,250	2.1%	5%
Deere and Company	$30,412,018	0.8%	5%
Depository Trust Company	$250,260	<0.1%	5%
Eli Lilly & Co	$24,236,151	0.7%	5%
General Dynamics Corporation	$9,975,600	0.3%	5%
General Electric	$39,917	<0.1%	5%
Goldman Sachs	$9,978,400	0.3%	5%
Hershey Company	$14,833,769	0.4%	5%
Home Depot Inc	$20,289,285	0.6%	5%
Honeywell International Inc.	$12,507,768	0.3%	5%
Hormel Foods	$10,067,500	0.3%	5%
HSBC USA Inc.	$5,033,000	0.1%	5%
Johnson & Johnson	$10,461,375	0.3%	5%
JP Morgan	$5,101,476	0.1%	5%

Issuer	Total	Current Issuer Allocation	Issuer Limit
Lockheed Martin Corp	$10,022,407	0.3%	5%
Los Angeles Unified School District	$79,665	<0.1%	10%
Mars Inc	$70,709	<0.1%	5%
Mastercard Inc	$5,035,319	0.1%	5%
Merck	$23,886,438	0.7%	5%
Meta Platforms Inc	$19,340,662	0.5%	5%
Microsoft Corp Notes	$13,536,080	0.4%	5%
National Secs Clearing	$344,774	<0.1%	5%
Natixis NY	$74,716,850	2.1%	5%
Northern Trust Corp	$20,113,620	0.6%	5%
Novartis Capital Corp	$305,942	<0.1%	5%
Paccar Financial Corp	$6,554,080	0.2%	5%
PepsiCo	$15,222,118	0.4%	5%
Pfizer	$6,102,791	0.2%	5%
PNC Bank	$10,140,842	0.3%	5%
Rabobank Nederland NY	$30,483,228	0.8%	5%
Royal Bank of Canada NY	$35,013,650	1.0%	5%
Salesforce Inc	$355,692	<0.1%	5%
Shell Finance US Inc	$74,137	<0.1%	5%
State Street	$34,204,465	1.0%	5%
Target Corp	$10,007,142	0.3%	5%
Texas Instruments Inc.	$20,398,435	0.6%	5%
Toronto Dominion Bank NY	$75,305,950	2.1%	5%
Total Energy CAP USA LLC	$143,501	<0.1%	5%
Toyota Auto Receivables Owner Trust	$10,344,672	0.3%	5%
Toyota Motor Credit	$24,800,708	0.7%	5%
UnitedHealth Group Inc	$19,877,800	0.6%	5%
Walmart Stores	$30,721,814	0.9%	5%
Walt Disney Co	$9,870,300	0.3%	5%
Wells Fargo	$58,838,668	1.6%	5%
State and Local Government Series (SLGS)	$10,343,035	0.3%	100%
CAMP	$390,900,000	10.9%	20%
LAIF	$74,700,930	2.1%	$75 Million
CalTrust	$381,443,451	10.6%	20%
Morgan Stanley	$436,592	<0.1%	10%
Grand Total	**$3,589,592,262**	**100.0%**	

Detail may not add to total due to rounding.

Certificate of Compliance

During the reporting period for the month ended April 30, 2026, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc.*

- The report was prepared using the month-end portfolio market value information provided by Monterey County.
- The report excludes funds in the County's Wells Fargo and Bank of America checking accounts.
- Using the CUSIPs provided by the County, issuer information and credit ratings were verified by PFMAM for compliance purposes.
- The report is for the purposes indicated above and it is not intended to provide specific investment advice or recommendations.
- Credit quality compliance is based on ratings as of purchase date.

County Comments

- County Comments:

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.