# PRELIMINARY OFFICIAL STATEMENT DATED JULY 28, 2026



**NEW ISSUE -- FULL BOOK-ENTRY**

**RATING: S&P: "AAA"**
**See "RATING" herein.**

*In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from the State of California personal income taxes. See "TAX MATTERS" herein.*

# $52,000,000*
# MILL VALLEY SCHOOL DISTRICT
**(County of Marin, California)**
## General Obligation Bonds
## 2022 Election, Series C

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

***Authority and Purpose.*** The above-captioned bonds (the "Bonds") are being issued by the Mill Valley School District (the "District") of the County of Marin (the "County"), State of California (the "State") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on June 4, 2026 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the District held on June 7, 2022, which authorized the issuance of $194,000,000 maximum principal amount of general obligation bonds for the purpose of financing acquisition, construction and modernization of school facilities. The Bonds are the third series of bonds to be issued under this authorization. See "THE BONDS – Authority for Issuance" and "THE FINANCING PLAN."

***Security.*** The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds. See "SECURITY FOR THE BONDS."

***Redemption****. The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity under certain circumstances, as described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

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

***Payments.*** The Bonds are dated the date of delivery and are being issued as current interest bonds. The Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2027. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent (the "Paying Agent"), in Dallas, Texas, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS."

**MATURITY SCHEDULE**
(see inside front cover)

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

*The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall LLP, San Mateo, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Certain matters will be passed on the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about August 19, 2026*.*

RAYMOND JAMES®

The date of this Official Statement is ___________, 2026.

**Preliminary; subject to change.*

# MATURITY SCHEDULE*

## MILL VALLEY SCHOOL DISTRICT
**(County of Marin, California)**
**General Obligation Bonds**
**2022 Election, Series C**

**Base CUSIP†: 600038**

| Maturity Date | Principal Amount | Interest Rate | Yield | Price | CUSIP† |
|---|---|---|---|---|---|

**Preliminary; subject to change.*
*† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services ("CGS"), managed on behalf of the American Bankers Association by FactSet Research Systems Inc.*  *This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience only. Neither of the District nor the Underwriter take any responsibility for the accuracy of such numbers.*

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

***Involvement of Underwriter.*** The following statement has been included in this Official Statement on behalf of the Underwriter: The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

***Stabilization of and Changes to Offering Prices.*** In connection with the offering of the Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

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

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

***No Securities Laws Registration.*** The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

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

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

# MILL VALLEY SCHOOL DISTRICT
**(County of Marin, California)**



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**DISTRICT ADMINISTRATION**

Elizabeth Kaufman, Ed.D., *Superintendent*
Paula Rigney*, Assistant Superintendent, Business Services and Operations*

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**PROFESSIONAL SERVICES**

**MUNICIPAL ADVISOR**

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

**BOND COUNSEL AND DISCLOSURE COUNSEL**

Jones Hall LLP
*San Mateo, California*

**UNDERWRITER'S COUNSEL**

Norton Rose Fulbright US LLP
*Los Angeles, California*

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

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

# TABLE OF CONTENTS

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# OFFICIAL STATEMENT

## $52,000,000*
## MILL VALLEY SCHOOL DISTRICT
### (County of Marin, California)
## General Obligation Bonds
## 2022 Election, Series C

*This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale and delivery by the Mill Valley School District (the "**District**") of County of Marin (the **"County"**), State of California (the **"State"**) of the Mill Valley School District (County of Marin, California) General Obligation Bonds, 2022 Election, Series C, in the principal amount of $52,000,000* (the "**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 and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

***The District***. General Information. The District was established in 1891 and includes an area of approximately 21 square miles located in the southern region of the County. The primarily residential community is located approximately 14 miles north of San Francisco and 52 miles from the renowned Napa Valley, and is known for its charming village center, towering redwood groves, as a gateway for outdoor enthusiasts at the foot of Mt. Tamalpais, and with deep roots in the arts and outdoor culture. Serving transitional kindergarten through eighth grade students of the City of Mill Valley as well as some unincorporated portions of the County, the District operates five elementary schools and one middle school. The District's enrollment for fiscal year 2026-27 is budgeted for 2,428 students. The District's fiscal year 2025-26 total assessed valuation is over $16.8 billion.

Education Funding Formula: Basic Aid Status. For purposes of education funding in the State, the District is a "**Basic Aid District**" (also referred to as a "**Community Supported District**"), meaning that the District's share of local property taxes exceeds the amount of its entitlement grant under the State's education funding formula. As such, in lieu of an entitlement grant from the State, the District is entitled to keep its full share of local property taxes which exceeds what the District would have received under the State's funding formula. The District receives some funding from the State including special education funding and certain minimum guaranteed amounts of State apportionments. As a Basic Aid District, the District is not dependent on the State and its budget for its primary revenue source.

In addition to the significant financial benefit provided as a Basic Aid District, the District also benefits from other local funding sources in the form of a voter-approved parcel tax and lease revenues it obtains from the lease of District properties, as well as significant fundraising revenues from its foundation and the parent-teachers association. These sources support comprehensive educational programs and provide many benefits for District students. See Appendix A hereto under the heading "GENERAL DISTRICT INFORMATION - Basic Aid for Education Funding Purposes" and "DISTRICT FINANCIAL INFORMATION - Other Local Revenues."

**Preliminary; subject to change.*

More Information About the District. For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See also APPENDIX C hereto for demographic and other information regarding the City of Mill Valley and the County.

***Authority***. The Bonds are the third series of bonds issued by the District pursuant to an election held by the District on June 7, 2022 at which more than 55% of the qualified electors of the District authorized the District to issue general obligation bonds in a maximum principal amount of $194,000,000 (the **"2022 Bond Authorization"**). The Bonds will be issued pursuant to the authority of the 2022 Bond Authorization, the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506) (the "**Bond Law**") and pursuant to a resolution adopted by the Board of Trustees of the District on June 4, 2026 (the "**Bond Resolution**"). See "THE FINANCING PLAN" and "THE BONDS - Authority for Issuance."

***Purpose of Issue.*** The net proceeds of the Bonds will be used to finance school facility improvements and to pay related issuance costs, as approved by District voters pursuant to the 2022 Bond Authorization. See "THE FINANCING PLAN" and "SOURCES AND USES OF FUNDS" herein.

***Sources of Payment for the Bonds***. The Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes. The Board of Supervisors of the County has the power and is obligated to annually levy an *ad valorem* tax for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS" herein.

***Description of the Bonds.*** The Bonds are being issued as bonds which will bear current interest and will mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS – General Description of the Bonds" and "– Book-Entry Only System," below and "APPENDIX F – DTC and the Book-Entry System."

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

***Legal Matters***. Issuance of the Bonds is subject to the approving opinion of Jones Hall LLP, San Mateo, California, as bond counsel ("**Bond Counsel**"), to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall LLP, San Mateo, California, will also serve as Disclosure Counsel to the District ("**Disclosure Counsel**"). Norton Rose Fulbright US LLP, Los Angeles, California, is serving as counsel to the Underwriter (**"Underwriter's Counsel"**). Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon issuance of the Bonds.

***Tax Matters***. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Interest on the Bonds may be subject to the corporate alternative

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* *Preliminary; subject to change.*

minimum tax. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from the State of California personal income taxes. See "TAX MATTERS" and APPENDIX D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Bonds.

***Continuing Disclosure.*** The District has covenanted for the benefit of holders and beneficial owners of the Bonds to provide ongoing financial and other information and other notices as set forth in a Continuing Disclosure Certificate, as set forth in APPENDIX E hereto. See "CONTINUING DISCLOSURE" and "APPENDIX E – Form of Continuing Disclosure Certificate."

***Cybersecurity.*** School districts, like other governmental and business entities, face significant risks relating to the use and application of computer software and hardware for educational, 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, vendors and contractors. As the custodian of such information, the District may face cybersecurity threats, attacks or incidents from time to time. Furthermore, service providers, vendors and other entities including the County, upon which the District relies for certain services and functions, also may be the target of cyber events which could directly or indirectly impact the District, including the owners of the Bonds with respect to timely payments on the Bonds and timely filings pursuant to the District's continuing disclosure obligations. For more information, see "MISCELLANEOUS - Cyber Risks" herein.

***Other Information.*** This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the District from the Superintendent's Office at Mill Valley School District, 411 Sycamore Avenue, Mill Valley, California 94941. The District may impose a charge for copying, mailing and handling.

*END OF INTRODUCTION*

## THE FINANCING PLAN

The proceeds of the Bonds will be used to finance projects approved by the voters pursuant to the 2022 Bond Authorization, including to pay related costs of issuance. The abbreviated form of the ballot measure (limited to 75 words or less) is as follows:

> *"To upgrade classrooms, science labs and learning technology in Mill Valley elementary and middle schools; repair/replace leaky roofs/windows, improve accessibility for students with disabilities; add solar and replace outdated/inefficient heating, ventilation, electrical/plumbing systems; shall Mill Valley School District's measure to issue $194,000,000 in bonds at legal interest rates be adopted, raising approximately $9,300,000 annually while bonds are outstanding averaging 2.6¢ per $100 of assessed value, with oversight, annual audits and all funds improving local schools?"*

As part of the ballot materials presented to District voters, the voters authorized a specific list of projects (the **"Project List"**) eligible to be funded with proceeds of bonds sold pursuant to the 2022 Bond Authorization, including the Bonds. The Project List authorizes the District to spend the proceeds of the Bonds on the specific types of projects identified in the Project List, including all related incidental costs which include but are not limited to fees of design, construction and legal professionals, interim housing costs, relocation expenses, and expenses related to safety and environmental remediation, if any. The District is undertaking all necessary planning processes and environmental review of planned projects. The District makes no representation as to the specific application of the proceeds of the Bonds which is at the direction of the Board, the completion of any projects listed on the Project List, or whether bonds authorized by the 2022 Bond Authorization will provide sufficient funds to complete any particular project listed in the Project List. The Bonds described herein will be the third series of bonds issued pursuant to the 2022 Bond Authorization. Following the issuance of the Bonds, there will be $44,500,000* of unissued but authorized bonds under the 2022 Bond Authorization.

See also "SOURCES AND USES OF FUNDS" below.

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* *Preliminary; subject to change.*

## SOURCES AND USES OF FUNDS

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

**MILL VALLEY SCHOOL DISTRICT**
**Sources and Uses**

| | |
|---|---|
| **<u>Sources of Funds</u>** | |
| Principal Amount of Bonds | |
| Plus (Net) Original Issue Premium | |
| **Total Sources** | |
| **<u>Uses of Funds</u>** | |
| Deposit to Building Fund | |
| Debt Service Fund(1) | |
| Costs of Issuance(2) | |
| **Total Uses** | |

*(1) Represents premium received by the District.*
*(2) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Paying Agent, the rating agency and other miscellaneous expenses.*

*[Remainder of page intentionally left blank]*

## THE BONDS

### Authority for Issuance

The Bonds will be issued under the Bond Law and the Bond Resolution. See "DEBT SERVICE SCHEDULES - The Bonds" herein for the debt service schedule for the Bonds.

### General Description of the Bonds

The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "– Book-Entry Only System" below and "APPENDIX F – DTC and the Book-Entry System."

The Bonds will be issued in denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2027 (each, an "**Interest Payment Date**"). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is registered and authenticated prior to an Interest Payment Date and after the close of business on the 15th day of the month preceding such Interest Payment Date (each, a "**Record Date**"), in which event it will bear interest from such Interest Payment Date, or (iii) it is registered and authenticated prior to January 15, 2027, in which event it will bear interest from the date of delivery identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

### Paying Agent

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will act as the registrar, transfer agent, and paying agent for the Bonds (the "**Paying Agent**"). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send all payments with respect to principal and interest on the Bonds, and any notice of redemption or other notices to owners of the Bonds, only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action covered by such notice.

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

### Optional Redemption*

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

**Mandatory Sinking Fund Redemption***

The Bonds maturing on August 1, 20___ (the "**Term Bonds**") are subject to mandatory sinking fund redemption on August 1, 20___ and each August 1 thereafter in accordance with the schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payment amounts, and on the dates, set forth below, without premium, together with interest accrued thereon to the redemption date.

**Term Bonds Maturing August 1, 20___**

| Redemption Date (August 1) | Sinking Fund Redemption |
|---|---|

If some but not all of the Term Bonds have been redeemed pursuant to the optional redemption provisions described above, the aggregate principal amount of Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be reduced on a pro rata basis in integral multiples of $5,000, or on such other basis as designated pursuant to written notice filed by the District with the Paying Agent.

**Notice of Redemption**

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

Neither failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

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**Preliminary; subject to change.*

### Partial Redemption

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

### Right to Rescind Notice of Optional Redemption

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

### Book-Entry Only System

The Bonds will be registered initially in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York ("**DTC**"), which has been appointed as securities depository for the Bonds, and registered ownership may not be transferred thereafter except as provided in the Bond Resolution. Purchasers will not receive certificates representing their interests in the Bonds. Principal of the Bonds will be paid by the Paying Agent to DTC, which in turn is obligated to remit such principal to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See "APPENDIX F – DTC and the Book-Entry System."

In the event that the securities depository (either DTC or its successor depository) determines not to continue to act as securities depository for the Bonds, or the District determines to terminate the depository as such, then the District will thereupon discontinue the book-entry system with such securities depository. In such event, the securities depository will cooperate with the District and the Paying Agent in the issuance of replacement Bonds by providing the Paying Agent with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the nominee of the securities depository, to the Paying Agent on or before the date such replacement Bonds are to be issued.

### Registration, Transfer and Exchange of Bonds

The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which will at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as provided in the Bond Resolution.

Any Bond may, in accordance with its terms, be transferred, upon the registration books required to be kept pursuant to the Bond Resolution, by the person in whose name it is registered, in person or by a duly authorized attorney, upon surrender of such Bond for cancellation at the Office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The Paying Agent will require the payment by the owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Bond(s) is surrendered for transfer, the District will execute, and the Paying Agent will authenticate and deliver, a new Bond(s), for like aggregate principal amount.

Bonds may be exchanged at the principal Office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. 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.

No transfers or exchanges of Bonds will be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

**Defeasance**

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

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or

(c) by delivering to the Paying Agent, for cancellation by it, such Bonds.

If the District pays all the Bonds that are outstanding and also pays or causes to be paid all other sums payable under the Bond Resolution by the District, then and in that case, at the election of the District, and notwithstanding that any Bonds have not been surrendered for payment, the Bond Resolution and other assets made under the Bond Resolution and all covenants, agreements and other obligations of the District under the Bond Resolution will cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Bond Resolution.

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

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

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of the Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided in the Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or redemption price of such Series C Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity), the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due.

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

## APPLICATION OF PROCEEDS OF BONDS

### Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County Treasurer to the credit of the fund created and established by the County in the Bond Resolution and known as the "2022 Election, Series C Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued, including for the payment of permissible costs of issuance. All interest and other gain arising from the investment of proceeds of the Bonds shall be retained in the Building Fund and used for the purposes thereof. Any amounts remaining on deposit in the Building Fund and not needed for the purposes thereof will be withdrawn from the Building Fund and transferred to the Debt Service Fund established for the Bonds, to be applied to pay the principal of and interest on the Bonds. If excess amounts remain on deposit in the Building Fund after payment in full of the Bonds, any such excess amounts shall be transferred to the general fund of the District, to be applied for the purposes for which the Bonds have been authorized or otherwise in accordance with the Bond Law.

### Debt Service Fund

As described herein under the heading "SECURITY FOR THE BONDS - Debt Service Fund," the County will establish a debt service fund for the Bonds to be designated the "2022 Election, Series C Bond Debt Service Fund" (the "**Debt Service Fund**"). Accrued interest and premium, if any, received by the County from the sale of the Bonds will be deposited in the Debt Service Fund which, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the Bonds. Interest earnings on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund and used to pay the principal of and interest on the Bonds when due. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid, will be transferred to any other interest and sinking fund for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, will be transferred to the District's general fund upon the order of the County Auditor, as provided in Section 15234 of the California Education Code.

### Investment of Proceeds of Bonds

Under California law, the District is generally required to pay all monies received from any source into the County Treasury to be held on behalf of the District. All amounts deposited into the Debt Service Fund, as well as proceeds of taxes held therein for payment of the Bonds, shall be invested at the sole discretion of the County Treasurer pursuant to law and the investment policy of the County. All amounts deposited in the Building Fund of the District shall be invested at the sole discretion of the County Treasurer. See APPENDIX G for the County's most recently publicly available investment policy and recent investment report. The County Treasurer neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations. The District shall maintain or cause to be maintained detailed records with respect to the applicable proceeds.

## DEBT SERVICE SCHEDULES

***The Bonds.*** The following table shows the annual debt service schedule with respect to the Bonds, assuming no optional redemption of some or all of the Bonds prior to maturity.

**MILL VALLEY SCHOOL DISTRICT**
**Annual Debt Service Schedule**
**for the Bonds**

| Period Ending August 1 | Principal | Interest | Total Debt Service |
|---|---|---|---|
| 2027 | | | |
| 2028 | | | |
| 2029 | | | |
| 2030 | | | |
| 2031 | | | |
| 2032 | | | |
| 2033 | | | |
| 2034 | | | |
| 2035 | | | |
| 2036 | | | |
| 2037 | | | |
| 2038 | | | |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| 2042 | | | |
| 2043 | | | |
| 2044 | | | |
| 2045 | | | |
| 2046 | | | |
| 2047 | | | |
| 2048 | | | |
| 2049 | | | |
| 2050 | | | |
| 2051 | | | |
| 2052 | | | |
| 2053 | | | |
| 2054 | | | |
| 2055 | | | |
| Total | | | |

***Combined General Obligation Bond Indebtedness.*** The following table shows the debt service schedule with respect to all outstanding general obligation bonds of the District, together with debt service due on the Bonds, assuming no optional redemptions.

**MILL VALLEY SCHOOL DISTRICT**
**Combined General Obligation Bonds Debt Service Schedule**

| Period Ending (August 1) | 2017 Refunding | 2020 Refunding | 2022 Election Bonds* | The Bonds | Total |
|---|---|---|---|---|---|
| 2027 | $2,634,300.00 | $1,297,973.90 | $3,695,000.00 | | |
| 2028 | 2,815,700.00 | 1,283,291.50 | 3,695,000.00 | | |
| 2029 | 3,005,637.50 | 1,262,579.50 | 3,695,000.00 | | |
| 2030 | 3,204,012.50 | 1,237,075.50 | 3,695,000.00 | | |
| 2031 | 3,406,800.00 | 1,196,883.50 | 3,695,000.00 | | |
| 2032 | 3,622,800.00 | 1,170,337.50 | 3,695,000.00 | | |
| 2033 | 3,842,100.00 | 1,149,168.00 | 3,695,000.00 | | |
| 2034 | 4,073,650.00 | 1,123,249.50 | 3,695,000.00 | | |
| 2035 | -- | 5,517,707.50 | 4,220,000.00 | | |
| 2036 | -- | 5,756,600.00 | 4,448,750.00 | | |
| 2037 | -- | 5,983,412.70 | 4,629,750.00 | | |
| 2038 | -- | 6,224,507.90 | 4,819,750.00 | | |
| 2039 | -- | 3,389,171.10 | 5,022,750.00 | | |
| 2040 | -- | -- | 5,777,500.00 | | |
| 2041 | -- | -- | 5,945,750.00 | | |
| 2042 | -- | -- | 6,229,750.00 | | |
| 2043 | -- | -- | 6,526,250.00 | | |
| 2044 | -- | -- | 6,834,850.00 | | |
| 2045 | -- | -- | 7,174,300.00 | | |
| 2046 | -- | -- | 7,517,400.00 | | |
| 2047 | -- | -- | 7,879,400.00 | | |
| 2048 | -- | -- | 8,259,000.00 | | |
| 2049 | -- | -- | 8,649,600.00 | | |
| 2050 | -- | -- | 8,784,800.00 | | |
| 2051 | -- | -- | 9,188,800.00 | | |
| 2052 | -- | -- | 9,615,200.00 | | |
| 2053 | -- | -- | 10,072,000.00 | | |
| 2054 | -- | -- | 8,236,800.00 | | |
| 2055 | -- | -- | -- | | |
| TOTAL | $26,605,000.00 | $36,591,958.10 | $169,392,400.00 | | |

*Not including debt service on the Bond described herein, which is presented in the next column.

## SECURITY FOR THE BONDS

### *Ad Valorem* Property Taxes

***Bonds Payable from Ad Valorem Property Taxes.*** The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding. See "DEBT SERVICE SCHEDULES" above and in APPENDIX A under the heading "DISTRICT GENERAL AND FINANCIAL INFORMATION – DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations."

In no event is the District obligated to pay principal of and interest on the Bonds out of any funds or properties of the District other than from *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the applicable Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

***Other Bonds Payable from* Ad Valorem *Property Taxes***. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* property taxes levied on parcels in the District. See "PROPERTY TAXATION – Typical Tax Rates" and "- Debt Obligations" below.

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

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

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

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

Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire/wildfire, outbreak of disease or other natural disaster or man-made disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value." See also below under the heading "-Disclosure Relating to COVID-19 Pandemic."

**Debt Service Fund**

As previously described herein (see "APPLICATION OF PROCEEDS OF BONDS – Debt Service Fund"), the County will establish the Debt Service Fund, into which will be deposited all taxes levied by the County for the payment by the District of the principal of and interest on the Bonds. The Debt Service Fund is pledged by the District for the payment by it of the principal of and interest on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to enable the District to pay the principal of and interest on the Bonds as the same becomes due and payable.

If, after payment in full of any issue of the Bonds, any amounts remain on deposit in the related Debt Service Fund, the County shall apply such amounts to pay debt service on other outstanding general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, shall be transferred to the general fund of the District, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

**Not a County Obligation**

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

# PROPERTY TAXATION

## Property Tax Collection Procedures

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

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

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

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

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

### Taxation of State-Assessed Utility Property

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

### Assessed Valuations

***Assessed Valuation History.*** The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the SBE. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. For a discussion of how properties currently are assessed, see APPENDIX A under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS." Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

The table following shows a recent history of the District's assessed valuation, which has consistently increased over the past ten years.

**MILL VALLEY SCHOOL DISTRICT**
**Assessed Valuation**
**Fiscal Years 2014-15 through 2025-26**

| Fiscal Year | Local Secured | Utility | Unsecured | Total | % Change |
|---|---|---|---|---|---|
| 2014-15 | $9,150,755,843 | $0 | $90,099,971 | $9,240,855,814 | --% |
| 2015-16 | 9,910,978,628 | 0 | 88,081,571 | 9,999,060,199 | 8.2 |
| 2016-17 | 10,563,923,885 | 0 | 85,496,073 | 10,649,419,958 | 6.5 |
| 2017-18 | 11,100,096,668 | 0 | 95,660,925 | 11,195,757,593 | 5.1 |
| 2018-19 | 11,723,206,571 | 0 | 95,978,134 | 11,819,184,705 | 5.6 |
| 2019-20 | 12,265,827,499 | 0 | 114,056,773 | 12,379,884,272 | 4.7 |
| 2020-21 | 12,920,149,894 | 0 | 119,886,442 | 13,040,036,336 | 5.3 |
| 2021-22 | 13,438,601,242 | 0 | 115,336,935 | 13,553,938,177 | 3.9 |
| 2022-23 | 14,333,581,859 | 0 | 115,279,987 | 14,448,861,846 | 6.6 |
| 2023-24 | 15,337,117,427 | 0 | 119,492,206 | 15,456,609,633 | 7.0 |
| 2024-25 | 16,063,202,448 | 0 | 126,574,656 | 16,189,777,104 | 4.7 |
| 2025-26 | 16,776,041,614 | 0 | 122,963,068 | 16,899,004,682 | 4.4 |

*Source: California Municipal Statistics, Inc.*

An assessed value increase for fiscal year 2026-27 of 4.63% is expected, based on recent correspondence with the County.

***Factors Relating to Increases/Decreases in Assessed Value.*** Economic Conditions; Disasters. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, reclassifications of property to a class exempt from property taxation, and complete or partial destruction of property due to man-made or natural disasters which include but are not limited to earthquakes, fires/wildfires, floods, drought, mudslides and the consequences of climate change such as heat waves, droughts, sea level rise and floods, which could have an impact on assessed values. The State including the region in which the District is located has in recent years experienced significant natural disasters such as earthquakes, droughts, mudslides, wildfires and floods. Climate change can also cause hazards such as heat waves, droughts and floods, which could have an impact on assessed values. Fault lines are also located throughout the State causing seismic activity including in the vicinity of the District. Public health disasters such as the COVID-19 Pandemic could also have direct and indirect impacts on economic conditions and property values.

The State, including the County, has experienced significant drought conditions in recent years. In addition, in recent years the State, including in northern California region, has experienced significant wildfire events, although there currently are none in the vicinity of the District. The District is located in a seismically active area with several fault lines in its vicinity. Finally, seasonal flooding due to extreme rain events combined with high tides and sea level rise has and can cause flooding and related damage in the region where the District is located.

Future Conditions and Disasters Cannot be Predicted. The District cannot predict or make any representations regarding the effects that any natural or manmade disasters, including health disasters such as the COVID-19 Pandemic, and the effects of climate change, and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State. The District manages its risks to these various perils pursuant to a risk management program. See APPENDIX A under the heading "GENERAL DISTRICT INFORMATION - Risk Management/Insurance."

**Assessed Valuation by Jurisdiction**

The following table shows a recent breakdown of assessed valuation by jurisdiction in the District.

**MILL VALLEY SCHOOL DISTRICT**
**Assessed Valuation by Jurisdiction**
**Fiscal Year 2025-26**

| Jurisdiction: | Assessed Valuation in District | % of District | Assessed Valuation of Jurisdiction | % of Jurisdiction in District |
|---|---|---|---|---|
| City of Mill Valley | $8,472,051,189 | 50.13% | $8,528,599,016 | 99.34% |
| Town of Tiburon | 160,751,169 | 0.95 | $7,727,466,350 | 2.08% |
| Unincorporated Marin County | 8,266,202,324 | 48.92 | $30,594,909,546 | 27.02% |
| Total District | $16,899,004,682 | 100.00% | | |
| | | | | |
| Marin County | $16,899,004,682 | 100.00% | $110,387,481,784 | 15.31% |

*Source: California Municipal Statistics, Inc.*

## Parcels by Land Use

The District is largely a residential community. The following table shows a recent breakdown of local secured property assessed value and parcels within the District by land use.

**MILL VALLEY SCHOOL DISTRICT**
**Local Secured Property Assessed Valuation and Parcels by Land Use**
**Fiscal Year 2025-26**

| Non-Residential: | 2025-26 Assessed Valuation[1] | % of Total | No. of Parcels | % of Total |
|---|---|---|---|---|
| Agricultural/Rural | $62,364 | 0.00% | 4 | 0.03% |
| Commercial | 925,057,144 | 5.51 | 308 | 2.48 |
| Vacant Commercial | 6,231,929 | 0.04 | 26 | 0.21 |
| Government/Social/Institutional | 74,778,362 | 0.45 | 656 | 5.28 |
| Subtotal Non-Residential | $1,006,129,799 | 6.00% | 994 | 8.00% |
| **Residential:** | | | | |
| Single Family Residence | $13,617,835,101 | 81.17% | 8,853 | 71.28% |
| Condominium/Townhouse | 1,073,892,833 | 6.40 | 1,231 | 9.91 |
| 2+ Residential Units/Apartments | 1,004,114,249 | 5.99 | 722 | 5.81 |
| Vacant Residential | 74,069,632 | 0.44 | 620 | 4.99 |
| Subtotal Residential | $15,769,911,815 | 94.00% | 11,426 | 92.00% |
| **Total** | $16,776,041,614 | 100.00% | 12,420 | 100.00% |

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
*Source: California Municipal Statistics, Inc.*

### Per Parcel Assessed Valuation of Single-Family Homes

The following table sets forth the per-parcel assessed valuation of single-family homes in fiscal year 2025-26.

**MILL VALLEY SCHOOL DISTRICT**
**Per Parcel Assessed Valuation of Single-Family Homes**
**Fiscal Year 2025-26**

| | No. of Parcels | 2025-26 Assessed Valuation | Average Assessed Valuation | Median Assessed Valuation |
|---|---|---|---|---|
| **Single Family Residential** | 8,853 | $13,617,835,101 | $1,538,217 | $1,298,306 |

| 2025-26 Assessed Valuation | No. of Parcels (1) | % of Total | Cumulative % of Total | Total Valuation | % of Total | Cumulative % of Total |
|---|---|---|---|---|---|---|
| $0 - $199,999 | 680 | 7.681% | 7.681% | $94,491,819 | 0.694% | 0.694% |
| $200,000 - $399,999 | 689 | 7.783 | 15.464 | 202,302,398 | 1.486 | 2.179 |
| $400,000 - $599,999 | 638 | 7.207 | 22.670 | 320,644,543 | 2.355 | 4.534 |
| $600,000 - $799,999 | 704 | 7.952 | 30.622 | 492,298,487 | 3.615 | 8.149 |
| $800,000 - $999,999 | 671 | 7.579 | 38.202 | 605,066,916 | 4.443 | 12.592 |
| $1,000,000 - $1,199,999 | 685 | 7.737 | 45.939 | 753,840,463 | 5.536 | 18.128 |
| $1,200,000 - $1,399,999 | 717 | 8.099 | 54.038 | 931,421,993 | 6.840 | 24.968 |
| $1,400,000 - $1,599,999 | 645 | 7.286 | 61.324 | 968,385,433 | 7.111 | 32.079 |
| $1,600,000 - $1,799,999 | 571 | 6.450 | 67.774 | 967,641,656 | 7.106 | 39.185 |
| $1,800,000 - $1,999,999 | 514 | 5.806 | 73.580 | 974,664,936 | 7.157 | 46.342 |
| $2,000,000 - $2,199,999 | 432 | 4.880 | 78.459 | 905,494,268 | 6.649 | 52.991 |
| $2,200,000 - $2,399,999 | 347 | 3.920 | 82.379 | 797,752,860 | 5.858 | 58.849 |
| $2,400,000 - $2,599,999 | 274 | 3.095 | 85.474 | 683,069,665 | 5.016 | 63.865 |
| $2,600,000 - $2,799,999 | 205 | 2.316 | 87.789 | 552,771,972 | 4.059 | 67.925 |
| $2,800,000 - $2,999,999 | 173 | 1.954 | 89.744 | 500,232,310 | 3.673 | 71.598 |
| $3,000,000 - $3,199,999 | 138 | 1.559 | 91.302 | 426,941,198 | 3.135 | 74.733 |
| $3,200,000 - $3,399,999 | 138 | 1.559 | 92.861 | 455,243,484 | 3.343 | 78.076 |
| $3,400,000 - $3,599,999 | 99 | 1.118 | 93.979 | 346,391,224 | 2.544 | 80.620 |
| $3,600,000 - $3,799,999 | 88 | 0.994 | 94.973 | 324,560,616 | 2.383 | 83.003 |
| $3,800,000 - $3,999,999 | 77 | 0.870 | 95.843 | 299,425,904 | 2.199 | 85.202 |
| $4,000,000 and greater | 368 | 4.157 | 100.000 | 2,015,192,956 | 14.798 | 100.000 |
| | 8,853 | 100.000% | | $13,617,835,101 | 100.000% | |

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

As shown in the foregoing table, the median assessed valuation of single-family homes in the District for fiscal year 2025-26 is $1,298,306. According to the online source known as Redfin, the median sales price of single-family homes in the City of Mill Valley in March 2026 was $2,425,000.

### Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

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

"CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" in APPENDIX A.

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

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values, adjusted for inflation, 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.

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.

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

**Typical Tax Rates**

The table below summarizes recent total *ad valorem* tax rates levied by all taxing entities for property in the District which lies in Tax Rate Area 5-000.

**MILL VALLEY SCHOOL DISTRICT**
**Typical Tax Rates**
**(TRA 5-000)**
**Dollars per $100 of Assessed Valuation(1)**
**Fiscal Years 2021-22 through 2025-26**

| | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|
| General Tax Rate | $1.0000 | $1.0000 | $1.0000 | $1.0000 | $1.0000 |
| Tamalpais Union High School District | .0206 | .0195 | .0175 | .0171 | .0328 |
| Marin Community College District | .0275 | .0258 | .0245 | .0237 | .0242 |
| Mill Valley School District | .0271 | .0258 | .0485 | .0469 | .0462 |
| Marin Healthcare District | .0218 | .0207 | .0197 | .0152 | .0182 |
| Total Tax Rate | $1.0970 | $1.0918 | $1.1102 | $1.1029 | $1.1214 |

(1) 2025-26 assessed valuation of TRA 5-000 is $8,364,533,315 which is 49.5% of the District's total assessed valuation.
*Source: California Municipal Statistics, Inc.*

### Tax Levies and Delinquencies

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

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

The District cannot provide any assurances that the County will continue to maintain the Teeter Plan described above, or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of natural or manmade disasters.

Notwithstanding the operation of the Teeter Plan, historical secured tax levy collections and delinquencies in the District, with respect to the one percent general fund apportionment, are summarized in the following table.

**MILL VALLEY SCHOOL DISTRICT**
**Secured Tax Charges and Delinquencies(1)**
**Fiscal Years 2015-16 through 2024-25**

| Fiscal Year | Secured Tax Charge(1) | Amount Delinquent June 30 | Percent Delinquent June 30 |
|---|---|---|---|
| 2015-16 | $5,164,342 | $41,446 | 0.80% |
| 2016-17 | 5,402,187 | 37,374 | 0.69 |
| 2017-18 | 5,644,941 | 24,463 | 0.43 |
| 2018-19 | 5,414,455 | 45,463 | 0.84 |
| 2019-20 | 3,897,177 | 34,643 | 0.89 |
| 2020-21 | 3,373,549 | 30,940 | 0.91 |
| 2021-22 | 3,632,158 | 27,128 | 0.75 |
| 2022-23 | 3,689,056 | 32,149 | 0.87 |
| 2023-24 | 7,419,226 | 64,922 | 0.88 |
| 2024-25 | 7,521,394 | 84,850 | 1.13 |

(1) 1% General Fund apportionment.
*Source: California Municipal Statistics, Inc.*

*[Remainder of page intentionally left blank]*

**Top Twenty Property Owners**

The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2025-26 tax roll, and the assessed valuations thereof, are shown in the following table.

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

**MILL VALLEY SCHOOL DISTRICT**
**Top Twenty Secured Property Taxpayers**
**Fiscal Year 2025-26**

| | Property Owner | Primary Land Use | 2025-26 Assessed Valuation | % of Total (1) |
|---|---|---|---|---|
| 1. | Strawberry I & II /Edens LLC | Commercial | $165,645,284 | 0.99% |
| 2. | North Coast Land Holdings LLC | Private School | 68,188,728 | 0.41 |
| 3. | Belvedere Place Property Owner | Commercial | 57,111,710 | 0.34 |
| 4. | D.M. Jacobson & Sons Inc. | Apartments | 46,106,271 | 0.27 |
| 5. | Rachelle Kaliski Trust | Apartments | 32,149,714 | 0.19 |
| 6. | Duisberg-Lindskog Family Trust | Apartments | 30,036,406 | 0.18 |
| 7. | EDC II WF LLC | Commercial | 29,467,667 | 0.18 |
| 8. | Shelterpoint Equities LP | Commercial | 27,122,586 | 0.16 |
| 9. | Safeway Stores | Commercial | 23,552,372 | 0.14 |
| 10. | Gold Mountain Simons Way LP | Residential | 21,905,847 | 0.13 |
| 11. | Christie M. Naify Trust | Residential | 19,308,668 | 0.12 |
| 12. | Ronald J. Brabo Trust | Commercial | 18,574,018 | 0.11 |
| 13. | Woodmont Capital-Casa Roja LP | Apartments | 16,830,039 | 0.10 |
| 14. | Thiry-O Leary Living Trust | Residential | 16,542,360 | 0.10 |
| 15. | GRI Alto Center LLC | Commercial | 16,095,740 | 0.10 |
| 16. | Lansing Davis | Residential | 15,177,847 | 0.09 |
| 17. | Marinland Development Co | Apartments | 14,989,132 | 0.09 |
| 18. | Mikkel V. Frandsen | Residential | 14,612,670 | 0.09 |
| 19. | 121 Barn Road QPRT Trust | Residential | 13,691,491 | 0.08 |
| 20. | Darell Krasnoff Trust | Residential | 13,509,680 | 0.08 |
| | | | $660,618,230 | 3.94% |

(1) 2025-26 total secured assessed valuation: $16,776,041,614
*Source: California Municipal Statistics, Inc.*

The top twenty secured taxpayers account for less than five percent of the total secured assessed valuation.

## Debt Obligations

Set forth on the following page is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt as of June 1, 2026. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

### MILL VALLEY SCHOOL DISTRICT
### Statement of Direct and Overlapping Bonded Debt

**2025-26 Assessed Valuation:** $16,899,004,682

| **DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:** | **% Applicable** | **Debt 6/1/26** |
|---|---|---|
| Marin Community College District | 15.329% | $79,654,849 |
| Tamalpais Union High School District | 25.390 | 55,175,009 |
| **Mill Valley School District** | **100.000** | **144,380,000**(1) |
| Belvedere-Tiburon Library Agency Community Facilities District No. 1995-1 | 1.657 | 1,822 |
| City of Mill Valley Community Facilities District No. 1996-1 | 99.337 | 574,168 |
| Marin Healthcare District | 18.287 | 84,297,584 |
| Marin Emergency Radio Authority (Measure A) | 11.934 | 3,145,925 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | $367,229,357 |
| | | |
| **OVERLAPPING GENERAL FUND DEBT:** | | |
| Marin County General Fund Obligations | 15.309% | $10,144,509 |
| Marin County Pension Obligation Bonds | 15.309 | 2,287,165 |
| Marin Community College District General Fund Obligations | 15.329 | 1,412,670 |
| City of Mill Valley General Fund Obligations | 99.337 | 5,736,712 |
| City of Mill Valley Pension Obligation Bonds | 99.337 | 2,125,812 |
| Marin Community Services District No. 14 General Fund Obligations | 100.000 | 1,148,148 |
| Richardson Bay Sanitary District Pension Obligation Bonds | 42.986 | 744,947 |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | $23,599,963 |
| | | |
| COMBINED TOTAL DEBT | | $390,829,320 (2) |

Ratios to 2025-26 Assessed Valuation:
**Direct Debt ($144,380,000) ....................................................0.85%**
Total Direct and Overlapping Tax and Assessment Debt..........2.17%
Combined Total Debt ................................................................2.31%

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

## TAX MATTERS

### Tax Exemption

***Federal Tax Status.*** In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

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

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

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

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

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

**Other Tax Considerations**

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

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

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

**Form of Opinion**

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

## CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District by not later than nine months following the end of the District's fiscal year (which currently would be by March 31 each year based upon the June 30 end of the District's fiscal year), commencing by March 31, 2027 with the report for the 2025-26 fiscal year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and any event notices will be filed by the District with the Municipal Securities Rulemaking Board (the "**MSRB**"). The specific nature of the information to be contained in an Annual Report or other notices is set forth below under the caption "APPENDIX E – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "**Rule**").

The District has made prior undertakings under the Rule. A review has been undertaken of the District's continuing disclosure filings in the previous five years, and no instances of material non-compliance have been identified.

Willdan Financial Services serves as dissemination agent to the District with respect to each of the District's undertakings, including the undertaking for the Bonds.

Neither the County nor any other entity other than the District has any obligation or incurs any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure. The County has not reviewed nor is it responsible for the content of the Official Statement.

## RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") has assigned a rating of "AAA" to the Bonds. The District has provided certain additional information and materials to S&P (some of which has been determined not to be material to making an investment decision in the Bonds and does not appear in this Official Statement). Such rating reflects only the views of S&P and explanations of the significance of such rating may be obtained only from S&P. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in S&P's judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

## UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $________ which is equal to the aggregate principal amount of the Bonds of $________, plus [net] original issue premium of $________, less an Underwriter's discount of $________.

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

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

## MISCELLANEOUS

### Legality for Investment

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

### No Material Litigation

No litigation is pending or threatened concerning or contesting the validity of the Bonds or the District's ability to receive *ad valorem* property taxes and to collect other revenues, or contesting the District's ability to issue and retire the Bonds. The District is not aware of any litigation pending or threatened 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 offices. A certificate (or certificates) to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds.

The District is subject to lawsuits and claims that have arisen and/or may arise in the normal course of operating the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under existing lawsuits and claims, if any, will not materially affect the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

### Compensation of Certain Professionals

Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, Underwriter's Counsel and Isom Advisors, a Division of Urban Futures, Inc., as municipal advisor to the District, is contingent upon issuance of the Bonds.

## Cyber Risks

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. The District's systems are generally managed by the County Office of Education. As a recipient and provider of personal, private or other electronic sensitive information, the District or the County Office of Education may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information.

In the last five-year period, the District has not had any cyber breach that has resulted in a material financial loss. The District has taken steps to reduce cyber risks including maintaining cyber security coverage in its insurance policies, as well as on and off-site back up solutions, routine software updates, annual employee training on cyber awareness and fraud. No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cyber security events may occur, if any, with respect to it and what impact said events could have on its operations or finances.

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

## Additional Information

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

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

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

## EXECUTION

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

**MILL VALLEY SCHOOL DISTRICT**

By: ______________________________________
Superintendent

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# APPENDIX A

## DISTRICT GENERAL AND FINANCIAL INFORMATION

*The information in this and other sections concerning the Mill Valley School District (the **"District"**) of Marin County (the **"County"**), State of California (the **"State"**) and its operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the General Fund of the District. The Bonds are payable solely from the proceeds of an* ad valorem *tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.*

## GENERAL DISTRICT INFORMATION

### General Information

The District was established in 1891 and includes an area of approximately 21 square miles located in the southern region of the County. The primarily residential community is located approximately 14 miles north of San Francisco and 52 miles from the renowned Napa Valley, and is known for its charming village center, towering redwood groves, as a gateway for outdoor enthusiasts at the foot of Mt. Tamalpais, and with deep roots in the arts and outdoor culture. Serving transitional kindergarten through eighth grade students of the City of Mill Valley as well as some unincorporated portions of the County, the District operates five elementary schools and one middle school. The District's enrollment for fiscal year 2026-27 is budgeted for 2,428 students.

### Basic Aid District for Education Funding Purposes; Other Local Revenues

***General:*** For purposes of education funding in the State, the District is a "**Basic Aid District**" (also referred to as a "**Community Supported District**"), meaning that the District's share of local property taxes exceeds the amount of its entitlement grant under the State's education funding formula. As such, in lieu of an entitlement grant from the State, the District is entitled to keep its full share of local property taxes which exceeds what the District would have received under the State's funding formula. In fiscal year 2026-27 this amount is projected at approximately 117% of the State funding level for non-Basic Aid Districts. The District receives some additional funding from the State including special education funding and certain minimum guaranteed amounts of State apportionments, and has significant other sources of local revenue as described below.

For more information about the District's assessed valuation history, see the front portion of this Official Statement under the heading "SECURITY FOR THE BONDS - *Ad Valorem* Taxes."

***Other Local Revenues: Parcel Tax and Other Local Sources.*** In addition to the financial benefit provided as a Basic Aid District, the District also benefits from other local funding sources in the form of a voter-approved parcel tax recently renewed by District voters on the June 2, 2026 ballot, and lease revenues it obtains from the lease of District properties, as well as significant fundraising revenues from its foundation and the parent-teachers association. These sources support comprehensive educational programs and provide many benefits for District students. See "DISTRICT FINANCIAL INFORMATION - Revenue Sources - Other Local Revenues" herein.

### Administration

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

**BOARD OF TRUSTEES**
**Mill Valley School District**

| Name | Office | Term Expires |
|---|---|---|
| Natalie Katz | President | November 2026 |
| Sharon Nakatani | Vice President/Clerk | November 2026 |
| Elli Abdoli | Member | November 2028 |
| Michele Crncich Hodge | Member | November 2028 |
| Yunhee Yoo | Member | November 2026 |

***Superintendent and Administrative Personnel***. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Elizabeth Kaufman, Ed.D., currently serves as the Superintendent of the District and Paula Rigney serves as the District's Assistant Superintendent, Business Services and Operations.

### Recent Enrollment Trends

The following table shows historical enrollment for the District.

**ANNUAL ENROLLMENT**
**FISCAL YEARS 2017-18 THROUGH 2026-27†**
**MILL VALLEY SCHOOL DISTRICT**

| Fiscal Year | Enrollment | % Change |
|---|---|---|
| 2017-18 | 3,086 | --% |
| 2018-19 | 2,948 | (4.5) |
| 2019-20 | 2,839 | (3.7) |
| 2020-21* | 2,640 | (7.0) |
| 2021-22 | 2,415 | (8.5) |
| 2022-23 | 2,369 | (1.9) |
| 2023-24 | 2,282 | (3.7) |
| 2024-25 | 2,301 | 0.8 |
| 2025-26† | 2,336 | 1.5 |
| 2026-27† | 2,428 | 3.9 |

*The COVID-19 Pandemic commenced in approximately March 2020.
†As noted in adopted Budget for fiscal year 2026-27.
*Source: California Department of Education; Mill Valley School District.*

Because the District is funded as a Basic Aid District, its funding is not dependent upon a funding entitlement from the State which depends on average daily attendance (**"ADA"**). Instead, provided that generally assessed valuations do not decline significantly, reductions in ADA entrench the District further into its status as a Basic Aid District, with more funds available to it than under the LCFF.  The assessed values in the District have been consistently increasing on a year-to-year basis.  See the front portion of this Official Statement under the heading "SECURITY FOR THE BONDS - PROPERTY TAXATION - Assessed Valuations."

### Charter Schools

The District does not currently sponsor any charter schools and there are no charter school sites operating within District boundaries.

### Employee Relations

The District has 172.1 full time equivalent (**"FTE"**) certificated (non-management) employees, 95.02 FTE classified (non-management) employees and 19 management/ supervisor/ confidential FTE employees.  There are 7.0 FTE non-represented employees.

The certificated, classified and other employees of the District are represented by two bargaining units, as set forth in the following table.

**BARGAINING UNITS**
**Mill Valley School District**

| Bargaining Unit | Employee Type Represented | Contract Expiration Date |
|---|---|---|
| Mill Valley Teachers Association ("**MVTA**") | Certificated | June 30, 2027 |
| California School Employees Association (**"CSEA"**) | Classified | June 30, 2029 |

*Source:  Mill Valley School District.*

Compensation is settled with both units through June 30, 2027.  Step and column increases were used for purposes of fiscal year 2026-27 budget development.  Settled compensation terms will be reflected in the fiscal year 2026-27 First Interim Report.

### Risk Management/Insurance

The District is exposed to various risks that arise in the course of operation of the District and its programs, and ownership and management of its properties.  Risks include those related to theft of, damage to, and destruction of assets, errors and omissions of officers and employees, injuries to employees and others that may occur on District properties, and damage, destruction or injuries that may arise from natural disasters.

As of the date of the District's last audited financial statement, being through June 30, 2025, the District participated in one joint powers authority (a **"JPA"**) for purposes of risk pooling. There were no significant reductions in coverage during said year, and settlements had not exceeded coverage for the previous three-year period.

The District currently participates in Marin School Insurance Authority (**"MSIA"**), under a joint powers agreement, for workers' compensation coverage, and property damage and liability insurance. Coverage includes coverage for cyber losses. The District also participates in Marin Pupils Transportation Agency (**"MPTA"**), also pursuant to a joint powers agreement, for pupil transportation services for special education children.

MSIA and MPTA, respectively, are not component units of the District for financial reporting purposes. Said agencies arrange for and/or provide coverage or services for their members. The governing boards consist of a representative from each member district. Each board controls the operations of their joint powers authority, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation. The joint powers authorities are audited on an annual basis. Audited financial statements can be obtained by contacting each JPA's management. See also Notes 14 and 15 of the District's most recent audited financial statements, which are attached hereto as APPENDIX B.

The District contracts for health and dental benefits for employees through Insured Schools of California. The allocation of related costs and expenses are provided for pursuant to the terms of collective bargaining agreements.

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## DISTRICT FINANCIAL INFORMATION

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

### Education Funding Generally

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

From 1973-74 to 2012-13, State school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all State school districts of the same type. Funding of a district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between a district's revenue limit and its local property tax revenues. Districts which had local property tax revenues that exceeded their revenue limit entitlements were deemed a "Basic Aid District" and received full funding from local property tax revenues, and were entitled to keep those tax revenues which exceeded their revenue limit funding entitlement. A district which was not a Basic Aid District was known as a "Revenue Limit District."

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

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

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 65% (which was increased from 50% as part of the State's trailer bill to the 2021-22 State Budget - Assembly Bill 130) of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and was phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap. The legislation implementing LCFF also included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments. In 2021, legislation was passed that requires school districts operating a kindergarten program to also provide a transitional kindergarten (**"TK"**) program for all 4-year-old children by fiscal year 2025–26.

Funding levels used in the LCFF entitlement calculations for fiscal year 2025-26 are set forth in the following table.

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

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

*Add-ons to the Base Grant, as may be applicable, are: (1) Supplemental Grant: For the supplemental grant funding entitlement, for each grade span, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times Unduplicated Pupil Percentage, times 20%, (2) Concentration Grant: For the concentration grant funding entitlement, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times portion (of Unduplicated Pupil Percentage that exceeds 55%, times 65%, and (3) Transitional Kindergarten Add-On: For the TK add-on funding, the amount is the rate of $5,545 times the school district's current year TK ADA.
*Source: California Department of Education.*

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

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

Basic Aid Districts or Community Supported Districts are school districts which have local property tax revenues which exceed such district's funding entitlement under LCFF. As such, in lieu of State funding under LCFF, Basic Aid districts are entitled to keep the full share of local property tax revenues, even the amount which exceeds its funding entitlement under LCFF. The District's funding formula is as a Basic Aid district, as further described in the following paragraph, and as such, its education funding receivables exceed what it would be provided by the State under LCFF.

**Basic Aid/Community Supported District**

The District is a Basic Aid District for purposes of State general purpose education funding. As a Basic Aid District, the District does not receive a general purpose revenue limit entitlement from the State, but instead is entitled to keep its share of local property taxes in excess of the funding entitlement under LCFF. The District's funding as a Basic Aid District is generally 117% of the funding entitlement it would have under LCFF. Continuing in Basic Aid status is in part a function of student enrollment figures and property value growth in the District. The District currently expects to continue to have local property tax revenue in excess of its LCFF entitlement in fiscal year 2026-27 and maintain its Basic Aid District status for the near and far future.

**District Accounting Practices**

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

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

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

Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

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

**Financial Statements**

***General***. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2025 Audited Financial Statements were prepared by Stephen Roatch Accountancy Corporation, Folsom, California and are attached hereto as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at Mill Valley School District, 411 Sycamore Avenue, Mill Valley, California 94941, telephone (415) 389-7700. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District may impose a charge for copying, mailing and handling.

***General Fund Revenues, Expenditures and Changes in Fund Balance***. The following table shows the audited income and expense statements for the District for the fiscal years 2020-21 through 2024-25.

**GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**
**Fiscal Years 2020-21 through 2024-25 (Audited)[(1)]**
**Mill Valley School District**

| | Audited 2020-21 | Audited 2021-22 | Audited 2022-23 | Audited 2023-24 | Audited 2024-25 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| LCFF[(2)] | $26,852,146 | $27,921,861 | $29,616,650 | $31,382,421 | $32,690,200 |
| Federal Revenue | 1,954,479 | 1,518,382 | 1,315,164 | 605,534 | 652,978 |
| Other State Revenue | 4,490,235 | 4,398,628 | 5,035,637 | 3,868,080 | 3,516,840 |
| Other Local Revenue[(3)] | 17,110,876 | 15,913,632 | 17,494,814 | 18,255,686 | 18,326,322 |
| Total Revenues | 50,407,736 | 49,752,503 | 53,462,265 | 54,111,721 | 55,186,340 |
| **Expenditures** | | | | | |
| Instruction | 31,323,930 | 31,218,799 | 31,337,824 | 33,769,823 | 37,223,252 |
| Instruction-Related Activities: | | | | | |
| Supervision of Instruction | 482,218 | 990,701 | 937,409 | 1,206,319 | 1,155,102 |
| Instructional Library, Media, Tech | 1,307,160 | 1,337,512 | 1,431,862 | 1,510,835 | 1,696,803 |
| School Site Administration | 3,128,431 | 2,877,530 | 3,104,968 | 3,478,828 | 3,622,345 |
| Pupil Services: | | | | | |
| Home-to-School Transport | -- | 140,652 | 281,965 | 195,775 | 255,536 |
| Food Services | -- | -- | 82,310 | 84,339 | 25,053 |
| All Other Pupil Services | 2,090,160 | 2,130,972 | 2,183,598 | 2,640,129 | 2,808,130 |
| General Administration: | | | | | |
| Data Proc. | 720,521 | 497,207 | 855,867 | 920,282 | 1,098,240 |
| All Other General Administration | 2,951,493 | 3,385,940 | 3,807,367 | 4,586,812 | 6,015,550 |
| Plant Services | 5,234,503 | 6,905,560 | 5,590,842 | 6,283,501 | 7,354,527 |
| Facility Acquisition and Construction | 654,785 | 1,569,614 | 409,678 | -- | -- |
| Other Outgo | 564,338 | 348,425 | 423,902 | 406,642 | 377,258 |
| Debt Service: Principal | -- | 55,654 | 67,814 | -- | -- |
| Debt Service: Interest | -- | 7,573 | 7,803 | -- | -- |
| Total Expenditures | 48,457,539 | 51,466,139 | 50,523,209 | 55,083,285 | 61,631,796 |
| Excess/Deficiency of revenues over/under expenditures | 1,950,197 | (1,713,636) | 2,939,056 | (971,564) | (6,445,456) |
| **Other Financing Sources (Uses)** | | | | | |
| Operating Transfers in | -- | -- | -- | 120,836 | -- |
| Operating Transfers out | (175,000) | (100,000) | -- | -- | -- |
| Other Sources | -- | 162,084 | 70,914 | -- | -- |
| Total Other Financing Sources (Uses) | (175,000) | 62,084 | 70,914 | 120,836 | -- |
| Net Change in Fund Balance | 1,775,197 | (1,651,552) | 3,009,970 | (850,728) | (6,445,456) |
| **Fund Balance, July 1** | 21,494,076 | 23,269,273 | 21,617,721 | 24,627,691 | 23,776,963 |
| **Fund Balance, June 30** | $23,269,273 | $21,617,721 | $24,627,691 | $23,776,963 | $17,331,507 |

(1) Columns may not sum to totals due to rounding.
(2) The District is a Basic Aid District. As such, most of the funding identified as a funding source in the LCFF row above is derived from the District's share of local property tax revenues and is not an amount that has been allocated to the District by the State under LCFF. The District's education funding levels exceed what it would receive under LCFF.
(3) Includes revenues from voter-approved parcel tax, and other significant local fundraising sources.
*Source: Mill Valley School District's Audited Financial Statements.*

## District Budget and Interim Financial Reporting

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

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

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

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

A State law adopted in 1991 (**"A.B. 1200"**) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

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

***District's Budget Approval/Disapproval and Certification History.*** Each of the District's interim reports in the previous five and current fiscal years have been certified as positive.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Office of the Superintendent of the District, Mill Valley School District, 411 Sycamore Avenue, Mill Valley, California 94941, Phone: (415) 389-7700. The District may impose charges for copying, mailing and handling.

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***General Fund Fiscal Year 2025-26 (Estimated Actuals) and 2026-27 (Adopted Budget).*** The following table shows the income and expense statements for the District's general fund for fiscal year 2025-26 (estimated actuals) and fiscal year 2026-27 (adopted budget).

**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**
**Fiscal Year 2025-26 (Estimated Actuals)***
**Fiscal Year 2026-27 (Adopted Budget)***
**Mill Valley School District**

| Revenues | 2025-26 Estimated Actuals | 2026-27 Adopted Budget |
|---|---|---|
| LCFF Sources** | $33,996,249 | $35,438,337 |
| Federal revenues | 642,067 | 621,132 |
| Other state revenues | 4,529,798 | 3,982,722 |
| Other local revenues** | 20,092,689 | 22,151,359 |
| Total Revenues | 59,260,803 | 62,193,550 |
| | | |
| Expenditures | | |
| Certificated salaries | 24,242,333 | 25,704,266 |
| Classified salaries | 6,857,061 | 7,885,912 |
| Employee benefits | 17,139,757 | 16,500,858 |
| Books and supplies | 2,781,825 | 2,536,732 |
| Services and operating expenditures | 10,872,110 | 8,949,703 |
| Capital outlay | -- | -- |
| Other outgo | 512,063 | 457,577 |
| Direct support/indirect costs | -- | -- |
| Total expenditures | 62,405,149 | 62,035,048 |
| | | |
| Excess of revenues over/(under) expenditures | (3,144,346) | 158,502 |
| | | |
| Other Financing Sources/Uses | | |
| Transfers In | -- | -- |
| Transfers Out | (25,000) | (25,000) |
| Other Sources | -- | -- |
| Total Financing Sources/Uses | (25,000) | (25,000) |
| | | |
| Net change in fund balance | (3,169,346) | 133,502 |
| | | |
| Fund balance, July 1 | 16,981,943 | 13,878,946 |
| Audit Adjustment | 66,349 | -- |
| Fund balance, July 1 (Restated) | 17,048,292 | 13,878,946 |
| Fund balance, June 30 | $13,878,946 | $14,012,448 |

*Columns may not sum to totals due to rounding.
** The District is a Basic Aid school district. As such, most of the funding in the LCFF line item is derived from the District's share of local property tax revenues and not allocated to it by the State under LCFF. In addition, the local revenue line includes revenues from a voter-approved parcel tax and other local fundraising sources.
*Source: Mill Valley School District.*

The success of the District's parcel tax renewal on June 2, 2026 is expected to aid the District in addressing budget deficits. The fiscal year 2026-27 Adopted Budget attributes recent deficits largely to additional employee costs arising due to the Transitional Kindergarten program. Reduction by attrition is one means that is being monitored to reduce expenses. Projected assessed value increases in the District of 4.26% in fiscal year 2026-27 as well as the parcel tax revenues and one-timing funding from the State are also expected to assist in the attaining future budget stability. The District has a Budget Advisory Committee and a Community Financial Advisory Committee which assist in providing feedback and forecasting that guides the District's financial decision-making process.

***District Reserves.*** The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve, which ranges from one percent to five percent of expenditures, based on a school district's ADA. The percentage applicable to the District is three percent, based on its current ADA. The District maintains a reserve which meets or exceeds the State's minimum requirements. In addition, the District has a Board policy of maintaining reserves at a minimum of 10% of general fund expenditures.

Under the District's Board Policy 3100, the District budget shall include a minimum reserve balance for economic uncertainties that is consistent with the percentage or amount required by the State, and further the Board will maintain a targeted reserve between 25%-35% of expenditure, inclusive of the reserve for economic uncertainties, which will remain as unrestricted and uncommitted. If the District's unassigned reserve falls outside the target range, the Superintendent is required to provide the Board with a plan to return to the target range. The District's fiscal year 2026 Budget notes that reserves fall below the 25% target in fiscal years 2025-26 through fiscal year 2028-29 projections, ranging from 21.05% to 22.76% during such period. The District continues to monitor its revenues and expenses and plan for adjustments that enable it to meet its reserve targets.

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

The reserve cap has been triggered for fiscal year 2026-27, but it does not apply to the District because it is a Basic Aid District.

**Attendance - Basic Aid Funding**

As previously described herein, the District is a Basic Aid District and as such, its revenues are not dependent on ADA. As a Basic Aid District, the District estimates that it receives approximately 117% of what it would have been entitled to under the LCFF.

## Revenue Sources

The District categorizes its general fund revenues into four sources, being entitlement under LCFF (notwithstanding that it is funded with local sources as a Basic Aid District and not under the LCFF), Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below. Note that while the District accounts for a significant amount of its funding under the LCFF category, because it is a Basic Aid district, the funding is actually derived from local property taxes which meet and exceed what the District's funding would be under the LCFF.

***LCFF Sources.*** District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues. As described herein, Basic Aid districts derive most funding from property taxes which exceed the funding entitlement under the LCFF.

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

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

As described above, if a school district qualifies as a Basic Aid District, its funding is derived primarily from its share of local property taxes, and not from State funding.

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

In January 2025, the federal government announced possible cuts to federal funding for educational agencies. President Trump has also signed an executive order aimed at terminating the United States Department of Education. In a move which some pundits claim effectively terminates the United States Department of Education, the Supreme Court granted the Trump administration's request to temporarily pause an order by a lower federal judge that would have required the Department of Education to reinstate nearly 1,400 employees who were fired by President Trump's executive order. Furthermore, on July 1, 2025, President Trump announced that it would withhold $6.2 billion in grants already allocated to school districts to support English learners, $811 million of which was allocated for schools in the State. However, subsequently in late July 2025, the federal administration announced it was releasing roughly $1.3 billion in grant money for schools, of which approximately $158 million was for schools in the State. The District continues to monitor the situation. Other than what is described in the foregoing sentences, the District cannot predict the types of possible federal funding cuts that may occur, the extent of such cuts, if any, and the impact on the District's finances or operations as a result of a termination of the Department of Education.

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

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

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

***Other Local Revenues*.** In addition to local property taxes, the District receives additional local revenues from sources such as locally approved parcel taxes, foundation donations and parent teacher association (**"PTA"**) revenues). A summary of additional local revenues is as follows:

- Approximately $12.3 million annually from a local parcel tax, which was renewed by District voters as Measure E on the June 2, 2026 ballot. The renewed parcel tax becomes effective with the 2026-27 fiscal year as a rate of $1,754 per parcel with a 5% escalator, for a period of eight years (through June 30, 2034). This parcel tax historically provides approximately 25% of the District's revenues.

- Approximately $2 million annually from the District's affiliated foundation.

- Approximately $151,000 annually from the PTA.

- Approximately $900,000 annually from leases of District-owned property. However, these leases are subject to change. The District accounts for expected changes and reductions in the revenue source in its budgeting documents.

**District Retirement Systems**

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not be construed as a representation by either the District or the Underwriter.*

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

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

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

**STRS EMPLOYER CONTRIBUTION RATES**
**Effective Dates of July 1, 2022 through July 1, 2026**

| Effective Date | Employer Contribution Rate |
|---|---|
| July 1, 2022 | 19.10% |
| July 1, 2023 | 19.10 |
| July 1, 2024 | 19.10 |
| July 1, 2025 | 19.10 |
| July 1, 2026 | 19.10 |

*Source: AB 1469.*

The State also continues to contribute to STRS, and its contribution rate was 8.328% in fiscal year 2025-26 and will be 8.328% in fiscal year 2026-27.

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

**STRS CONTRIBUTIONS**
**Mill Valley School District**

| Fiscal Year | Amount |
|---|---|
| 2022-23 | $3,886,818 |
| 2023-24 | 4,305,280 |
| 2024-25 | 4,528,795 |
| 2025-26[1] | 4,558,363 |
| 2026-27[1] | 4,420,951 |

(1) Projected and budgeted, respectively.
*Source: Mill Valley School District.*

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately $75.0 billion as of June 30, 2025, which is the date of the last actuarial valuation.

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

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

**EMPLOYER CONTRIBUTION RATES (PERS)**
**Fiscal Years 2022-23 through 2026-27[1]**

| Fiscal Year | Employer Contribution Rate[1] |
|---|---|
| 2022-23 | 25.370% |
| 2023-24 | 26.680 |
| 2024-25 | 27.050 |
| 2025-26[2] | 26.810 |
| 2026-27 | 26.400 |

(1) Expressed as a percentage of covered payroll.
(2) Effective first payroll period ending July 2026.
*Source: PERS*

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

**PERS EMPLOYER CONTRIBUTIONS**
**Mill Valley School District**

| Fiscal Year | Amount |
|---|---|
| 2022-23 | $1,394,845 |
| 2023-24 | 1,686,188 |
| 2024-25 | 1,850,268 |
| 2025-26(1) | 1,838,441 |
| 2026-27(1) | 1,737,930 |

(1) Projected and budgeted, respectively.
*Source: Mill Valley School District.*

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately $35.7 billion as of June 30, 2025, which is the date of the last actuarial valuation.

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

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

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

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

***Additional Information - STRS and PERS.*** Additional information regarding the District's retirement programs is available in Note 10 to the District's audited financial statements attached hereto as Appendix B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811.

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

**Other Post-Employment Retirement Benefits**

***The Plan Generally.*** The Post-Employment Benefits Plan (the "**Plan**") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical, prescription drug, vision and dental insurance benefits to eligible employees and retirees through the Self-Insured Schools of California. Dental and vision are not District-paid for retirees. As of June 30, 2025, the District had 164 eligible active employees and 30 eligible retirees receiving benefits under the Plan.

The District provides varying coverage to retirees from various employee groups. Plan benefits and contribution agreements for both the employee and the District are established by labor agreements. All contracts with District employees may be renegotiated at various times in the future and, thus, benefits and costs are subject to change. For detailed employee coverages and benefits provided, see Note 9 of APPENDIX B to the Official Statement.

***Funding Policy***. During fiscal year 2012-13, the District joined the California Employers' Retiree Benefit Trust ("**CERBT**") Fund, which is an investment vehicle that can be used by all California public employers to prefund future retiree health and other post-employment benefit costs. The trust is administered by CalPERS. The District made annual contributions of $600,000 for several fiscal years for the sole purpose of prefunding retiree medical benefit costs. There are three investment options offered by the CERBT Fund, of which the District has chosen to participate in the CERBT Strategy 1 portfolio. As a result, the District owns a percentage of the CERBT Strategy 1 portfolio. The District will continue to pay for other post employment benefits ("**OPEB**") on a pay-as-you-go basis and both the District and retirees share in the cost of benefits.

***Actuarial Assumptions and Other Inputs.*** The District's net OPEB asset of $1,300,081 was measured as of June 30, 2025 and was determined by an actuarial valuation as of the same date. The following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation 2.50%, salary increases 2.75%, per year, discount rate 6.75%, net of investment expense, including inflation, and healthcare cost trend rates 4.00% per year.

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

**CHANGES IN TOTAL OPEB LIABILITY**
**Mill Valley School District**

| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
|---|---|---|---|
| Balances at June 30, 2024 | $5,905,168 | $6,508,664 | $(603,496) |
| Changes for the Year: | | | |
| Service Cost | 223,584 | -- | 223,584 |
| Interest on Total OPEB Liability | 392,120 | -- | 392,120 |
| Differences Between Expected and Actual Experience | (98,465) | -- | (98,465) |
| Contributions from Employer | -- | 415,554 | (415,554) |
| OPEB Plan Net Investment Income | -- | 803,337 | (803,337) |
| Benefit Payments (including implicit subsidy) | (415,554) | (415,554) | -- |
| OPEB Plan Administrative Expenses | -- | (5,067) | 5,067 |
| **Net Changes** | **101,685** | **798,270** | **(696,585)** |
| **Balances at June 30, 2025** | **$6,006,853** | **$7,306,934** | **$(1,300,081)*** |

**Represents an OPEB asset.*
*Source: Mill Valley School District Audit Report.*

***OPEB Expense.*** For the year ended June 30, 2025, the District recognized an OPEB expense of $137,619.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 9 of Appendix B to this Official Statement.

## Existing Debt Obligations

In addition to debt relating to pensions and OPEB, the District has outstanding debt in the forms summarized below.

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

**MILL VALLEY SCHOOL DISTRICT**
**Summary of Outstanding General Obligation Bonds**

| Date Issued | Series | Final Maturity | Amount of Original Issue | Outstanding July 15, 2026 |
|---|---|---|---|---|
| 10/19/2017 | 2017 General Obligation Refunding Bonds | 08/01/2034 | $30,455,000 | $24,965,000 |
| 10/13/2020 | 2020 General Obligation Refunding Bonds | 08/01/2039 | 31,605,000 | 29,150,000 |
| 07/20/2023 | General Obligation Bonds, 2022 Election, Series A | 08/01/2053 | 22,600,000 | 17,525,000 |
| 10/10/2024 | General Obligation Bonds, 2022 Election, Series B | 08/01/2054 | 74,900,000 | 72,740,000 |
| | | | **TOTAL OUTSTANDING:** | **$144,380,000** |

*Source: Mill Valley School District; Municipal Advisor.*

The District's most recently successful general obligation bond election was Measure G of June 7, 2022, which authorized the issuance of up to $194 million in bonds for facilities improvement projects. The following table summarizes the bond issuances which have been undertaken pursuant to Measure G.

**Summary of Measure G of 2022 Bond Issuances**
**Mill Valley School District**

| ***2022 Measure G Authorization*** | ***$194,000,000.00*** |
|---|---|
| Series A (July 20, 2023) | 22,600,000.00 |
| Series B (October 10, 2024) | 74,900,000.00 |
| TOTAL ISSUED | $97,500,000.00 |
| ***Authorized But Not Issued Measure G Bonds*** | ***$96,500,000.00**** |

*The Bonds described in this Official Statement will be the third series of bonds issued pursuant to Measure G and when issued, the remaining authorizing under Measure G will be reduced by the principal amount of the Bonds.

***Early Retirement Incentive Plan.*** During fiscal year 2024-25, the District participated in the Public Agency Retirement System supplemental retirement plan. Twenty-seven individuals participated in the program, and the District entered into a multi-year annuity to make contributions. The annual cost is $458,251 through the 2029-30 fiscal year, for a total liability of $2,291,257.

### Investment of District Funds

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

### Effect of State Budget on Revenues

Public school districts in California, which are not Basic Aid school districts, are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. However, school districts which are Basic Aid Districts, like the District, are not reliant on State funding for most of their revenues, but instead have funding that is higher than their LCFF funding entitlement, based on their share of local property tax revenues. School districts generally also receive funding from the State for some specialized programs such as special education.

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

However, the District is a Basic Aid District, and its primary source of funding is its share of local property tax revenues which exceed its funding entitlement from the State under the LCFF, and the Bonds described herein are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its General Fund.

## STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

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

### State Budgeting for Education Generally

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

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

### The Budget Process

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

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

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

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

**Available Public Resources**

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

- www.treasurer.ca.gov: The California State Treasurer internet home page, under the link to "Bond Finance" and sub-heading "-Public Finance Division", includes links to recent State official statements and various State financial documents which includes information regarding State budgets and finances.

- www.dof.ca.gov: The California Department of Finance's (the **"DOF"**) internet home page, under the link to "California Budget", includes the text of proposed and adopted State Budgets.

- www.lao.ca.gov: The LAO's internet home page includes a link to "-The Budget" which includes analyses and commentary on fiscal outlooks.

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

**The 2026-27 State Budget**

On June 29, 2026, the Governor signed the fiscal year 2026-27 State Budget (the **"2026-27 State Budget"**). The 2026-27 State Budget largely maintains the framework of the Governor's May Revision to the Proposed 2026-27 State Budget, and is projected to provide for balanced State budgets in both fiscal years 2026-27 and 2027-28, while reducing projected structural deficits in fiscal years 2028-29 and 2029-30.

The 2026-27 State Budget reflects a decrease of $19.1 billion in General Fund revenues and transfers from 2025-26 ($226.8 billion in 2026-27 compared to $245.8 billion in 2025-26), a 7.8 percent decline driven primarily by a swing in miscellaneous "Other" revenue items (from $8.6 billion to -$1.3 billion) and a $10.7 billion reduction in net transfers from the Budget Stabilization Account. The 2026-27 State Budget also reflects an increase in General Fund expenditures of $6.2 billion from 2025-26 ($251.5 billion in 2026-27 compared to $245.3 billion in 2025-26), primarily reflecting broad spending increases in K-12 education, higher education, and health and human services.

Regarding the State's reserves and fund balances, the 2026-27 State Budget reverses two years of reserve drawdowns (approximately $12.2 billion withdrawn from the Budget Stabilization Account, or "Rainy Day Fund," over the 2024-25 and 2025-26 fiscal years) by including a $3.6 billion deposit into the Rainy Day Fund in 2026-27, bringing its balance to $15.1 billion. Combined with $4.5 billion in the Special Fund for Economic Uncertainties and $9.2 billion in the Public School System Stabilization Account, the 2026-27 State Budget projects combined reserves of $28.8 billion.

The State budget for fiscal year 2025-26 included numerous spending measures that, at the time, were projected to result in almost $12 billion in ongoing savings. The 2026-27 State

Budget includes three additional revenue measures that are intended to solidify the State's fiscal structure:

- *Managed Care Organization (MCO) Tax* – A renewal of the MCO Tax effective January 1, 2027, projected to raise $575 million in 2026-27, growing to $2.3 billion in 2027-28 and 2028-29, and $1.7 billion in 2029-30, to support Medi-Cal and targeted provider rate increases.

- *Business Tax Credit Limitation* – An extension of temporary business tax credit limitation for an additional three years, which limits the amount by which carry-over business credits can reduce net tax liability. Beginning in 2030, the 2026-27 State Budget permanently limits the use of business tax credits to the greater of $5 million or 70% of the tax liability. This is projected to increase State general fund revenues by $1 billion in fiscal year 2026-27, $3.3 billion in fiscal year 2027-28, $4.7 billion in fiscal year 2028-29 and $4.2 billion in fiscal year 2029-30.

- *Prewritten Software Tax* – An extension of the existing sales tax on tangible prewritten software to electronically delivered prewritten software, projected to increase General Fund revenue by $450 million in 2026-27 and $900 million annually thereafter.

The 2026-27 State Budget projects total resources available in fiscal year 2025-26 of approximately $302.5 billion, including revenues and transfers of approximately $245.8 billion and a prior year balance of approximately $56.7 billion, and total expenditures in fiscal year 2025-26 of approximately $245.3 billion. The 2026-27 State Budget projects total resources available for fiscal year 2026-27 of approximately $284.0 billion, inclusive of revenues and transfers of approximately $226.8 billion and a prior year balance of approximately $57.2 billion. The 2026-27 State Budget projects total expenditures in fiscal year 2026-27 of approximately $251.5 billion, inclusive of non-Proposition 98 expenditures of approximately $158.5 billion and Proposition 98 expenditures of approximately $92.9 billion. The 2026-27 State Budget projects a General Fund balance of $32.5 billion at the end of fiscal year 2026-27, comprising $28.0 billion in the Reserve for Liquidation of Encumbrances, $4.5 billion in the State's Special Fund for Economic Uncertainties, $9.2 billion in the Public School System Stabilization Account, and $15.1 billion in the Rainy Day Fund.

The 2026-27 State Budget includes total funding of $151.4 billion for all TK-12 education programs, including $91.1 billion from the State's General Fund and $60.3 billion from other funds. The 2026-27 State Budget reflects significant Proposition 98 funding that enables increased support for core programs such as the LCFF, special education, educator workforce, and preschool.

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

> <u>Proposition 98 Minimum Guarantee</u>. The 2026-27 State Budget reflects updated estimates of General Fund revenues, which result in adjustments to the Proposition 98 minimum guarantee. The revised minimum guarantee for TK-14 schools is estimated at $124.9 billion for 2024-25, $125.3 billion for 2025-26, and $128.1 billion for 2026-27, an increase of approximately $29.2 billion over the three-year period relative to the 2024-25 Budget Act. The minimum guarantee remains in a "Test 1" for all three years, meaning it equals roughly 40 percent of General Fund revenues plus local property tax revenues, without adjustment for

enrollment declines. The Proposition 98 calculation also requires an $8.3 billion maintenance factor payment in 2024-25, fully retiring the Proposition 98 maintenance factor balance. The 2026-27 State Budget maintains a $3.9 billion settle-up amount in fiscal year 2025-26 to be repaid to TK-14 schools in the 2027 Budget Act if fiscal year 2025-26 revenues hold at current levels, and fully pays the $1.9 billion settle-up owed for 2024-25.

<u>Proposition 98 Rainy Day Fund</u>. The 2026-27 State Budget projects mandatory Proposition 98 Rainy Day Fund deposits of $8.7 billion across the three-year budget window, plus a discretionary deposit of $500 million in 2025-26, bringing the fund's final balance to $9.2 billion. The $9.2 billion balance triggers school district reserve caps beginning in 2026-27.

<u>Rebench for Non-Local Educational Agency State Preschool Program</u>. To streamline funding sources, the 2026-27 State Budget shifts non-local educational agencies California State Preschool Program ("**CSPP**") funding from non-Proposition 98 to Proposition 98 General Fund, rebenching the guarantee by shifting $813 million from the General Fund to Proposition 98 General Fund and increasing the Proposition 98 Guarantee Test 1 percentage from 39.3 percent to 39.6 percent.

<u>Local Control Funding Formula</u>. The 2026-27 State Budget includes a statutory LCFF cost-of-living adjustment ("**COLA**") of 2.87 percent, which, when combined with population growth adjustments, results in approximately $1.1 billion in additional discretionary funding for local educational agencies relative to the 2025-26 State Budget. An additional $1.1 billion discretionary "super COLA" brings the total COLA to 4.31 percent, intended to help manage rising costs, offset declining-enrollment reductions and fund the new paid pregnancy disability leave mandate. The 2026-27 State Budget also includes an ongoing $31.3 million increase for Necessary Small Schools funding.

<u>Special Education</u>. The 2026-27 State Budget provides a $2.4 billion increase in special education funding, equalizing the per-student funding rate across all local educational agencies at $1,340. It also includes $80 million ongoing for the special extraordinary cost pool and low-incidence disabilities add-on, $30 million one-time for the Supporting Inclusive Practices Project, $25 million one-time for the Inclusive College Technical Assistance Center, and $10 million one-time to support alternative pathways to a high school diploma for students with disabilities.

<u>Student Support and Professional Development Discretionary Block Grant</u>. The 2026-27 State Budget provides $5 billion one-time Proposition 98 General Fund for the Student Support and Professional Development Discretionary Block Grant in order to address rising costs in addition to funding Statewide priorities including English Language Arts/English Language Development, Mathematics Framework professional development, TK-3 developmentally appropriate instruction training, teacher recruitment and retention, dual enrollment expansion, community school partnerships, and deferred facilities maintenance.

<u>Paid Pregnancy Disability Leave</u>. Beginning January 1, 2027, the 2026-27 State Budget requires all TK-14 schools to provide employees up to 14 weeks of paid

pregnancy disability leave, with costs intended to be absorbable within the LCFF "super COLA" discretionary funding described above.

Community Schools. The 2026-27 State Budget provides $1 billion ongoing Proposition 98 General Fund to expand the community schools model, plus $50 million for middle/high school redesign, $15 million and $13 million for State and regional transformational assistance centers, and $6 million for the Transforming Together behavioral health initiative. It also includes intent language to provide $20 million ongoing beginning in 2030-31 for county offices of education coordination services.

Literacy and Math Instruction. The 2026-27 State Budget includes a one-time $350 million extension of the Literacy Coaches and Reading Specialists Grant Program through June 30, 2031, and a one-time $50 million expansion of the Mathematics Professional Learning Partnership, extending its expiration beyond June 30, 2029.

Teacher Preparation and Professional Development. The 2026-27 State Budget includes nearly $750 million in new investments, including $408 million one-time for the Student Teacher Stipend Program plus a $5,000 stipend for high-need field candidates, $250 million one-time to continue educator residency programs through 2029-30, $30 million one-time for the Statewide teacher residency technical assistance center, $10 million one-time General Fund for the Golden State Teacher Grant Program, $15 million one-time for the 21st Century California School Leadership Academy, $10 million one-time for the Pathways to Bilingual Teaching Program, and $10 million one-time for the Classified School Employee Teacher Credentialing Program. It also funds a $5 million Statewide transcript review system and offsets the cost with a $25 increase in the clear teaching credential renewal fee.

Supports for Immigrant Students. The 2026-27 State Budget provides $100 million one-time for the California's New Americans in Schools program and $75 million one-time to establish Dream Resource Centers at high schools.

Early Education. The 2026-27 State Budget includes $250 million one-time for the Universal Prekindergarten Planning & Implementation Grant, $51.4 million ongoing for CSPP cost-of-care increases, $33.6 million ongoing to expand CSPP professional development days from 2 to 5, and $20 million ongoing for the State's Quality Rating and Improvement System.

Other Significant Budget Adjustments. The 2026-27 State Budget includes $757.3 million one-time for the Learning Recovery Emergency Block Grant, $500 million one-time for school kitchen infrastructure and training, $116 million one-time for students experiencing homelessness, $100 million one-time to increase access to college and career pathways for high school students; $40 million one-time for reading difficulties risk screening, and $10 million one-time for Holocaust and genocide education. The 2026-27 State Budget also includes new charter school accountability requirements addressing fraud, oversight, and use of verified data in the renewal process through June 30, 2028.

For the full text of the 2026-27 State Budget, see the California Department of Finance website at www.dof.ca.gov or www.ebudget.ca.gov. *The references to these Internet websites* *are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

**Disclaimer Regarding State Budgets**

The execution of State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2025-26 State Budget or subsequent State budgets, or future changes (if any) in the budget due to shifts in the economy or other factors, will have on its own finances and operations. However, the Bonds described herein are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

**Legal Challenges to State Funding of Education**

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

## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

### Constitutionally Required Funding of Education

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

### Article XIIIA of the California Constitution

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

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

***Legislation Implementing Article 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.

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

**Article XIIIB of the California Constitution**

Article XIIIB (**"Article XIIIB"**) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article 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 debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article 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, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article 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 under Section 8.5 of Article XVI of the State Constitution.

**Unitary Property**

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

**Articles XIIIC and XIIID of the California Constitution**

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles 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 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.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections , and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (e) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article 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.

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.

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

**Proposition 98**

On November 8, 1988, State 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, including the District, and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

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

**Proposition 111**

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

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

***Annual Adjustments to Spending Limit***. The annual adjustments to the Article 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 State *per capita* personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

***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 are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

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

***Recalculation of Appropriations Limit***. The Article 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.

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

**Proposition 39**

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

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (a) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (b) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (c) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

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

**Proposition 1A and Proposition 22**

On November 2, 2004, State voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (a) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (b) shift property taxes from local governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (d) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

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

**Proposition 30 and Proposition 55**

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as **"Proposition 30"**, temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases for such period the marginal personal income tax rate by: (a) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for head of household filers and over $500,000 but less than $600,000 for joint filers), (b) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for head of household filers and over $600,000 but less than $1,000,000 for joint filers), and (c) 3% for taxable income over $500,000 for single filers (over $680,000 for head of household filers and over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "Proposition 98" and "Proposition 111" above. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the **"EPA"**). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

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

**California Senate Bill 222**

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

**Proposition 19**

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (**"Proposition 19"**), which amends Article XIIIA to (i) expand as of April 1, 2021 special rules that govern the transfer of a residential property's tax base value to a replacement residence for homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home anywhere within the State, (ii) narrows as of February 16, 2021 existing special rules for the valuation of inherited real property due to a transfer between family members, and (iii) allocates most resulting State revenues and savings (if any) to fire protection services and reimbursing local governments for taxation-related changes. The District cannot predict whether the implementation of Proposition 19 will increase, decrease or have no overall impact on the District's assessed values.

**Proposition 2 (2024)**

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

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

**Future Initiatives**

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

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# APPENDIX B

## AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
## FOR FISCAL YEAR ENDED JUNE 30, 2025

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**MILL VALLEY SCHOOL DISTRICT**
**COUNTY OF MARIN**
**MILL VALLEY, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2025**

**MILL VALLEY SCHOOL DISTRICT**

**JUNE 30, 2025**

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TABLE OF CONTENTS

TABLE OF CONTENTS (CONCLUDED)

# FINANCIAL SECTION

***STEPHEN ROATCH ACCOUNTANCY CORPORATION***
*Certified Public Accountants*

# INDEPENDENT AUDITOR'S REPORT

Board of Education
Mill Valley School District
Mill Valley, 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 Mill Valley School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, 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 Mill Valley School District, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Mill Valley Schools Community Foundation (Kiddo!), which represents 100% of the assets, net assets, and revenues of the discretely presented component unit as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Kiddo!, are based solely on the report of the other auditors.

*Basis for Opinions*

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

## Responsibilities of Management for the Financial Statements

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


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Responsibilities of Management for the Financial Statements (Concluded)

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 Mill Valley School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mill Valley 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 Mill Valley School District's ability to continue as a going concern for a reasonable period of time.

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

*Required Supplementary Information*

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

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mill Valley School District's basic financial statements. The accompanying combining nonmajor fund financial statements, reconciliation of annual financial and budget report with audited financial statements and supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, reconciliation of annual financial and budget report with audited financial statements, and supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the organization/board of education/administration 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.

<u>Other Reporting Required by *Government Auditing Standards*</u>

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2026 on our consideration of the Mill Valley 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 Mill Valley 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 Standard*s in considering Mill Valley School District's internal control over financial reporting and compliance.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

January 8, 2026

(PREPARED BY DISTRICT MANAGEMENT)

This section of Mill Valley School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 4, and the District's financial statements, which immediately follow this section.

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 16 and 17, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 18 through 21, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

## FINANCIAL HIGHLIGHTS

- On the Statement of Activities, total current year revenues exceeded total current year expenses by $1,643,910.
- Net capital assets increased $5,548,779, due to the current year addition of $7,567,220 of new capital assets and improvements and the current year recognition of $2,018,441 of depreciation expense.
- Total long-term liabilities increased $70,636,885 due primarily to the current year issuance of $74,900,000 of Election of 2022, Series B, general obligation bonds.
- The District's P-2 Average Daily Attendance (ADA) increased from 2,183 ADA in 2023-24, up to 2,198 ADA in 2024-25, an increase of less than 1%.
- The District's General Fund incurred an operating deficit of $6,445,456 and reported a $1,828,595 decrease in its available reserves.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other financing uses (total outgo). During fiscal year 2024-25, General Fund total outgo was $61,631,796. At June 30, 2025, the District had available reserves of $15,448,320 which represents a reserve of 25.1%.
- As of June 30, 2025, the fair market value of investments held in the California Employers' Retiree Benefit Trust (CERBT) fund has increased to $7,306,934. These funds have been set aside to prefund the District's retiree benefit obligations.

## THE FINANCIAL REPORT

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

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

## THE FINANCIAL REPORT (CONCLUDED)

- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements, as applicable.
  - Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

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

Reporting the District as a Whole

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

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

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

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

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

Reporting the District's Most Significant Funds

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

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

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's net position increased from $3,491,066 at June 30, 2024, up to $5,134,976 at June 30, 2025, an increase of less than 47.09%.

### Comparative Statement of Net Position

| | Governmental Activities | |
|---|---|---|
| | 2024 | 2025 |
| Assets | | |
| Deposits and Investments | $ 56,093,341 | $ 124,786,232 |
| Receivables | 1,791,799 | 1,979,808 |
| Prepaid Expenses | 0 | 324,907 |
| Lease Receivable | 4,489,451 | 3,993,660 |
| OPEB Asset | 603,496 | 1,300,081 |
| Capital Assets, net | 62,696,410 | 68,245,189 |
| Total Assets | 125,674,497 | 200,629,877 |
| Deferred Outflows of Resources | | |
| OPEB Deferral | 412,466 | 255,522 |
| Pension Deferrals | 11,563,702 | 11,720,423 |
| Bond Refunding | 3,132,165 | 2,892,684 |
| Total Deferred Outflows of Resources | 15,108,333 | 14,868,629 |
| Liabilities | | |
| Current | 11,258,594 | 15,270,122 |
| Long-term | 113,521,717 | 183,381,656 |
| Total Liabilities | 124,780,311 | 198,651,778 |
| Deferred Inflows of Resources | | |
| OPEB Deferrals | 1,804,548 | 1,791,017 |
| Pension Deferrals | 6,389,666 | 6,165,636 |
| Lease Revenue | 4,317,239 | 3,755,099 |
| Total Deferred Inflows of Resources | 12,511,453 | 11,711,752 |
| Net Position | | |
| Net Investment in Capital Assets | 3,642,543 | 8,310,307 |
| Restricted | 10,052,089 | 12,344,081 |
| Unrestricted (Deficit) | (10,203,566) | (15,519,412) |
| Total Net Position | $ 3,491,066 | $ 5,134,976 |

*Table includes financial data of the combined governmental funds.*

The unrestricted deficit balance is due primarily to the requirement for the District to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

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

The District's total current year revenues exceeded total current year expenses by $1,643,910.

### Comparative Statement of Changes in Net Position

| | Governmental Activities | |
|---|---|---|
| | 2024 | 2025 |
| Program Revenues | | |
| Charges for Services | $ 177,000 | $ 227,919 |
| Operating Grants & Contributions | 8,363,501 | 7,569,332 |
| General Revenues | | |
| Taxes Levied | 48,904,968 | 51,078,476 |
| Federal & State Aid | 2,910,363 | 2,792,931 |
| Interest & Investment Earnings | 2,570,215 | 5,448,388 |
| Miscellaneous | 1,529,164 | 1,643,830 |
| Total Revenues | 64,455,211 | 68,760,876 |
| Expenses | | |
| Instruction | 34,694,023 | 38,308,247 |
| Instruction-Related Services | 6,297,033 | 6,267,018 |
| Pupil Services | 3,484,716 | 3,555,451 |
| General Administration | 5,425,610 | 6,643,160 |
| Plant Services | 6,286,525 | 7,511,372 |
| Interest on Long-Term Debt | 2,705,530 | 4,454,460 |
| Other Outgo | 406,642 | 377,258 |
| Total Expenses | 59,300,079 | 67,116,966 |
| Changes in Net Position | $ 5,155,132 | $ 1,643,910 |

*Table includes financial data of the combined governmental funds.*

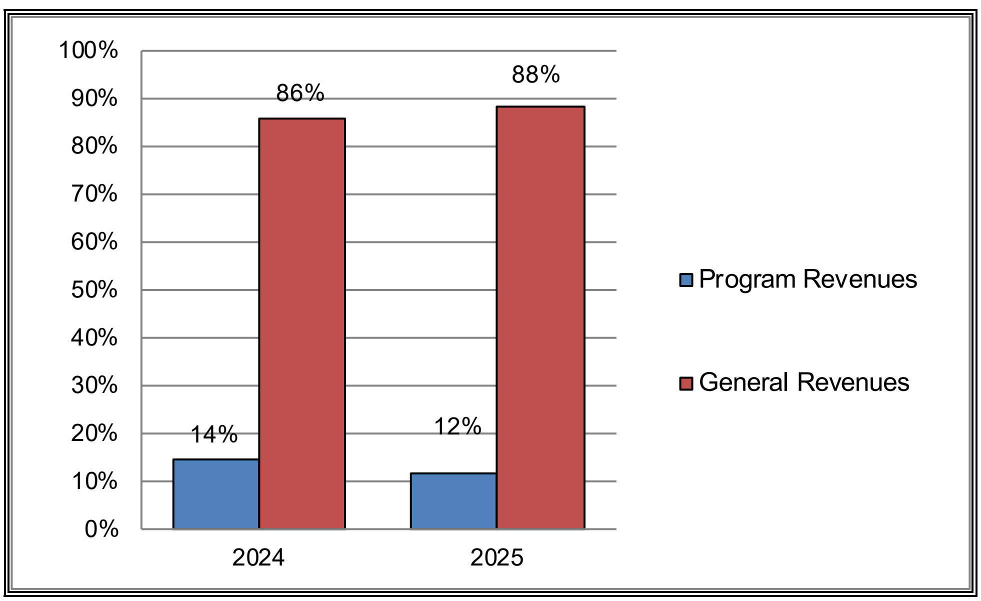
## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

### Comparative Schedule of Costs of Services

| | Total Cost of Services | | Net Cost of Services | |
|---|---|---|---|---|
| | 2024 | 2025 | 2024 | 2025 |
| Instruction | $ 34,694,023 | $ 38,308,247 | $ 29,067,728 | $ 32,635,487 |
| Instruction-Related Services | 6,297,033 | 6,267,018 | 5,758,021 | 5,645,173 |
| Pupil Services | 3,484,716 | 3,555,451 | 2,145,579 | 2,268,427 |
| General Administration | 5,425,610 | 6,643,160 | 5,307,981 | 6,544,049 |
| Plant Services | 6,286,525 | 7,511,372 | 5,501,096 | 7,511,372 |
| Interest on Long-Term Debt | 2,705,530 | 4,454,460 | 2,705,530 | 4,454,460 |
| Other Outgo | 406,642 | 377,258 | 273,643 | 260,747 |
| Totals | $ 59,300,079 | $ 67,116,966 | $ 50,759,578 | $ 59,319,715 |

*Table includes financial data of the combined governmental funds.*

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The $59,319,715 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



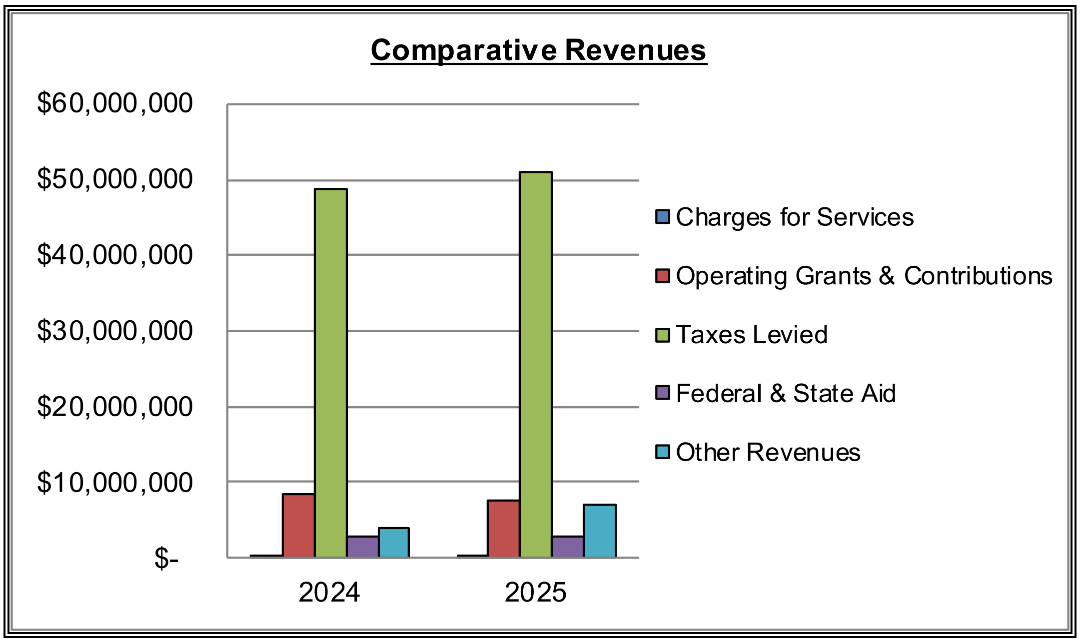

For fiscal year 2024-25, program revenues financed 12% of the total cost of providing the services listed above, while the remaining 88% was financed by the general revenues of the District.

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

### Summary of Revenues For Governmental Functions

| | FYE 2024 Amount | Percent of Total | FYE 2025 Amount | Percent of Total |
|---|---|---|---|---|
| Program Revenues | | | | |
| Charges for Services | $ 177,000 | 0.27% | $ 227,919 | 0.33% |
| Operating Grants & Contributions | 8,363,501 | 12.98% | 7,569,332 | 11.01% |
| General Revenues | | | | |
| Taxes Levied | 48,904,968 | 75.87% | 51,078,476 | 74.28% |
| Federal & State Aid | 2,910,363 | 4.52% | 2,792,931 | 4.06% |
| Other Revenues | 4,099,379 | 6.36% | 7,092,218 | 10.31% |
| Total Revenues | $ 64,455,211 | 100.00% | $ 68,760,876 | 100.00% |

*Table includes financial data of the combined governmental funds.*

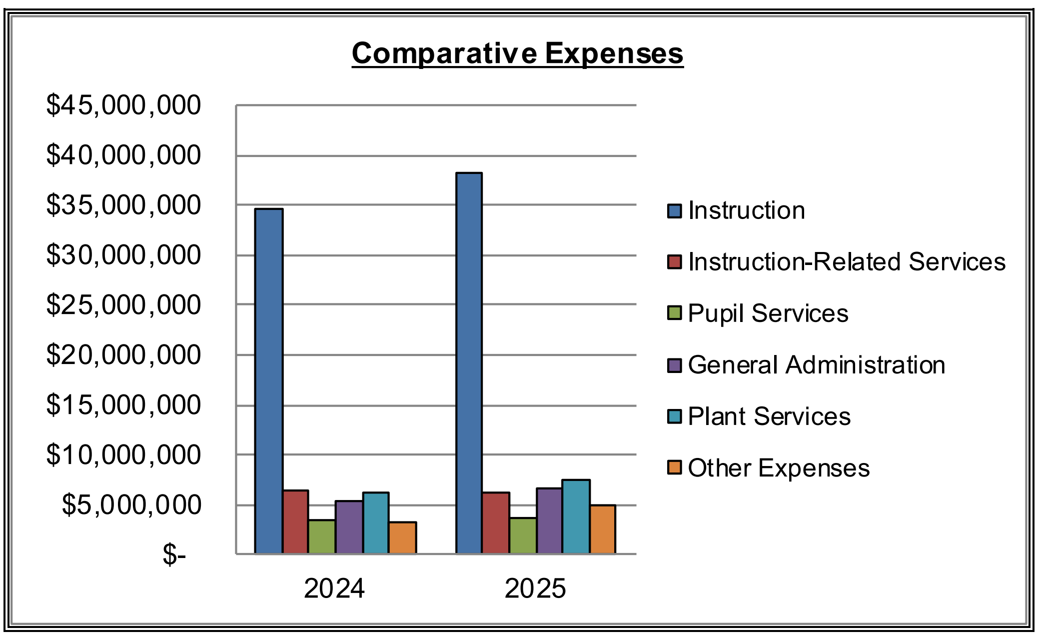


## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

### Summary of Expenses For Governmental Functions

| | FYE 2024 Amount | Percent of Total | FYE 2025 Amount | Percent of Total |
|---|---|---|---|---|
| Expenses | | | | |
| Instruction | $ 34,694,023 | 58.51% | $ 38,308,247 | 57.08% |
| Instruction-Related Services | 6,297,033 | 10.62% | 6,267,018 | 9.34% |
| Pupil Services | 3,484,716 | 5.88% | 3,555,451 | 5.30% |
| General Administration | 5,425,610 | 9.15% | 6,643,160 | 9.90% |
| Plant Services | 6,286,525 | 10.60% | 7,511,372 | 11.19% |
| Other Expenses | 3,112,172 | 5.25% | 4,831,718 | 7.20% |
| Total Expenses | $ 59,300,079 | 100.00% | $ 67,116,966 | 100.00% |

*Table includes financial data of the combined governmental funds.*



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

### Comparative Schedule of Capital Assets

| | Governmental Activities | |
|---|---|---|
| | 2024 | 2025 |
| Land | $ 1,673,666 | $ 1,673,666 |
| Sites and Improvements | 11,670,607 | 11,670,607 |
| Buildings and Improvements | 99,191,372 | 99,191,372 |
| Furniture and Equipment | 1,405,547 | 1,440,341 |
| Construction-in-Progress | 3,845,657 | 11,378,083 |
| Subtotals | 117,786,849 | 125,354,069 |
| Less: Accumulated Depreciation | (55,090,439) | (57,108,880) |
| Capital Assets, net | $ 62,696,410 | $ 68,245,189 |

Net capital assets increased $5,548,779, due to the current year addition of $7,567,220 of new capital assets and improvements and the current year recognition of $2,018,441 of depreciation expense.

### Comparative Schedule of Long-Term Liabilities

| | Governmental Activities | |
|---|---|---|
| | 2024 | 2025 |
| Compensated Absences | $ 130,205 | $ 415,063 |
| General Obligation Bonds | 81,829,072 | 153,060,693 |
| Early Retirement Incentives | 0 | 2,291,257 |
| Net Pension Liability | 37,363,028 | 34,192,177 |
| Totals | $ 119,322,305 | $ 189,959,190 |

Total long-term liabilities increased $70,636,885 due primarily to the current year issuance of $74,900,000 of Election of 2022, Series B, general obligation bonds. The general obligation bonds are financed by the local taxpayers and represent 81% of the District's total long-term liabilities. The District has satisfied all of its debt service requirements for its bonded debt and continues to maintain an excellent credit rating on all of its debt issues. The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

## FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

**Comparative Schedule of Fund Balances**

| | Fund Balances June 30, 2024 | Fund Balances June 30, 2025 | Increase (Decrease) |
|---|---|---|---|
| General | $ 23,776,963 | $ 17,331,507 | $ (6,445,456) |
| Bond Interest & Redemption | 7,992,173 | 9,648,146 | 1,655,973 |
| Building | 19,643,040 | 91,344,148 | 71,701,108 |
| Cafeteria | 240,769 | 174,102 | (66,667) |
| Capital Facilities | 385,484 | 425,289 | 39,805 |
| Capital Projects - Special Reserve | 1,621,925 | 1,651,478 | 29,553 |
| Totals | $ 53,660,354 | $ 120,574,670 | $ 66,914,316 |

The fund balance of the General Fund decreased $6,445,456, and the combined fund balances of all other funds increased by $73,359,772, due primarily to the current year issuance of $74,900,000 of Election of 2022, Series B, general obligation bonds in the Building Fund, which were mostly unspent as of June 30, 2025.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. The original budget, approved at the end of June, is based on May Revise figures and updated 45 days after the State approves its final budget. Over the course of the year, the District revised the annual operating budget on numerous occasions. The significant budget adjustments fell into the following categories:

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

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The 2025-26 May Revision to California's state budget, released by Governor Gavin Newsom in May 2025, maintains funding for key K-12 education programs despite a $12 billion shortfall in state revenues. The revised budget proposes $114.6 billion in minimum funding for TK-12 and community colleges under Proposition 98, down from $118.9 billion in 2024-25, but ensures schools receive a 2.3% cost-of-living adjustment (COLA) and no overall cuts to their base funding. To manage the shortfall, the state intends to draw $540 million from the Proposition 98 rainy day fund and defer $1.8 billion in school payments from June to July 2026. The state also projects that it will be facing increasingly large annual deficits over the next five years. These operating deficits represent budget problems the Legislature would need to address in the coming years, either by reducing spending, increasing revenues, continuing to shift costs, or drawing down its reserves even further, which will likely result in less funding for local educational agencies.

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE (CONCLUDED)

On October 10, 2024, the District issued Election of 2022, Series B general obligation bonds in the amount of $74,900,000. The bonds were authorized at an election of registered voters in the District on June 7, 2022, which authorized the issuance of $194,000,000 principal amount of general obligation bonds for the purpose of financing acquisition, construction and modernization of school facilities. As a result, the District will continue to be actively involved in construction activities throughout fiscal year 2025-26 and future years.

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

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the District Office, Mill Valley School District, 411 Sycamore Avenue, Mill Valley, California 94941.

BASIC FINANCIAL STATEMENTS

# MILL VALLEY SCHOOL DISTRICT
## STATEMENT OF NET POSITION
## JUNE 30, 2025

| | Primary Government | Component Unit |
|---|---|---|
| | Governmental Activities | Foundation |
| ***Assets*** | | |
| Current Assets: | | |
| Deposits and Investments (Note 2) | $ 124,786,232 | $ 1,356,065 |
| Receivables (Note 3) | 1,979,808 | |
| Lease Receivables | 516,419 | |
| Prepaid Expenses (Note 1H) | 324,907 | |
| Non-Current Assets: | | |
| Investments | | 11,560,584 |
| Lease Receivable, Non-Current (Note 5) | 3,477,241 | |
| OPEB Asset (Note 1H) | 1,300,081 | |
| Capital Assets, Not Depreciated (Note 6) | 13,051,749 | |
| Capital Assets, Net | 55,193,440 | |
| Total Assets | 200,629,877 | 12,916,649 |
| ***Deferred Outflows of Resources*** | | |
| OPEB Deferrals (Note 9) | 255,522 | |
| Pension Deferrals (Note 10) | 11,720,423 | |
| Bond Refunding | 2,892,684 | |
| Total Deferred Outflows of Resources | 14,868,629 | 0 |
| ***Liabilities*** | | |
| Current Liabilities: | | |
| Accounts Payable and Other Current Liabilities | 6,754,592 | |
| Accrued Interest Payable | 1,937,750 | |
| Unearned Revenue (Note 1H) | 246 | |
| Long-Term Liabilities: | | |
| *Portion Due or Payable Within One Year:* | | |
| Compensated Absences | 415,063 | |
| General Obligation Bonds | | |
| Current Interest | 5,530,000 | |
| Bond Premium | 174,220 | |
| Early Retirement Incentives | 458,251 | |
| *Portion Due or Payable After One Year:* | | |
| General Obligation Bonds (Note 7) | | |
| Current Interest | 144,380,000 | |
| Bond Premium | 2,976,473 | |
| Early Retirement Incentives (Note 8) | 1,833,006 | |
| Net Pension Liabilities (Note 10) | 34,192,177 | |
| Total Liabilities | 198,651,778 | 0 |
| ***Deferred Inflows of Resources*** | | |
| OPEB Deferrals (Note 9) | 1,791,017 | |
| Pension Deferrals (Note 10) | 6,165,636 | |
| Lease Revenues (Note 5) | 3,755,099 | |
| Total Deferred Inflows of Resources | 11,711,752 | 0 |
| ***Net Position*** | | |
| Net Investment in Capital Assets | 8,310,307 | |
| Restricted: | | |
| For Capital Projects | 417,813 | |
| For Debt Service | 7,595,740 | |
| For Educational Programs | 1,052,435 | |
| For Other Purposes | 3,278,093 | 31,112 |
| Unrestricted (Deficit) | (15,519,412) | 12,885,537 |
| Total Net Position | $ 5,134,976 | $ 12,916,649 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

# MILL VALLEY SCHOOL DISTRICT
## STATEMENT OF ACTIVITIES
## FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| | | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | |
|---|---|---|---|---|---|
| | | | | Primary Government | Component Unit |
| Functions | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities |
| ***Governmental Activities*** | | | | | |
| Instruction | $ 38,308,247 | $ 209,485 | $ 5,463,275 | $ (32,635,487) | |
| Instruction-Related Services: | | | | | |
| Supervision of Instruction | 1,134,535 | 268 | 137,720 | (996,547) | |
| Instructional Library and Technology | 1,642,442 | 8,391 | 307,549 | (1,326,502) | |
| School Site Administration | 3,490,041 | | 167,917 | (3,322,124) | |
| Pupil Services: | | | | | |
| Home-to-School Transportation | 264,094 | | 48,118 | (215,976) | |
| Food Services | 557,396 | | 455,617 | (101,779) | |
| Other Pupil Services | 2,733,961 | 9,572 | 773,717 | (1,950,672) | |
| General Administration: | | | | | |
| Data Processing Services | 1,124,327 | | | (1,124,327) | |
| Other General Administration | 5,518,833 | 203 | 98,908 | (5,419,722) | |
| Plant Services | 7,511,372 | | | (7,511,372) | |
| Interest on Long-Term Debt | 4,454,460 | | | (4,454,460) | |
| Other Outgo | 377,258 | | 116,511 | (260,747) | |
| Total Governmental Activities | 67,116,966 | 227,919 | 7,569,332 | (59,319,715) | |
| ***Component Unit*** | | | | | |
| Foundation | $ 2,675,642 | | | | $ (2,675,642) |
| ***General Revenues*** | | | | | |
| Taxes Levied for General Purposes | | | | 30,504,754 | |
| Taxes Levied for Debt Service | | | | 8,415,608 | |
| Taxes Levied for Specific Purposes | | | | 12,158,114 | |
| Federal and State Aid - Unrestricted | | | | 2,792,931 | |
| Interest and Investment Earnings | | | | 5,448,388 | 1,157,186 |
| Gifts and Contributions | | | | | 2,733,409 |
| Transfers from Other Agencies | | | | 1,027 | |
| Miscellaneous | | | | 1,642,803 | |
| Total General Revenues | | | | 60,963,625 | 3,890,595 |
| Change in Net Position | | | | 1,643,910 | 1,214,953 |
| Net Position - July 1, 2024 | | | | 3,491,066 | 11,701,696 |
| Net Position - June 30, 2025 | | | | $ 5,134,976 | $ 12,916,649 |

**MILL VALLEY SCHOOL DISTRICT**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2025**

| | General | Bond Interest and Redemption | Building | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| ***Assets*** | | | | | |
| Deposits and Investments (Note 2) | $ 19,276,724 | $ 9,648,146 | $ 93,491,992 | $ 2,369,370 | $ 124,786,232 |
| Receivables (Note 3) | 1,845,751 | | | 134,057 | 1,979,808 |
| Lease Receivables (Note 5) | 3,993,660 | | | | 3,993,660 |
| Prepaid Expenditures (Note 1H) | 324,907 | | | | 324,907 |
| Total Assets | $ 25,441,042 | $ 9,648,146 | $ 93,491,992 | $ 2,503,427 | $ 131,084,607 |
| ***Liabilities, Deferred Inflows of Resources, and Fund Balances*** | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | $ 4,354,190 | | $ 2,147,844 | $ 252,558 | $ 6,754,592 |
| Unearned Revenue (Note 1H) | 246 | | | | 246 |
| Total Liabilities | 4,354,436 | | 2,147,844 | 252,558 | 6,754,838 |
| ***Deferred Inflows of Resources*** | | | | | |
| Lease Revenue | 3,755,099 | | | | 3,755,099 |
| Total Deferred Inflows of Resources | 3,755,099 | | 0 | 0 | 3,755,099 |
| Fund Balances: (Note 12) | | | | | |
| Nonspendable | 550,903 | $ 114,656 | 1,111,021 | 28,082 | 1,804,662 |
| Restricted | 1,052,435 | 9,533,490 | 90,233,127 | 591,163 | 101,410,215 |
| Assigned | 279,849 | | | 1,631,624 | 1,911,473 |
| Unassigned | 15,448,320 | | | | 15,448,320 |
| Total Fund Balances | 17,331,507 | 9,648,146 | 91,344,148 | 2,250,869 | 120,574,670 |
| Total Liabilities and Fund Balances | $ 25,441,042 | $ 9,648,146 | $ 93,491,992 | $ 2,503,427 | $ 131,084,607 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

# MILL VALLEY SCHOOL DISTRICT
## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
## JUNE 30, 2025

| | | |
|---|---|---|
| **Total Fund Balances - Governmental Funds** | | $ 120,574,670 |
| Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following: | | |
| Contributions to OPEB plans that are in excess of the actuarial determined total OPEB liability result in net OPEB assets that are not financial resources and therefore are not reported as assets in governmental funds. The amount of net OPEB assets recognized at year-end was: | | 1,300,081 |
| Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. | | |
| Capital Assets | $ 125,354,069 | |
| Accumulated Depreciation | (57,108,880) | |
| Net | | 68,245,189 |
| Unamortized costs: In governmental funds, the gain or loss from debt refunding activities is recognized in the period they are incurred. In the government-wide statements, the gain or loss is deferred and amortized as interest over the life of the new or refunded debt, whichever period is shorter. The deferred amount from refunding, reported as deferred outflows of resources, are: | | 2,892,684 |
| Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Net deferred outflows and inflows relating to pensions are: | | 5,554,787 |
| Deferred outflows and inflows of resources related to other post employment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported. Net deferred outflows and inflows relating to OPEB are: | | (1,535,495) |
| Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities reported at the end of the period are: | | |
| Compensated Absences | $ 415,063 | |
| General Obligation Bonds | 153,060,693 | |
| Early Retirement Incentives | 2,291,257 | |
| Net Pension Liabilities | 34,192,177 | |
| Total | | (189,959,190) |
| Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owed at the end of the period was: | | (1,937,750) |
| **Total Net Position - Governmental Activities** | | $ 5,134,976 |

## MILL VALLEY SCHOOL DISTRICT
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
## GOVERNMENTAL FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| | General | Bond Interest and Redemption | Building | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| ***Revenues*** | | | | | |
| LCFF Sources: | | | | | |
| State Apportionment / Transfers | $ 2,185,446 | | | | $ 2,185,446 |
| Local Taxes | 30,504,754 | | | | 30,504,754 |
| Total LCFF Sources | 32,690,200 | | | | 32,690,200 |
| Federal Revenue | 652,978 | | | $ 62,836 | 715,814 |
| State Revenue | 3,516,840 | $ 22,117 | | 385,606 | 3,924,563 |
| Local Revenue | 18,326,322 | 8,640,472 | $ 4,126,378 | 337,127 | 31,430,299 |
| Total Revenues | 55,186,340 | 8,662,589 | 4,126,378 | 785,569 | 68,760,876 |
| ***Expenditures*** | | | | | |
| Current: | | | | | |
| Instruction | 37,223,252 | | | | 37,223,252 |
| Supervision of Instruction | 1,155,102 | | | | 1,155,102 |
| Instructional Library and Technology | 1,696,803 | | | | 1,696,803 |
| School Site Administration | 3,622,345 | | | | 3,622,345 |
| Home-To-School Transportation | 255,536 | | | | 255,536 |
| Food Services | 25,053 | | | 520,363 | 545,416 |
| Other Pupil Services | 2,808,130 | | | | 2,808,130 |
| Data Processing Services | 1,098,240 | | | | 1,098,240 |
| Other General Administration | 6,015,550 | | | 2,400 | 6,017,950 |
| Plant Services | 7,354,527 | | | | 7,354,527 |
| Facilities Acquisition and Construction | | | 7,325,270 | 260,115 | 7,585,385 |
| Other Outgo | 377,258 | | | | 377,258 |
| Debt Service: | | | | | |
| Principal Retirement | | 5,565,000 | | | 5,565,000 |
| Interest and Issuance Costs | | 3,495,248 | | | 3,495,248 |
| Total Expenditures | 61,631,796 | 9,060,248 | 7,325,270 | 782,878 | 78,800,192 |
| Excess of Revenues Over (Under) Expenditures | (6,445,456) | (397,659) | (3,198,892) | 2,691 | (10,039,316) |
| ***Other Financing Sources (Uses)*** | | | | | |
| Operating Transfers In | | 2,053,632 | | | 2,053,632 |
| Operating Transfers Out | | | (2,053,632) | | (2,053,632) |
| Other Sources | | | 76,953,632 | | 76,953,632 |
| Total Other Financing Sources (Uses) | 0 | 2,053,632 | 74,900,000 | 0 | 76,953,632 |
| Net Change in Fund Balances | (6,445,456) | 1,655,973 | 71,701,108 | 2,691 | 66,914,316 |
| Fund Balances - July 1, 2024 | 23,776,963 | 7,992,173 | 19,643,040 | 2,248,178 | 53,660,354 |
| Fund Balances - June 30, 2025 | $ 17,331,507 | $ 9,648,146 | $ 91,344,148 | $ 2,250,869 | $ 120,574,670 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

## MILL VALLEY SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

## FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| | | |
|---|---|---|
| **Net Change in Fund Balances - Governmental Funds** | | $ 66,914,316 |
| Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following: | | |
| Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is: | | |
| Capital Outlays | $ 7,567,220 | |
| Depreciation Expense | (2,018,441) | |
| Net | | 5,548,779 |
| 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: | | (74,900,000) |
| Amortization of deferred gain or loss from debt refunding: In governmental funds, any deferred gain or loss recognized from debt refunding activities, is amortized as interest over the life of the debt. The deferred gain or loss amortized for the period is: | | (239,481) |
| Amortization of debt issue premium: In governmental funds, if debt is issued at a premium, the premium is recognized as Other Financing Sources in the period it is received In the government-wide statements, premiums are amortized as interest over the life of the debt. The difference between premiums recognized in the current period and the premiums amortized in the current period are: | | |
| Bond premiums recognized during the period | $ (2,053,632) | |
| Bond premiums amortized during the period | 157,011 | |
| Net | | (1,896,621) |
| Compensated absences and early retirement incentives: In governmental funds, compensated absences and early retirement incentives are measured by the amounts paid during the period. In the statement of activities, compensated absences and early retirement incentives are measured by the amounts earned. The difference between amounts paid and amounts earned were: | | (2,576,115) |
| 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: | | 5,565,000 |
| OPEB and Pensions: In government funds, OPEB and pension costs are recognized when employer contributions are made. In the statement of activities, OPEB and pension costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB and pension costs and actual employer contributions was: | | 4,104,774 |
| 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 incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: | | (876,742) |
| **Change in Net Position of Governmental Activities** | | $ 1,643,910 |

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Mill Valley School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Board of Education elected by registered voters of the District, which comprises an area in Marin County. The District was established in 1891 and serves students in kindergarten through grade eight.

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

The financial reporting entity consists of the following:

- The primary government
- Organizations for which the primary government is financially accountable
- Other organizations for which the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, the organization should be included as a component unit.

The nucleus of a financial reporting entity is usually a primary government. Governmental Accounting Standards Board (GASB) Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*, defines a *primary government* as any state government, general-purpose local government, or special-purpose government that meets all of the following criteria:

- It has a separately elected governing body
- It is legally separate
- It is fiscally independent of other state and local governments

The primary government consists of all funds that make up the legal entity. The primary government also consists of funds for which it has a fiduciary responsibility, even though those funds may represent organizations that do not meet the definition for inclusion in the financial reporting entity.

Component units include legally separate organizations (whether governmental, not-for-profit, or for-profit organizations) for which elected officials of the primary government are financially accountable. A primary government is financially accountable if it appoints a voting majority of the organization's governing body and *(a)* it is able to impose its will on that organization or *(b)* there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has *(a)* a separately elected governing board, *(b)* a governing board appointed by a higher level of government, or *(c)* a jointly appointed board.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Concluded)

The primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization.

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists:

- The primary government is legally entitled to or can otherwise access the organization's resources.
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- The primary government is obligated in some manner for the debt of the organization.

In addition, GASB 61 also requires certain organizations to be included as component units if the nature and significance of their relationship with the primary government are such that excluding them would cause the financial reporting entity's financial statements to be misleading.

Based on the GASB 61 criteria and definitions, the District is the primary government and there are no material potential component units which should be included in the Financial Reporting Entity in these financial statements.

GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, provides further guidance, stating that a legally separate organization should be reported as a component unit if all of the following criteria are met:

- The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its component units.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization.
- The economic resources received or held by the organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The District has determined that the Mill Valley Schools Community Foundation, Kiddo!, (the Foundation), a non-profit, public benefit corporation, meets the criteria set forth in GASB 39.

*Component Unit:*

The Foundation was established as a legally separate non-profit entity to support the District through fundraising activities. In addition, funds contributed by the Foundation to the District are significant to the District's financial statements. Therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District's annual financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state apportionments, the California Department of Education has defined available as collectible within one year.

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

Unearned Revenue:

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

Expenses/Expenditures:

On an accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Expenses/Expenditures (Concluded):

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.

D. Fund Accounting

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

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

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

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

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

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

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. In accordance with Governmental Accounting Standards Board Statement No. 54 (GASB 54), the financial activities and balances of the Special Reserve Fund for Postemployment Benefits has been combined with the General Fund for financial reporting purposes.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

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

*Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings from bond proceeds.

Non-major Governmental Funds:

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

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

The *Capital Projects - Special Reserve Fund* is used to accumulate funds for major maintenance and capital outlay projects of the District. The proceeds from major dispositions of District property and state facility apportionments are accounted for in this fund.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than June 30. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 61.

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

F. Use of Estimates

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Encumbrances

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

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

1. Deposits and Investments

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

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

2. Lease Receivable

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the District may receive variable lease payments that are dependent upon the Consumer Price Index (CPI). The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the inception of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources is amortized on a straight-line basis over the term of the lease.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Prepaid Expenses / Expenditures

Payments made to vendors for goods or services that will benefit periods beyond the fiscal year ended, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed.

Reported prepaid expenses / expenditures are equally offset by a reserve that indicates that these amounts are not available for appropriation.

4. Capital Assets

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

| Asset Class | Years |
|---|---|
| Sites and Improvements | 20 |
| Buildings and Improvements | 5-50 |
| Furniture and Equipment | 8-14 |

5. Deferred Outflows / Inflows of Resources

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

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.

6. Unearned Revenue

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Compensated Absences

In accordance with GASB Statement No. 101, Compensated Absences, the District recognizes liabilities for certain compensated absences, such as vacation and sick leave, when employees earn the right to such benefits and the benefits are expected to be settled through paid time off or cash payments. Accordingly, since unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires, this benefit is not expected to be settled through paid time off or cash payments and is therefore excluded from the calculation of compensated absences for financial reporting purposes.

8. Other Post Employment Benefits (OPEB)

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

9. Pensions

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

10. Long-term Liabilities

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Fund Balances

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

*Nonspendable Fund Balance* includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. pre-paid items, permanent scholarships). The leases portion of fund balance is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

*Restricted Fund Balance* includes funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation (e.g., debt service, capital projects, state and federal grant funds).

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

*Assigned Fund Balance* consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision-making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. The Governing Board delegated authority to the Superintendent and/or their designee to identify intended uses of assigned funds.

*Unassigned Fund Balance* consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The District established a minimum fund balance policy which requires a reserve for economic uncertainties, consisting of unassigned amounts equal to three (3) percent of general fund operating expenditures and other financing uses. In addition, in order to build a fiscally prudent reserve, the Governing Board has designated a target of twenty-five (25) to thirty-five (35) percent of General Fund operating expenditures.

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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

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

The LCFF creates funding targets based on student characteristics and provides greater flexibility to use these funds to improve student outcomes. For school districts, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that are calculated based on student demographic factors. District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

The County of Marin is responsible for assessing, collecting and apportioning property taxes to the District. Taxes are levied for each fiscal year on taxable real and personal property in the county.

The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1) and become delinquent if unpaid by August 31.

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2025 consist of the following:

| | |
|---|---|
| Cash in Revolving Funds | $ 3,000 |
| County Pool Investments | 124,783,232 |
| Total | $ 124,786,232 |

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash in Revolving Funds

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

County Pool Investments

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

General Authorization

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Weighted Average Maturity

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

| Investment Type | Carrying Value | Fair Value | Weighted Average Days to Maturity |
|---|---|---|---|
| County Pool Investments | $ 124,783,232 | $ 124,783,232 | 323 |

Credit Risk

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

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2025, the District's bank balance was not exposed to custodial credit risk.

Fair Value Measurements

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Fair Value Measurements (Concluded)

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

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

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

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

The District's fair value measurements are as follows at June 30, 2025:

| Investment Type | Fair Value | Uncategorized |
|---|---|---|
| County Pool Investments | $ 124,783,232 | $ 124,783,232 |

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

NOTE 3 - RECEIVABLES

Receivables at June 30, 2025 consist of the following:

| | General Fund | Non-Major Governmental Funds | Totals |
|---|---|---|---|
| Federal Government | $ 558,932 | $ 15,824 | $ 574,756 |
| State Government | 473,674 | 96,080 | 569,754 |
| Local Governments | 180,615 | | 180,615 |
| Miscellaneous | 632,530 | 22,153 | 654,683 |
| Totals | $ 1,845,751 | $ 134,057 | $ 1,979,808 |

NOTE 4 - INTERFUND ACTIVITIES

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

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2024-25 were as follows:

| Funds | Operating Transfers In | Operating Transfers Out |
|---|---|---|
| Bond Interest & Redemption | $ 2,053,632 | |
| Building | | $ 2,053,632 |
| Totals | $ 2,053,632 | $ 2,053,632 |

Transfer from the Building Fund to the Bond Interest and Redemption of the bond premium received from the current year sale of general obligation bonds.

NOTE 5 - LEASE RECEIVABLE / REVENUE

The District has entered into agreements to lease properties with several organizations. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease revenues as of the date of their inception.

The first agreement was executed on August 14, 2003, to lease property with a private school. Under the lease, the private school pays the District monthly rent paid for the month of June 2003 increased annually each subsequent January 1, by a percentage equal to the annual increase over the prior April CPI factor. The monthly base rent for the 2024-25 fiscal year was $29,837.20. The term of the lease is 34 years and terminates on June 30, 2037. The lease may be renewed for an additional term of 20 years subject to lessee giving lessor written notice not more than three years or less than one year before the beginning of the extension period. In exchange for monthly payments, the provider operates its private school services in certain buildings located at Homestead, an unused school site. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 4.00%, which was the bank prime loan rate at inception of the lease agreement.

In the 2024-25 fiscal year, the District recognized $191,334 of lease revenue and $124,364 of interest revenue under the lease. In addition, the District recognized $42,348 in variable lease revenue due to the increase in the CPI for the 2024-25 fiscal year. This is the current year payments received split between revenue and interest, which were based on the total lease receivable balance calculated based on the fixed amounts, excluding any adjustments for CPI or unknown factors at the time the agreement was signed.

NOTE 5 - LEASE RECEIVABLE / REVENUE (CONTINUED)

The second agreement was executed on May 26, 2006, to lease property with a childcare provider. Under the lease, the childcare provider pays the District monthly base rent of $2.33 per square foot increased annually each subsequent January 1, by a percentage equal to the annual increase over the prior April CPI factor. On December 15, 2023, the agreement was modified and the lease period was extended for an additional three-year term through June 30, 2027. The monthly base rent for August was $6,354.00 and for September to June 2025 was $17,391.40. In exchange for monthly payments, the provider operates its childcare and development services in certain buildings located at Tam Valley, Park, Edna Maguire, and Old Mill school sites. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 5.03%, which was the bank prime loan rate at inception of the lease agreement.

In the 2024-25 fiscal year, the District recognized $146,893 of lease revenue and $27,975 of interest revenue under the lease. In addition, the District recognized $5,400 in variable lease revenue due to the increase in the CPI for the 2024-25 fiscal year. This is the current year payments received split between revenue and interest, which were based on the total lease receivable balance calculated based on the fixed amounts, excluding any adjustments for CPI or unknown factors at the time the agreement was signed.

The third agreement was executed on January 1, 2014, to lease property with a childcare provider. Under the lease, the childcare provider pays the District monthly base rent of $2 per square foot increased annually each subsequent January 1, by a percentage equal to the annual increase over the prior April CPI factor. Under the terms of the original agreement the lease may be renewed for two additional terms of five years subject to lessee giving lessor written notice of its offer to renew the lease no less than 13 months before the end of the current lease term and lessor accepting such offer by lessee in writing no less than 12 months before the end of the current lease term. On March 29, 2023, the agreement was modified and the lease period was extended for an additional five-year term through June 30, 2029. The monthly base rent for the 2024-25 fiscal year was $12,658.20. In exchange for monthly payments, the provider operates its childcare and development services in certain buildings located at Edna Maguire school site. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.25%, which was the bank prime loan rate at inception of the lease agreement.

In the 2024-25 fiscal year, the District recognized $105,756 of lease revenue and $40,361 of interest revenue under the lease. In addition, the District recognized $5,781 in variable lease revenue due to the increase in the CPI for the 2024-25 fiscal year. This is the current year payments received split between revenue and interest, which were based on the total lease receivable balance calculated based on the fixed amounts, excluding any adjustments for CPI or unknown factors at the time the agreement was signed.

NOTE 5 - LEASE RECEIVABLE / REVENUE (CONCLUDED)

The fourth agreement was executed on April 20, 2018, to lease property with a martial arts provider. Under the lease, the martial arts provider pays the District monthly base rent of $2.28 per square foot increased annually each subsequent January 1, by a percentage equal to the annual increase over the prior April CPI factor. The monthly base rent for the 2024-25 fiscal year was $7,099.20. The term of the lease is a one-year lease with options to renew through June 30, 2028, unless terminated earlier under the specific provisions of the lease. In exchange for monthly payments, the provider operates its martial arts services in certain buildings located at Edna Maguire school site. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 4.75%, which was the bank prime loan rate at inception of the lease agreement.

In the 2024-25 fiscal year, the District recognized $51,808 of lease revenue and $9,588 of interest revenue under the lease. In addition, the District recognized $23,794 in variable lease revenue due to the increase in the CPI for the 2024-25 fiscal year. This is the current year payments received split between revenue and interest, which were based on the total lease receivable balance calculated based on the fixed amounts, excluding any adjustments for CPI or unknown factors at the time the agreement was signed.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2025, is shown below:

| | Balances June 30, 2024 | Additions | Deletions | Balances June 30, 2025 |
|---|---|---|---|---|
| Capital Assets Not Being Depreciated: | | | | |
| Land | $ 1,673,666 | | | $ 1,673,666 |
| Construction-in-Progress | 3,845,657 | $ 7,532,426 | | 11,378,083 |
| Total Capital Assets Not Being Depreciated | 5,519,323 | 7,532,426 | $ 0 | 13,051,749 |
| Capital Assets Being Depreciated: | | | | |
| Sites and Improvements | 11,670,607 | | | 11,670,607 |
| Buildings and Improvements | 99,191,372 | | | 99,191,372 |
| Furniture and Equipment | 1,405,547 | 34,794 | | 1,440,341 |
| Total Capital Assets Being Depreciated | 112,267,526 | 34,794 | 0 | 112,302,320 |
| Less Accumulated Depreciation: | | | | |
| Sites and Improvements | 6,528,007 | 448,806 | | 6,976,813 |
| Buildings and Improvements | 47,968,907 | 1,505,170 | | 49,474,077 |
| Furniture and Equipment | 593,525 | 64,465 | | 657,990 |
| Total Accumulated Depreciation | 55,090,439 | 2,018,441 | 0 | 57,108,880 |
| Total Capital Assets Being Depreciated, Net | 57,177,087 | (1,983,647) | 0 | 55,193,440 |
| Capital Assets, Net | $ 62,696,410 | $ 5,548,779 | $ 0 | $ 68,245,189 |

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)

Depreciation expense was charged to governmental activities as follows:

| | |
|---|---|
| Instruction | $ 1,241,432 |
| Instruction-Related Services | 203,092 |
| Pupil Services | 115,219 |
| General Administration | 215,281 |
| Plant Services | 243,417 |
| Total | $ 2,018,441 |

NOTE 7 - GENERAL OBLIGATION BONDS

On October 19, 2017, the District issued general obligation refunding bonds in the amount of $30,455,000, with interest rates from 2.25% to 4.0%, for purposes of refunding, on an advance basis, all of the District's outstanding Election of 2009, Series A, general obligation bonds, as well as paying the costs of issuance of the Bonds.

On May 13, 2020, the District issued general obligation refunding bonds in the amount of $31,605,000, with interest rates from 1.30% to 2.86%, for purposes of refunding, on an advance basis, a portion of the District's outstanding Election of 2009, Series B, general obligation bonds, as well as paying the costs of issuance of the Bonds.

On June 7, 2022, the registered voters of the District approved Measure G, which authorizes the District to issue up to $194 million in general obligation bonds to upgrade classrooms, science labs and learning technology in Mill Valley elementary and middle schools; repair/replace leaky roofs/windows, improve accessibility for students with disabilities; add solar and replace outdated/inefficient heating, ventilation, electrical/plumbing systems.

On July 20, 2023, the District issued Election of 2022, Series A general obligation bonds in the amount of $22,600,000, with interest rates ranging from 4.0% to 5.0%.

On October 10, 2024, the District issued Election of 2022, Series B general obligation bonds in the amount of $74,900,000, with interest rates ranging from 4.0% to 5.0%.

The general obligation bonds are secured by the full faith and credit of the District. In order to provide sufficient funds for the repayment of principal and interest on the bonds when due, the Board of Supervisors of Marin County is empowered and obligated to annually levy ad valorem taxes upon all property subject to taxation in the District. The outstanding general obligation debt of the District as of June 30, 2025, excluding $3,150.693 of unamortized bond premiums, is as follows:

Current Interest Bonds

| Date of Issue | Interest Rate % | Date of Maturity | Amount of Original Issue | Outstanding June 30, 2024 | Issued Current Year | Redeemed Current Year | Outstanding June 30, 2025 |
|---|---|---|---|---|---|---|---|
| 10/19/17 | 2.25-4.00 | 8/1/34 | $ 30,455,000 | $ 27,725,000 | | $ 1,275,000 | $ 26,450,000 |
| 5/13/20 | 1.30-2.86 | 8/1/39 | 31,605,000 | 30,250,000 | | 555,000 | 29,695,000 |
| 7/20/23 | 4.00-5.00 | 8/1/53 | 22,600,000 | 22,600,000 | | 3,735,000 | 18,865,000 |
| 10/10/24 | 4.00-5.00 | 8/1/54 | 74,900,000 | 0 | $ 74,900,000 | | 74,900,000 |
| Totals | | | $ 159,560,000 | $ 80,575,000 | $ 74,900,000 | $ 5,565,000 | $ 149,910,000 |

NOTE 7 - GENERAL OBLIGATION BONDS (CONCLUDED)

Current Interest Bonds (Concluded)

The annual requirements to amortize the current interest bonds payable, outstanding as of June 30, 2025, are as follows:

| Year Ended June 30 | Principal | Interest | Totals |
|---|---|---|---|
| 2026 | $ 5,530,000 | $ 5,404,528 | $ 10,934,528 |
| 2027 | 3,495,000 | 5,212,680 | 8,707,680 |
| 2028 | 2,485,000 | 5,098,133 | 7,583,133 |
| 2029 | 2,740,000 | 5,023,604 | 7,763,604 |
| 2030 | 2,970,000 | 4,957,153 | 7,927,153 |
| 2031-2035 | 18,845,000 | 23,389,386 | 42,234,386 |
| 2036-2040 | 29,875,000 | 19,664,795 | 49,539,795 |
| 2041-2045 | 15,365,000 | 15,605,000 | 30,970,000 |
| 2046-2050 | 27,735,000 | 11,184,950 | 38,919,950 |
| 2051-2055 | 40,870,000 | 4,210,200 | 45,080,200 |
| Totals | $ 149,910,000 | $ 99,750,429 | $ 249,660,429 |

NOTE 8 - EARLY RETIREMENT INCENTIVES

During fiscal year 2024-25, the District elected to participate in the Public Agency Retirement System (PARS), a supplemental retirement plan to STRS administered by PARS. The plan provides a supplemental benefit to STRS, and payments are fixed at retirement and do not increase thereafter (No COLA). Payouts are made based on the option determined by the participants. The District entered into a multi-year annuity to make contributions to the PARS Supplementary Retirement Plan for the 27 individuals who chose to participate in the program.

The future cost of providing these program benefits as of June 30, 2025, are as follows:

| Year Ended June 30 | Early Retirement Incentive |
|---|---|
| 2026 | $ 458,251 |
| 2027 | 458,252 |
| 2028 | 458,251 |
| 2029 | 458,252 |
| 2030 | 458,251 |
| Total | $ 2,291,257 |

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

*Plan Description / Benefits Provided*

Mill Valley School District's Other Post Employment Benefits Plan (Plan), is a single employer defined benefit healthcare plan administered by the District. No separate financial statements were issued for the plan. The District provides varying coverage to retirees from the various employee groups. The benefits provided to eligible retirees are as follows:

Medical, prescription drug, dental and vision benefits are offered to certificated, classified, administration and confidential employees and retirees of the District through the Self-Insured Schools of California (SISC). Dental and vision benefits are not District-paid for retirees.

Certificated employees may retire with District-paid benefits between the ages of 55 and 62 with at least 20 years of full-time service under Medical Option II. The service requirement is 10 years for employees who were at least 50 years old on July 1, 2011, and 15 years for employees aged 45-49 on July 1, 2011.

District-paid benefits continue until age 65. Employees hired on or before June 30, 2007 may retire after 25 years of service and receive 3 years of medical benefits either before or after age 65. If benefits extend beyond age 65 the District will pay for Medicare Supplement coverage plus the Medicare Part B premium, subject to the caps described below. This benefit may be continued after Medical Option II benefits have expired, if applicable.

The District pays 100% of the medical and prescription drug premium for retiree, spouse and eligible dependents, up to a dollar cap that varies by tier and date of hire. The cap is frozen in the year of retirement for retirements on or after July 1, 2016. Premiums in excess of the applicable cap must be paid for by the retiree.

Classified employees may retire with District-paid benefits after attaining age 55 and completing at least 20 years of employment, of which at least 10 years were full-time service. The District pays 100% of the medical and prescription drug premium for retiree, spouse and eligible dependents up to a dollar cap that varies by tier and date of hire. The cap is frozen in the year of retirement for retirements on or after June 30, 2019. Benefits continue for the lesser of 5 years or until age 65. After these benefits end, the District will pay the retiree $1,000 per year toward the cost of medical premiums until age 70.

Administration employees generally receive the same benefits as certificated bargaining unit members except that 10 years of service are required regardless of year of birth.

Confidential employees generally receive the same benefits as classified bargaining unit members.

In addition to the benefits described above, the District periodically offers special retirement incentives. Liabilities for such benefits have not been included in the valuation as there is no established pattern of incentives and the District is not obligated to make such offers in the future.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

*Plan Description / Benefits Provided (Concluded)*

The following table shows selected monthly premiums for retirees under the age of 65 and District caps. The rates went into effect as of October 1, 2024:

| Plan | Retiree Only | Retiree + One | Retiree + Family |
|---|---|---|---|
| Anthem Blue Cross 90-G $20, Rx 5-20 | $1,288.00 | $2,589.00 | $3,362.00 |
| Anthem Blue Cross 80-G $20, Rx 9-35 | 1,180.00 | 2,367.00 | 3,072.00 |
| Blue Shield California Care HMO | 1,366.00 | 2,751.00 | 3,572.00 |
| Kaiser $15 OV, $5-20(30) Rx | 1,223.00 | 2,445.00 | 3,179.00 |
| District caps: | | | |
| Certificated hired before July 1, 2012 | 1,223.00 | 2,445.00 | 2,470.27 |
| Certificated hired on or after July 1, 2012 | 1,223.00 | 2,445.00 | 2,445.00 |
| Classified hired before July 1, 2012 | 1,223.00 | 2,445.00 | 2,639.37 |
| Classified hired on or after July 1, 2012 | 1,233.00 | 2,445.00 | 2,445.00 |

Plan benefits and contribution requirements for both the employee and the District are established by labor agreements. All contracts with District employees may be renegotiated at various times in the future and, thus, benefits and costs are subject to change.

*Employees Covered by Benefit Terms*

The number of employees covered by the benefit terms of the Plan as of June 30, 2025 are as follows:

| | |
|---|---|
| Inactive employees currently receiving benefit payments | 30 |
| Inactive employees entitled to but not yet receiving benefit payments | 0 |
| Active employees | 164 |
| Total number of participants | 194 |

*Net OPEB Liability*

The District's net OPEB asset of $1,300,081 was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2025.

*California Employers' Retiree Benefit Trust (CERBT)*

The District joined the California Employers' Retiree Benefit Trust (CERBT), which is an agent multiple-employer plan with more than 500 members as defined in GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74), with pooled administrative and investment functions. The CERBT Fund is a Section 115 trust fund dedicated to prefunding Other Post Employment Benefits (OPEB) for all eligible California public agencies.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

*California Employers' Retiree Benefit Trust (CERBT) (Concluded)*

The District participates in CERBT primarily as an investment vehicle for amounts set aside to pay for future costs associated with the District's single employer defined benefit healthcare plan. There are three investment options offered by the fund, of which the District has chosen to participate in the CERBT Strategy 1 portfolio. As a result, the District owns a percentage of the CERBT Strategy 1 portfolio.

*Actuarial Assumptions*

The net OPEB liability was determined using an actuarial valuation as of June 30, 2025, using the following actuarial assumptions:

| | |
|---|---|
| Measurement Date | June 30, 2025 |
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.50% |
| Salary Increases | 2.75% per year |
| Discount Rate | 6.75%, net of investment expense |
| Healthcare cost trend rates | 4.00% per year |
| Retirees' share of cost | Based on retirees' current cost-sharing provisions, assumed to remain in effect for all future years |

Mortality rates for certificated employees were based on the *2020 CalSTRS Mortality* table created by CalSTRS. Mortality rates for classified employees were based on the *2021 CalPERS Active Mortality for Miscellaneous and Employees* table created by CalPERS.

Retirement rates for certificated employees were based on the *2020 CalSTRS Retirement Rates* table created by CalSTRS. Retirement rates for classified employees were based on the *2021 CalPERS Retirement Rates for School Employees.*

Turnover rates for certificated employees were based on the *2020 CalSTRS Termination Rates* table created by CalSTRS. Turnover rates for classified employees were based on the *2021 CalPERS Termination Rates for School Employees* table created by CalPERS.

The long-term expected rate of return on OPEB plan investments of 6.75% for CERBT Strategy 1 was provided by CERBT using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The discount rate of 6.75% per year, net expenses, was based on assumed long-term return on employer assets.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

*Employee Contributions for Prefunding Medical Benefits*

Beginning in February 1, 2011, active full-time certificated employees began to pay $350 per year into an irrevocable trust fund for the sole purpose of prefunding the retiree medical benefit. If the employee terminates employment from the District after 5 years of service but prior to retirement, the accumulated contributions (without interest) will be refunded to the employee. The annual $350 contribution from actives has ceased effective January 1, 2016.

*Changes in the Net OPEB Liability (Asset)*

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (Asset) (a) - (b) |
|---|---|---|---|
| Balances at June 30, 2024 | $ 5,905,168 | $ 6,508,664 | $ (603,496) |
| Changes for the year: | | | |
| Service cost | 223,584 | | 223,584 |
| Interest on total OPEB liability | 392,120 | | 392,120 |
| Differences between expected and actual experience | (98,465) | | (98,465) |
| Contributions from employer | | 415,554 | (415,554) |
| OPEB plan net investment income | | 803,337 | (803,337) |
| Benefit payments (including implicit subsidy) | (415,554) | (415,554) | 0 |
| OPEB plan administrative expenses | | (5,067) | 5,067 |
| Net changes | 101,685 | 798,270 | (696,585) |
| Balances at June 30, 2025 | $ 6,006,853 | $ 7,306,934 | $ (1,300,081) |

*Sensitivity of the District's Net OPEB Liability (Asset) to Changes in the Discount Rate*

The following table presents the District's net OPEB liability (asset) as of the measurement date, calculated using the current discount rate of 6.75%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | Discount Rate 1% Decrease | Discount Rate Current Rate | Discount Rate 1% Increase |
|---|---|---|---|
| District's Net OPEB Liability (Asset) | $ (938,932) | $ (1,300,081) | $ (1,639,933) |

*Sensitivity of the District's Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates*

The following table presents the District's net OPEB liability (asset) as of the measurement date, calculated using the current healthcare cost trend rate of 4.0%, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.0%) or one percentage point higher (5.0%) than the current rate:

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

*Sensitivity of the District's Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates*

| | Healthcare Cost Trend Rate 1% Decrease | Healthcare Cost Trend Rate Current Rates | Healthcare Cost Trend Rate 1% Increase |
|---|---|---|---|
| District's Net OPEB Liability (Asset) | $ (1,774,550) | $ (1,300,081) | $ (761,559) |

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

For the year ended June 30, 2025, the District recognized a negative OPEB expense of $137,619. At June 30, 2025, the District reported deferred outflows 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 | $ 255,522 | $ 386,166 |
| Changes in assumptions or other inputs | | 1,226,877 |
| Net differences between projected and actual earnings on OPEB plan investments | | 177,974 |
| Totals | $ 255,522 | $ 1,791,017 |

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

| Year Ended June 30 | |
|---|---|
| 2026 | $ (111,442) |
| 2027 | (367,452) |
| 2028 | (370,623) |
| 2029 | (320,961) |
| 2030 | (181,892) |
| Thereafter | (183,125) |

*OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (Concluded)*

For purposes of determining annual expense and deferral amounts, expected remaining service lives for the difference between expected and actual experience was 11.6 years for 2019-20, 11 years for 2020-21 and 2021-22, 11.2 years for 2022-23 and 2023-24, and 9.7 years for 2024-25, respectively, and for changes of assumptions or other inputs was 11.62 years for 2018-19, 11 years for 2020-21, and 11.2 years for 2022-23, respectively. The net difference between projected and actual earnings on OPEB investments are spread over 5 years as required by GASB 75.

NOTE 10 - RETIREMENT PLANS

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

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

| Pension Plan | Net Pension Liabilities | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|---|---|---|---|---|
| CalSTRS | $ 22,752,275 | $ 7,988,102 | $ 5,224,448 | $ 3,647,870 |
| CalPERS | 11,439,902 | 3,732,321 | 941,188 | 1,417,716 |
| Totals | $ 34,192,177 | $ 11,720,423 | $ 6,165,636 | $ 5,065,586 |

A. California State Teachers' Retirement System (CalSTRS)

*Plan Description*

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

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

*Benefits Provided*

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

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

*Benefits Provided (Concluded)*

The STRP DB Program has two benefit structures:

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

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

*CalSTRS 2% at 60*

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

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

*CalSTRS 2% at 62*

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

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

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

*Contributions*

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046.

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

Members: The member contribution rate for CalSTRS 2% at 60 members is set in statute at 10.25%, while CalSTRS 2% at 62 members are required to pay at least one-half of the normal cost of their DB Program benefit (rounded to the nearest quarter of 1%). The member contribution rate for CalSTRS 2% at 62 members was 10.205% for fiscal year 2024-25.

Employers: Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorizes the board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2024, the board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2024-25 for a total contribution rate of 19.10%. The District contributed $4,528,795 to the plan for the fiscal year ended June 30, 2025.

State: The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by no more than 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2024, the board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2024-25. The total state contribution rate also includes a portion to fund the Supplemental Benefit Maintenance Account (SBMA), which provides inflation protection to CalSTRS members whose current purchasing power has fallen below 85% of the purchasing power of their initial benefit. The SBMA is funded through a continuous appropriation from the state's General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by $72.0 million, pursuant to Education Code section 22954. The total state contribution to the DB program was 10.828% for the fiscal year ended June 30, 2025.

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

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

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

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

| | |
|---|---|
| District's proportionate share of the net pension liability | $ 22,752,275 |
| State's proportionate share of the net pension liability associated with the District | 10,438,822 |
| Total net pension liability attributed to District | $ 33,191,097 |

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 an actuarial valuation as of June 30, 2023. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State. The District's proportionate share of the net pension liability as of June 30, 2024 and June 30, 2023 was as follows:

| | |
|---|---|
| Proportion - June 30, 2024 | 0.0339% |
| Proportion - June 30, 2023 | 0.0338% |
| Change - Increase (Decrease) | 0.0001% |

For the fiscal year ended June 30, 2025, the District recognized pension expense of $3,647,870, which includes $2,107,830 of 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 |
|---|---|---|
| District contributions subsequent to the measurement date | $ 4,528,795 | |
| Differences between expected and actual experience | 2,570,786 | $ 1,048,092 |
| Changes of assumptions | 105,556 | 1,553,754 |
| Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 782,965 | 2,105,931 |
| Net differences between projected and actual earnings on plan investments | | 516,671 |
| Totals | $ 7,988,102 | $ 5,224,448 |

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 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:

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

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

| Year Ended June 30 | |
|---|---|
| 2026 | $ (2,350,023) |
| 2027 | 1,456,392 |
| 2028 | (533,279) |
| 2029 | (549,107) |
| 2030 | 308,139 |
| Thereafter | (97,263) |

Other than differences between projected and actual investment earnings, deferred outflows and inflows of resources are recognized in pension expense beginning in the current period using a straight-line method over a closed period equal to the average of the expected remaining service lives of all plan members who are provided with pensions through CalSTRS (active and inactive). Based on the financial reporting actuarial valuation report as of June 30, 2024, the average expected remaining service life for STRP members is seven years. Deferred outflows and inflows of resources related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

*Actuarial Methods and Assumptions*

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2024 include:

| | |
|---|---|
| Valuation Date | June 30, 2023 |
| Experience Study [1] | July 1, 2007 through June 30, 2022 |
| Actuarial Cost Method | Entry Age |
| Investment Rate of Return [2] | 7.10% |
| Consumer Price Inflation | 2.75% |
| Wage Growth | 3.50% |
| Payroll Growth | 3.25% |
| Post-retirement Benefit Increases | 2.00% simple for DB (Annually) |
| | Maintain 85% purchasing power level for DB |

[1] Both a Five-Year period (July 1, 2017 - June 30, 2020) and 15-year period were considered in the 2024 experience study; however, assumptions were primarily based on the results of the 15-year study. Additional information is available in 2024 experience analysis report available at CalSTRS.com

[2] Net of investement expenses, but gross of adminstrative expenses.

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

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

*Discount Rate*

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates as previously described. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expenses occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of the 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 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. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

| Asset Class/Strategy | Assumed Asset Allocation | Long-Term Expected Rate of Return [1] | Long-Term Expected Real Rate of Return [1,2] |
|---|---|---|---|
| Public Equity | 38% | 8.00% | 5.25% |
| Real Estate | 15% | 6.80% | 4.05% |
| Private Equity | 14% | 9.50% | 6.75% |
| Fixed Income | 14% | 5.20% | 2.45% |
| Risk Mitigating Strategies | 10% | 5.00% | 2.25% |
| Inflation Sensitive | 7% | 6.40% | 3.65% |
| Cash / Liquidity | 2% | 2.80% | 0.05% |
| Total | 100% | | |

1 20- to 30 year geometric average.

2 Real rates of return are net of assumed 2.75% Inflation.

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

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

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

| | Discount Rate 1% Decrease | Discount Rate Current Rate | Discount Rate 1% Increase |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 40,468,853 | $ 22,752,275 | $ 7,958,198 |

*Mortality*

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023. and projected improvement is based on the MP-2021 Ultimate Projection Scale.

*Pension Plan's Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

B. California Public Employees' Retirement System (CalPERS)

*Plan Description, Benefits Provided, and Employees Covered*

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

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

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

*Contributions*

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50.0% of the total normal cost rate for their defined benefit plan or 8.0% of their salary. The District’s contractually required contribution rate for the fiscal year ended June 30, 2025 was 27.05% of annual payroll. The District’s contribution to CalPERS for the fiscal year ended June 30, 2025 was $1,850,268.

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

As of June 30, 2025, the District reported a liability of $11,439,902 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 an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability as of June 30, 2024 and June 30, 2023 was as follows:

| | |
|---|---|
| Proportion - June 30, 2024 | 0.0320% |
| Proportion - June 30, 2023 | 0.0321% |
| Change - Increase (Decrease) | -0.0001% |

For the fiscal year ended June 30, 2025, the District recognized pension expense of $1,417,716. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| District contributions subsequent to the measurement date | $ 1,850,268 | |
| Differences between expected and actual experience | 980,537 | $ 103,815 |
| Changes of assumptions | 320,618 | |
| Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | | 837,373 |
| Net differences between projected and actual earnings on plan investments | 580,898 | |
| Totals | $ 3,732,321 | $ 941,188 |

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 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 | |
|---|---|
| 2026 | $ 147,307 |
| 2027 | 808,556 |
| 2028 | 125,609 |
| 2029 | (140,607) |

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 3.9 years as of June 30, 2024. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

*Actuarial Assumptions*

The total pension liability in the June 30, 2023 actuarial valuations were determined using the following actuarial methods and assumptions:

NOTE 10 - RETIREMENT PLANS (CONTINUED)

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

*Actuarial Assumptions (Concluded)*

| | |
|---|---|
| Valuation Date | June 30, 2023 |
| Measurement Date | June 30, 2024 |
| Actuarial Cost Method | Entry Age Normal Cost method |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Wage Growth | Varies by entry Age and Service |
| Mortality Rate Table | Derived Using CalPERS' Membership Data For All Funds |
| Investment Rate of Return | 6.90% |
| Post Retirement Benefit Increase | The Lesser Contract COLA or 2.30% Until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% Thereafter |

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

*Discount Rate*

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

NOTE 10 - RETIREMENT PLANS (CONCLUDED)

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

*Discount Rate (Concluded)*

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

| Asset Class [1] | Assumed Asset Allocation | Real Return [1, 2] |
|---|---|---|
| Global Equity - Cap- weighted | 30.0% | 4.54% |
| Global Equity - Non-Cap-weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | -5.0% | -0.59% |
| Total | 100.0% | |

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Management Study.

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

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

| | Discount Rate 1% Decrease | Discount Rate Current Rate | Discount Rate 1% Increase |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 16,994,070 | $ 11,439,902 | $ 6,851,717 |

*Pension Plan Fiduciary Net Position*

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

C. Social Security

As established by Federal law, all public-sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

## NOTE 11 - LONG-TERM LIABILITIES

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

| | Balances June 30, 2024 | Additions | Deductions | Balances June 30, 2025 | Due within One Year |
|---|---|---|---|---|---|
| Long-Term Debt: | | | | | |
| General Obligation Bonds | $ 81,829,072 | $ 76,953,632 | $ 5,722,011 | $ 153,060,693 | $ 5,704,220 |
| Other Long-Term Liabilities: | | | | | |
| Compensated Absences | 130,205 | 284,858 | | 415,063 | 415,063 |
| Early Retirement Incentives | 0 | 2,291,257 | | 2,291,257 | 458,251 |
| Net Pension Liabilities | 37,363,028 | | 3,170,851 | 34,192,177 | |
| Totals | $ 119,322,305 | $ 79,529,747 | $ 8,892,862 | $ 189,959,190 | $ 6,577,534 |

The general obligation bonds are obligations of the Bond Interest & Redemption Fund. All other long-term liabilities are primarily obligations of the General Fund.

## NOTE 12 - FUND BALANCES

The District's fund balances at June 30, 2025 consisted of the following:

| | General Fund | Bond Interest and Redemption Fund | Building Fund | Non-Major Governmental Funds | Totals |
|---|---|---|---|---|---|
| Nonspendable: | | | | | |
| Revolving Cash | $ 3,000 | | | | $ 3,000 |
| Prepaid Expenditures | 324,907 | | | | 324,907 |
| FMV Adjustment | 222,996 | $ 114,656 | $ 1,111,021 | $ 28,082 | 1,476,755 |
| Total Nonspendable | 550,903 | 114,656 | 1,111,021 | 28,082 | 1,804,662 |
| Restricted: | | | | | |
| Categorical Programs | 695,047 | | | | 695,047 |
| Food Services Program | | | | 173,350 | 173,350 |
| Local Programs | 357,388 | | | | 357,388 |
| Developer Fees | | | | 417,813 | 417,813 |
| Debt Service | | 9,533,490 | | | 9,533,490 |
| Measure G Bond | | | 90,233,127 | | 90,233,127 |
| Total Restricted | 1,052,435 | 9,533,490 | 90,233,127 | 591,163 | 101,410,215 |
| Assigned: | | | | | |
| OPEB Reserve | 279,849 | | | | 279,849 |
| Capital Projects | | | | 1,631,624 | 1,631,624 |
| Total Assigned | 279,849 | 0 | 0 | 1,631,624 | 1,911,473 |
| Unassigned: | | | | | |
| Economic Uncertainties | 15,448,320 | 0 | 0 | 0 | 15,448,320 |
| Totals | $ 17,331,507 | $ 9,648,146 | $ 91,344,148 | $ 2,250,869 | $ 120,574,670 |

NOTE 13 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of $2,107,830 to CalSTRS. These contributions are recorded in the General Fund as revenues and expenditures. The District is not legally responsible for these contributions.

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024-25, the District participated in one joint powers authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

NOTE 15 - JOINT VENTURES

The District participates in two joint ventures under joint powers agreements with Marin School Insurance Authority (MSIA) for workers' compensation and property and liability insurance, and Marin Pupils Transportation Agency (MPTA) for pupil transportation services for special education children. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

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

The JPAs are audited on an annual basis. Audited financial statements can be obtained by contacting each JPA's management.

NOTE 16 - ECONOMIC DEPENDENCY

A. Parcel Tax

The Mill Valley School District relies significantly on parcel tax revenues to fund its operations. During fiscal year 2024-25, the District received $12,158,114 of parcel tax revenues, which represents 22.1% of the District's total General Fund operating revenues. These funds are used to protect educational quality; attract and keep high-quality teachers; maintain library services and physical education programs; preserve small neighborhood schools and class sizes; and prevent significant budget cuts due to reductions in State education funding. The parcel tax is levied annually on properties within the Mill Valley School District, and is subject to voter approval, which was last reaffirmed on November 8, 2016. The current parcel tax authorization is set to expire on June 30, 2029, unless extended or renewed by voters. The Mill Valley School District's financial position and ability to maintain current service levels could be materially adversely affected if the parcel tax is not renewed or if there is a significant reduction in property assessments or collections.

NOTE 16 - ECONOMIC DEPENDENCY (CONCLUDED)

B. Mill Valley Schools Community Foundation (Kiddo!)

The Mill Valley School District relies significantly on revenues contributed by the Mill Valley Schools Community Foundation (Kiddo!) to fund its operations. During fiscal year 2024-25, the District received $1,780,833 of contributions from Kiddo! which represents 3.2% of the District's total General Fund operating revenues. These contributions are included in the Operating Grants and Contributions Revenue of the District on the Statement of Activities reported on page 17. These funds are used to support a variety of specialty classes, including music, art, dance, drama, and poetry for all children in the Mill Valley School District.

The funding received from Kiddo! is subject to voluntary public contributions to the organization. Mill Valley School District's financial position and ability to maintain current service levels could be materially adversely affected if the Foundation is unable to maintain its current level of support in future years.

NOTE 17 - LEASE-LEASEBACK AGREEMENTS

During fiscal year 2023-24, the District entered into facilities lease agreements with Flint Design Build, LLC, and GCCI, Inc., (Lessors), where the District has leased school sites to the Lessors for the new construction at the middle school (Flint Design Build, LLC) and modernization at all of the elementary schools (GCCI, Inc.), and in return, the District will lease back the school sites from the Lessor.

The guaranteed maximum price (GMP) amount of $15,000,000 for Flint Design Build, LLC, was approved by the Board on May 22, 2024 on Addendum 1 of the agreement. The GMP amount of $2,933,858 for GCCI, Inc. summer projects at Strawberry Point Elementary was approved by the Board on June 5, 2025. The GMP amount of $3,302,354 for GCCI, Inc. summer projects at Tam Valley Elementary School was also approved by the Board on June 5, 2025. These expenditures will be paid for with funds generated from by the Measure G bond funds.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

The District has received other state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

B. Litigation

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

NOTE 19 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through January 8, 2026, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements, except as follows:

First Interim Report

The projected General Fund operating deficit of $2,756,269, presented in the District's 2025-26 Adopted Budget has been updated to reflect a projected operating deficit of $3,701,483 at First Interim. In addition, the Multi-Year-Projection (M-Y-P) has been updated, which projects continued operating deficits of $2,926,888 and $2,070,274 during fiscal years 2026-27 and 2027-28, respectively.

On December 15, 2025, the governing board of the District approved the First Interim financial report for fiscal year 2025-26 with a positive certification that reflects that based upon current projections, the District will meet its fiscal obligations for fiscal year 2025-26 and subsequent two fiscal years. Although the District currently meets the criteria to be able to approve the report with a positive certification, the District is aware that it must continue to monitor the operating budget and take appropriate action when necessary to address the current deficit spending trend noted above.

As of the completion of the annual audit on January 8, 2026, the Marin County Office of Education has not completed its review of the First Interim of the District and therefore the report has neither been approved nor disapproved.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

## MILL VALLEY SCHOOL DISTRICT
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
## BUDGET AND ACTUAL - GENERAL FUND
## FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---|---|---|---|---|
| ***Revenues*** | | | | |
| LCFF Sources: | | | | |
| State Apportionment / Transfers | $ 2,175,171 | $ 2,185,592 | $ 2,185,446 | $ (146) |
| Local Sources | 30,465,167 | 33,101,317 | 30,504,754 | (2,596,563) |
| Total LCFF Sources | 32,640,338 | 35,286,909 | 32,690,200 | (2,596,709) |
| Federal Revenue | 655,981 | 645,499 | 652,978 | 7,479 |
| Other State Revenue | 4,163,738 | 4,258,822 | 3,516,840 | (741,982) |
| Other Local Revenue | 17,702,846 | 18,020,493 | 18,326,322 | 305,829 |
| Total Revenues | 55,162,903 | 58,211,723 | 55,186,340 | (3,025,383) |
| ***Expenditures*** | | | | |
| Current: | | | | |
| Certificated Salaries | 25,212,035 | 24,268,208 | 24,348,675 | (80,467) |
| Classified Salaries | 7,652,334 | 7,366,180 | 7,442,503 | (76,323) |
| Employee Benefits | 17,299,820 | 15,924,271 | 15,930,664 | (6,393) |
| Books and Supplies | 1,940,717 | 2,929,377 | 2,551,664 | 377,713 |
| Services and Other Operating Expenditures | 7,525,723 | 11,594,240 | 10,946,238 | 648,002 |
| Capital Outlay | 25,500 | 34,794 | 34,794 | |
| Other Expenditures | 464,733 | 457,963 | 377,258 | 80,705 |
| Total Expenditures | 60,120,862 | 62,575,033 | 61,631,796 | 943,237 |
| Excess of Revenues (Under) Expenditures | (4,957,959) | (4,363,310) | (6,445,456) | (2,082,146) |
| ***Other Financing (Uses)*** | | | | |
| Operating Transfers Out | (25,000) | (25,000) | 0 | 25,000 |
| Net Change in Fund Balances | (4,982,959) | (4,388,310) | (6,445,456) | $ (2,057,146) |
| Fund Balances - July 1, 2024 | 23,776,963 | 23,776,963 | 23,776,963 | |
| Fund Balances - June 30, 2025 | $ 18,794,004 | $ 19,388,653 | $ 17,331,507 | |

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

MILL VALLEY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS *

JUNE 30, 2025

| | 2025 | 2024 |
|---|---|---|
| **Total OPEB Liability** | | |
| Service Cost | $ 223,584 | $ 217,600 |
| Interest on Total OPEB Liability | 392,120 | 378,574 |
| Differences Between Expected and Actual Experience | (98,465) | (34,221) |
| Changes in Assumptions or Other Inputs | | |
| Benefit Payments (including implicit subsidy) | (415,554) | (347,199) |
| **Net Changes in Total OPEB Liability** | 101,685 | 214,754 |
| **Total OPEB Liability - Beginning** | 5,905,168 | 5,690,414 |
| **Total OPEB Liability - Ending** | $ 6,006,853 | $ 5,905,168 |
| **Plan Fiduciary Net Position** | | |
| Contributions - Employer | $ 415,554 | $ 347,199 |
| Net Investment Income | 803,337 | 644,257 |
| Differences Between Expected and Actual Investment Income | | |
| Benefit Payments (including implicit subsidy) | (415,554) | (347,199) |
| Administrative Expenses | (5,067) | (2,981) |
| **Net Changes in Plan Fiduciary Net Position** | 798,270 | 641,276 |
| **Plan Fiduciary Net Position - Beginning** | 6,508,664 | 5,867,388 |
| **Plan Fiduciary Net Position - Ending** | $ 7,306,934 | $ 6,508,664 |
| **District's Net OPEB Liability (Asset) - Ending** | $ (1,300,081) | $ (603,496) |
| **Plan Fiduciary Net Position as Percentage of Total OPEB Liability** | 121.64% | 110.22% |
| **Covered-employee Payroll** | $ 20,769,775 | $ 20,588,493 |
| **District's Net OPEB Liability (Asset) as Percentage of Covered-employee Payroll** | -6.26% | -2.93% |

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

| 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| $ 251,910 | $ 245,168 | $ 216,229 | $ 209,931 | $ 524,412 | $ 460,190 |
| 383,404 | 352,559 | 345,027 | 323,855 | 396,756 | 372,991 |
| (368,432) | 51,078 | 405,352 | 3,993 | | |
| (21,620) | | (743,959) | | (2,025,349) | |
| (205,281) | (146,677) | (155,472) | (85,155) | (81,225) | (184,293) |
| 39,981 | 502,128 | 67,177 | 452,624 | (1,185,406) | 648,888 |
| 5,650,433 | 5,148,305 | 5,081,128 | 4,628,504 | 5,813,910 | 5,165,022 |
| $ 5,690,414 | $ 5,650,433 | $ 5,148,305 | $ 5,081,128 | $ 4,628,504 | $ 5,813,910 |
| $ 205,281 | $ 146,677 | $ 155,472 | $ 85,155 | $ 597,477 | $ 898,781 |
| 356,304 | (850,164) | 1,376,266 | 326,042 | 270,844 | 248,812 |
| | | | (153,353) | 4,412 | |
| (205,281) | (146,677) | (155,472) | (85,155) | (81,225) | (184,293) |
| (4,768) | (5,360) | (4,872) | (4,158) | (2,095) | (1,713) |
| 351,536 | (855,524) | 1,371,394 | 168,531 | 789,413 | 961,587 |
| 5,515,852 | 6,371,376 | 4,999,982 | 4,831,451 | 4,042,038 | 3,080,451 |
| $ 5,867,388 | $ 5,515,852 | $ 6,371,376 | $ 4,999,982 | $ 4,831,451 | $ 4,042,038 |
| $ (176,974) | $ 134,581 | $ (1,223,071) | $ 81,146 | $ (202,947) | $ 1,771,872 |
| 103.11% | 97.62% | 123.76% | 98.40% | 104.38% | 69.52% |
| $ 20,037,463 | $ 23,170,167 | $ 22,550,041 | $ 25,711,553 | $ 24,962,673 | $ 22,156,365 |
| -0.88% | 0.58% | -5.42% | 0.32% | -0.81% | 8.00% |

## MILL VALLEY SCHOOL DISTRICT

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

## JUNE 30, 2025

| Year Ended June 30 | District's Proportion of the NPL | District's Proportionate Share of the NPL | State's Proportionate Share of the NPL Associated to District | Total NPL Attributed to District | District's Covered Payroll | District's Proportionate Share of the NPL as a % of Covered Payroll | Plan Fiduciary Net Position As a % of Total Pension Liability |
|---|---|---|---|---|---|---|---|
| 2025 | 0.0339% | $ 22,752,275 | $ 10,438,822 | $ 33,191,097 | $ 22,540,733 | 100.94% | 83.55% |
| 2024 | 0.0338% | 25,753,443 | 12,339,199 | 38,092,642 | 20,349,832 | 126.55% | 80.62% |
| 2023 | 0.0332% | 23,055,803 | 11,546,256 | 34,602,059 | 19,538,097 | 118.00% | 81.20% |
| 2022 | 0.0373% | 16,982,202 | 8,544,785 | 25,526,987 | 20,008,285 | 84.88% | 87.21% |
| 2021 | 0.0359% | 34,793,505 | 17,936,056 | 52,729,561 | 19,516,421 | 178.28% | 71.82% |
| 2020 | 0.0354% | 31,935,301 | 17,422,839 | 49,358,140 | 19,101,425 | 167.19% | 72.56% |
| 2019 | 0.0355% | 32,584,187 | 18,655,971 | 51,240,158 | 18,969,813 | 171.77% | 70.99% |
| 2018 | 0.0341% | 31,541,525 | 18,659,700 | 50,201,225 | 18,188,911 | 173.41% | 69.46% |
| 2017 | 0.0361% | 29,195,816 | 16,620,657 | 45,816,473 | 17,892,302 | 163.18% | 70.04% |
| 2016 | 0.0382% | 25,743,312 | 13,615,374 | 39,358,686 | 17,380,372 | 148.12% | 74.02% |

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

## MILL VALLEY SCHOOL DISTRICT

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

## JUNE 30, 2025

| Year Ended June 30 | District's Proportion of the NPL | District's Proportionate Share of the NPL | District's Covered Payroll | District's Proportionate Share of the NPL as a % of Covered Payroll | Plan Fiduciary Net Position As a % of Total Pension Liability |
|---|---|---|---|---|---|
| 2025 | 0.0320% | $ 11,439,902 | $ 6,320,045 | 181.01% | 72.29% |
| 2024 | 0.0321% | 11,609,585 | 5,498,009 | 211.16% | 69.96% |
| 2023 | 0.0375% | 12,891,425 | 5,745,880 | 224.36% | 69.76% |
| 2022 | 0.0382% | 7,764,429 | 5,474,527 | 141.83% | 80.97% |
| 2021 | 0.0403% | 12,367,541 | 5,809,477 | 212.89% | 70.00% |
| 2020 | 0.0426% | 12,423,686 | 5,895,305 | 210.74% | 70.05% |
| 2019 | 0.0444% | 11,830,851 | 5,855,740 | 202.04% | 70.85% |
| 2018 | 0.0452% | 10,792,640 | 5,799,050 | 186.11% | 71.87% |
| 2017 | 0.0473% | 9,348,526 | 5,674,998 | 164.73% | 73.90% |
| 2016 | 0.0500% | 7,369,123 | 5,530,855 | 133.24% | 79.43% |

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

# MILL VALLEY SCHOOL DISTRICT

## SCHEDULE OF CONTRIBUTIONS - CALSTRS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| Year Ended June 30 | Actuarially Determined Contributions | Contributions In Relation to Contractually Required Contributions | Contribution Deficiency/ (Excess) | District's Covered Payroll | Contributions As a % of Covered Payroll |
|---|---|---|---|---|---|
| 2025 | $ 4,528,795 | $ 4,528,795 | $ 0 | $ 23,710,969 | 19.10% |
| 2024 | 4,305,280 | 4,305,280 | 0 | 22,540,733 | 19.10% |
| 2023 | 3,886,818 | 3,886,818 | 0 | 20,349,832 | 19.10% |
| 2022 | 3,305,846 | 3,305,846 | 0 | 19,538,097 | 16.92% |
| 2021 | 3,231,338 | 3,231,338 | 0 | 20,008,285 | 16.15% |
| 2020 | 3,337,308 | 3,337,308 | 0 | 19,516,421 | 17.10% |
| 2019 | 3,109,712 | 3,109,712 | 0 | 19,101,425 | 16.28% |
| 2018 | 2,737,344 | 2,737,344 | 0 | 18,969,813 | 14.43% |
| 2017 | 2,288,165 | 2,288,165 | 0 | 18,188,911 | 12.58% |
| 2016 | 1,919,844 | 1,919,844 | 0 | 17,892,302 | 10.73% |

# MILL VALLEY SCHOOL DISTRICT

## SCHEDULE OF CONTRIBUTIONS - CALPERS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| Year Ended June 30 | Actuarially Determined Contributions | Contributions In Relation to Contractually Required Contributions | Contribution Deficiency/ (Excess) | District's Covered Payroll | Contributions As a % of Covered Payroll |
|---|---|---|---|---|---|
| 2025 | $ 1,850,268 | $ 1,850,268 | $ 0 | $ 6,935,037 | 26.680% |
| 2024 | 1,686,188 | 1,686,188 | 0 | 6,320,045 | 26.680% |
| 2023 | 1,394,845 | 1,394,845 | 0 | 5,498,009 | 25.370% |
| 2022 | 1,316,381 | 1,316,381 | 0 | 5,745,880 | 22.910% |
| 2021 | 1,133,227 | 1,133,227 | 0 | 5,474,527 | 20.700% |
| 2020 | 1,145,687 | 1,145,687 | 0 | 5,809,477 | 19.721% |
| 2019 | 1,064,810 | 1,064,810 | 0 | 5,895,305 | 18.062% |
| 2018 | 909,455 | 909,455 | 0 | 5,855,740 | 15.531% |
| 2017 | 805,372 | 805,372 | 0 | 5,799,050 | 13.888% |
| 2016 | 672,317 | 672,317 | 0 | 5,674,998 | 11.847% |

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

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

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

The excess of expenditures over appropriations as of June 30, 2025, were as follows:

| General Fund | Excess Expenditures |
|---|---|
| Certificated Salaries | $ 80,467 |
| Classified Salaries | 76,323 |
| Employee Benefits | 6,393 |

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

B. Schedule of Changes in Net OPEB Liability and Related Ratios

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, the District is required to present a 10-year schedule including certain information for each OPEB plan. The information required to be presented includes certain components that make up the changes in the net OPEB liability, the total OPEB liability, the OPEB plan's fiduciary net position, the net OPEB liability, the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, the covered-employee payroll, and the net OPEB liability as a percentage of the District's covered-employee payroll.

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

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

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

D. Schedule of Contributions

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

NOTE 2 - SUMMARY OF CHANGES FOR OPEB

Benefit Terms

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

Changes in Assumptions or Other Inputs

There were no changes in assumptions or other inputs since the previous valuation.

NOTE 3 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS

Benefit Changes

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

Changes of Assumptions

In January 2024, the CalSTRS board approved the actuarial assumptions based on the 2024 Experience Analysis presented to the board. The most significant changes were reducing the assumed payroll growth and changing the assumed life expectancy of retirees to more closely reflect recent trends. For full details on changes to the assumptions, see the CalSTRS 2024 Experience Analysis report available on the CalSTRS website

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

SUPPLEMENTARY INFORMATION SECTION

**MILL VALLEY SCHOOL DISTRICT**
**COMBINING BALANCE SHEET**
**NON-MAJOR GOVERNMENTAL FUNDS**
**JUNE 30, 2025**

| | Cafeteria | Capital Facilities | Capital Projects - Special Reserve | Total Non-Major Governmental Funds |
|---|---|---|---|---|
| ***Assets*** | | | | |
| Deposits and Investments | $ 63,241 | $ 635,432 | $ 1,670,697 | $ 2,369,370 |
| Receivables | 111,904 | 22,153 | | 134,057 |
| Total Assets | $ 175,145 | $ 657,585 | $ 1,670,697 | $ 2,503,427 |
| ***Liabilities and Fund Balances*** | | | | |
| Liabilities: | | | | |
| Accounts Payable | $ 1,043 | $ 232,296 | $ 19,219 | $ 252,558 |
| Total Liabilities | 1,043 | 232,296 | 19,219 | 252,558 |
| Fund Balances: | | | | |
| Nonspendable | 752 | 7,476 | 19,854 | 28,082 |
| Restricted | 173,350 | 417,813 | | 591,163 |
| Assigned | | | 1,631,624 | 1,631,624 |
| Total Fund Balances | 174,102 | 425,289 | 1,651,478 | 2,250,869 |
| Total Liabilities and Fund Balances | $ 175,145 | $ 657,585 | $ 1,670,697 | $ 2,503,427 |

**MILL VALLEY SCHOOL DISTRICT**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**NON-MAJOR GOVERNMENTAL FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

| | Cafeteria | Capital Facilities | Capital Projects - Special Reserve | Total Non-Major Governmental Funds |
|---|---|---|---|---|
| ***Revenues*** | | | | |
| Federal Revenue | $ 62,836 | | | $ 62,836 |
| State Revenue | 385,606 | | | 385,606 |
| Local Revenue | 5,254 | $ 255,111 | $ 76,762 | 337,127 |
| Total Revenues | 453,696 | 255,111 | 76,762 | 785,569 |
| ***Expenditures*** | | | | |
| Current: | | | | |
| Food Services | 520,363 | | | 520,363 |
| Other General Administration | | 2,400 | | 2,400 |
| Facilities Acquisition and Construction | | 212,906 | 47,209 | 260,115 |
| Total Expenditures | 520,363 | 215,306 | 47,209 | 782,878 |
| Net Change in Fund Balances | (66,667) | 39,805 | 29,553 | 2,691 |
| Fund Balances - July 1, 2024 | 240,769 | 385,484 | 1,621,925 | 2,248,178 |
| Fund Balances - June 30, 2025 | $ 174,102 | $ 425,289 | $ 1,651,478 | $ 2,250,869 |

**MILL VALLEY SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

| | (Unaudited) P-2 Report | | | |
|---|---|---|---|---|
| | **TK/K - 3** | **4 - 6** | **7 - 8** | **Totals** |
| Regular | 1,031.08 | 690.21 | 470.64 | 2,191.93 |
| Extended Year Special Education | 0.19 | 0.14 | 0.21 | 0.54 |
| Special Education - Nonpublic / LCI | | 1.10 | 2.82 | 3.92 |
| Extended Year Special Education - Nonpublic / LCI | | 0.09 | 0.05 | 0.14 |
| Totals | 1,031.27 | 691.54 | 473.72 | 2,196.53 |

| | (Audited) P-2 Report | | | |
|---|---|---|---|---|
| | **TK/K - 3** | **4 - 6** | **7 - 8** | **Totals** |
| Regular | 1,031.08 | 690.21 | 470.64 | 2,191.93 |
| Extended Year Special Education | 0.19 | 0.14 | 0.21 | 0.54 |
| Special Education - Nonpublic / LCI | | 1.10 | 3.82 | 4.92 |
| Extended Year Special Education - Nonpublic / LCI | | 0.09 | 0.05 | 0.14 |
| Totals | 1,031.27 | 691.54 | 474.72 | 2,197.53 |

| | (Audited) Annual Report | | | |
|---|---|---|---|---|
| | **TK/K - 3** | **4 - 6** | **7 - 8** | **Totals** |
| Regular | 1,034.89 | 692.76 | 471.42 | 2,199.07 |
| Extended Year Special Education | 0.19 | 0.14 | 0.21 | 0.54 |
| Special Education - Nonpublic / LCI | | 1.07 | 3.71 | 4.78 |
| Extended Year Special Education - Nonpublic / LCI | | 0.09 | 0.05 | 0.14 |
| Totals | 1,035.08 | 694.06 | 475.39 | 2,204.53 |

**MILL VALLEY SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

| | | Instructional Minutes | | | Traditional Calendar Days | | | Number of Days | |
|---|---|---|---|---|---|---|---|---|---|
| Grade Level | Minutes Required | Offered | J-13A Credited | Total | Offered | J-13A Credited | Total | Multitrack Calendar | Status |
| Grade 1 | 36,000 | 54,570 | - | 54,570 | 180 | - | 180 | N/A | In Compliance |
| Grade 2 | 50,400 | 54,570 | - | 54,570 | 180 | - | 180 | N/A | In Compliance |
| Grade 3 | 50,400 | 54,570 | - | 54,570 | 180 | - | 180 | N/A | In Compliance |
| Grade 4 | 54,000 | 54,570 | - | 54,570 | 180 | - | 180 | N/A | In Compliance |
| Grade 5 | 54,000 | 54,570 | - | 54,570 | 180 | - | 180 | N/A | In Compliance |
| Grade 6 | 54,000 | 58,680 | - | 58,680 | 180 | - | 180 | N/A | In Compliance |
| Grade 7 | 54,000 | 58,680 | - | 58,680 | 180 | - | 180 | N/A | In Compliance |
| Grade 8 | 54,000 | 58,680 | - | 58,680 | 180 | - | 180 | N/A | In Compliance |

**MILL VALLEY SCHOOL DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT**

**WITH AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

| | General Fund | Special Reserve Fund for Postemployment Benefits |
|---|---|---|
| June 30, 2025 Annual Financial and Budget Report Fund Balances | $ 16,981,943 | $ 283,215 |
| Reclassifications / Adjustments Increasing (Decreasing) Fund Balances: | | |
| Overstatement of Lease Receivable | (495,791) | |
| Overstatement of Deferred Inflows of Resources | 562,140 | |
| Reclassification of Fund Balances | 283,215 | (283,215) |
| Net Adjustments and Reclassifications | 349,564 | (283,215) |
| June 30, 2025 Audited Financial Statements Fund Balances | $ 17,331,507 | $ 0 |

Auditor's Comments

The fund balances of the General Fund and Special Reserve Fund for Postemployment Benefits have been combined for financial reporting purposes in accordance with GASB Statement No. 54.

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2025.

## MILL VALLEY SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| | GENERAL FUND | | | |
|---|---|---|---|---|
| | (Budget) 2025-26 | 2024-25 | 2023-24 | 2022-23 |
| Revenues and Other Financial Sources | $ 57,916,079 | $ 55,186,340 | $ 54,232,557 | $ 53,533,179 |
| Expenditures | 60,641,323 | 61,631,796 | 55,083,285 | 50,523,209 |
| Other Uses and Transfers Out | 25,000 | 0 | 0 | 0 |
| Total Outgo | 60,666,323 | 61,631,796 | 55,083,285 | 50,523,209 |
| Change in Fund Balance | (2,750,244) | (6,445,456) | (850,728) | 3,009,970 |
| Ending Fund Balance | $ 14,581,263 | $ 17,331,507 | $ 23,776,963 | $ 24,627,691 |
| Available Reserves | $ 13,185,666 | $ 15,448,320 | $ 17,275,093 | $ 17,346,989 |
| Reserve for Economic Uncertainties * | $ 13,185,666 | $ 15,448,320 | $ 17,275,093 | $ 17,346,989 |
| Available Reserves as a Percentage of Total Outgo | 21.7% | 25.1% | 31.4% | 34.3% |
| Average Daily Attendance at P-2 | 2,248 | 2,198 | 2,183 | 2,235 |
| Total Long-Term Liabilities | $ 183,381,656 | $ 189,959,190 | $ 119,322,305 | $ 97,389,082 |

* Reported balances are a component of available reserves.

The fund balance of the General Fund decreased $7,296,184 (29.6%) over the past two years. The fiscal year 2025-26 budget projects a further decrease of $2,750,244. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District produced an operating surplus of $3,009,970 during fiscal year 2022-23, and incurred operating deficits of $850,728 and $6,445,456 during fiscal years 2023-24 and 2024-25, respectively.

Average daily attendance (ADA) decreased 37 ADA over the past two years. The District's budget projects an increase of 50 ADA during fiscal year 2025-26.

Total long-term liabilities increased $92,570,108 over the past two years, due primarily to the prior year issuance of $22,600,000 of Election of 2022, Series A, General Obligation Bonds and the current year issuance of $74,900,000 of Election of 2022, Series B, General Obligation Bonds.

# MILL VALLEY SCHOOL DISTRICT
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
## MEASURE A - PARCEL TAX
## FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| | Measure A |
|---|---|
| ***Revenues*** | |
| Parcel Tax Revenue, Net | $ 12,158,114 |
| District Contribution | 132,345 |
| Total Revenues | 12,290,459 |
| ***Expenditures*** | |
| Certificated Salaries | 8,698,924 |
| Employee Benefits | 3,565,332 |
| Books and Supplies | 8,449 |
| Services and Operating Expenditures | 17,754 |
| Total Expenditures | 12,290,459 |
| Net Change in Fund Balance | 0 |
| Fund Balance - Beginning | 0 |
| Fund Balance - Ending | $ 0 |

SEE NOTES TO SUPPLEMENTARY INFORMATION

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Combining Statements

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

B. Schedule of Average Daily Attendance

Average daily attendance is a 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.

C. Schedule of Instructional Time

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

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

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

E. 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.

F. Schedule of Revenues, Expenditures, and Change in Fund Balance - Measure A

This schedule provides information regarding the receipt and use of funds related to the District's *Measure E* parcel tax.

*Measure E*

On November 6, 2016, the qualified voters of the District voted to approve a Measure E, an amendment to an existing parcel tax (Measure A), for purposes of increasing the amount of the tax, updating the purposes for which the proceeds of the tax may be used, and extending the length of the parcel tax. As a result, the District is authorized to use the proceeds of the special tax solely to protect educational quality; attract and keep high-quality teachers; maintain library services and physical education programs; preserve small neighborhood schools and class sizes; and prevent significant budget cuts due to reductions in State education funding. The measure expires June 30, 2029.

OTHER INFORMATION

**MILL VALLEY SCHOOL DISTRICT**

**ORGANIZATION/BOARD OF EDUCATION/ADMINISTRATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

---

## ORGANIZATION

The Mill Valley School District was established on May 1, 1891, and it comprises of an area of approximately 64 square miles located in Marin County. There were no changes in the boundaries of the District during the current year. The District is currently operating five elementary schools and one middle school.

## BOARD OF EDUCATION

| Name | Office | Term Expires |
|---|---|---|
| Sharon Nakatani | President | November 2026 |
| Natalie Katz | Vice-President / Clerk | November 2026 |
| Yunhee Yoo | Member | November 2026 |
| Elli Abdoli | Member | November 2028 |
| Michele Crncich Hodge | Member | November 2028 |

## ADMINISTRATION

Elizabeth Kaufman, Ed. D.
Superintendent

Paula Rigney
Assistant Superintendent/
Business Services
Operations & Technology

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

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

Board of Education
Mill Valley School District
Mill Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mill Valley School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2026. Our report includes a reference to other auditors who audited the financial statements of Mill Valley Schools Community Foundation (Kiddo!), as described in our report on the Mill Valley School District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Mill Valley Schools Community Foundation (Kiddo!) were not audited in accordance with *Government Auditing Standard*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the discretely presented component unit or that are reported on separately by those auditors who audited the financial statements of Mill Valley Schools Community Foundation (Kiddo!).

### Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as **Findings 2025-001** and **2025-002** that we consider to be material weaknesses.



*P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, except as noted in **Findings 2025-003**.

District's Response to the Finding

*Government Auditing Standards* requires the auditor to perform limited procedures on Mill Valley School District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Mill Valley School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

January 8, 2026

***STEPHEN ROATCH ACCOUNTANCY CORPORATION***
*Certified Public Accountants*

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

Board of Education
Mill Valley School District
Mill Valley, California

### Report on State Compliance

*Opinion on State Compliance*

We have audited Mill Valley School District's (District) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* applicable to the District's state programs identified below for the year ended June 30, 2025.

In our opinion, Mill Valley School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (2024-25 Audit Guide)*. Our responsibilities under those standards and the *Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

*Responsibilities of Management for Compliance*

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


*P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815*

*Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and;

- Select and test transactions and records to determine the District's compliance with state laws and regulations applicable to the following items:

| Description | Procedures Performed |
|---|---|
| Local Education Agencies Other Than Charter Schools: | |
| Attendance | Yes |
| Teacher Certification and Misassignments | Yes |
| Independent Study | Not Applicable |
| Continuation Education | Not Applicable |
| Instructional Time | Yes |
| Instructional Materials | Yes |
| Ratio of Administrative Employees to Teachers | Yes |
| Classroom Teacher Salaries | Yes |
| Early Retirement Incentive | Not Applicable |

| Description | Procedures Performed |
|---|---|
| Local Education Agencies Other Than Charter Schools (Concluded): | |
| Gann Limit Calculation | Yes |
| School Accountability Report Card | Yes |
| Juvenile Court Schools | Not Applicable |
| Middle or Early College High Schools | Not Applicable |
| K-3 Grade Span Adjustment | Yes |
| Apprenticeship: Related and Supplemental Instruction | Not Applicable |
| Comprehensive School Safety Plan | Yes |
| District of Choice | Not Applicable |
| Home To School Transportation Reimbursement | Yes |
| School Districts, County Offices of Education, and Charter Schools: | |
| Proposition 28 Arts and Music in Schools | Yes |
| After/Before School Education and Safety Program | Not Applicable |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control and Accountability Plan | Yes |
| Independent Study-Course Based | Not Applicable |
| Immunizations | Not Applicable |
| Educator Effectiveness | Yes |
| Expanded Learning Opportunities Grant (ELO-G) | Not Applicable |
| Career Technical Education Incentive Grant | Not Applicable |
| Expanded Learning Opportunities Program | Yes |
| Transitional Kindergarten | Yes |
| Kindergarten Continuance | Yes |
| Charter Schools: | |
| Attendance | Not Applicable |
| Mode of Instruction | Not Applicable |
| Nonclassroom-Based Instruction/Independent Study | Not Applicable |
| Determination of Funding for Nonclassroom-Based Instruction | Not Applicable |
| Annual Instructional Minutes - Classroom Based | Not Applicable |
| Charter School Facility Grant Program | Not Applicable |

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the *Audit Guide,* and which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Findings 2025-003** and **2025-004**. Our opinion on state compliance on the programs previously identified is not modified with respect to these matters

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the noncompliance findings identified in our compliance audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

January 8, 2026

# FINDINGS AND QUESTIONED COSTS SECTION

## SECTION I - SUMMARY OF AUDITOR'S RESULTS

***Financial Statements***

| | | |
|---|---|---|
| Type of auditor's report issued: | Unmodified | |
| Internal control over financial reporting: | | |
| Material weaknesses identified? | X Yes | ___ No |
| Significant deficiencies identified not considered to be material weaknesses? | ___ Yes | X None reported |
| Noncompliance material to financial statements noted? | X Yes | ___ No |

***State Awards***

| | | |
|---|---|---|
| Type of auditor's report issued on compliance for state programs: | Unmodified | |
| Any audit findings required to be reported in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting?* | X Yes | ___ No |
| Internal control over state programs: | | |
| Material weaknesses identified? | ___ Yes | X No |
| Significant deficiencies identified not considered to be material weaknesses? | ___ Yes | X None reported |

## SECTION II - FINANCIAL STATEMENT FINDINGS

**2025 - 001 / 30000**

**MATERIAL WEAKNESS**

DEFICIT SPENDING

Criteria: In accordance with Title 5, CCR, Section 15483, the State recommends that the District maintain available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo). Since the District is funded under the basic aid provision which by its nature requires the District to maintain significantly larger reserves to meet its cash flow needs, and since the District relies heavily on parcel tax revenue and Foundation donations, which typically account for more than 25% of total General Fund revenues, the District should make sure that it maintains an adequate reserves that will allow it continue to operate in the event that either one of these funding sources is significantly reduced or eliminated in the future.

Condition: Although the District currently has available reserves that exceed the state recommended minimum, the District has incurred significant operating deficits of $850,728 and $6,445,456, during fiscal years 2023-24 and 2024-25, respectively. In addition, based on the recently completed First Interim Report and Multi-Year Projection (M-Y-P), the District projects future operating deficits of $3,695,458, $2,926,888 and $2,070,274, during fiscal years 2025-26, 2026-27 and 2028-29, respectively. As a result, available reserves are being depleted at an unsustainable fast rate and the deficit spending trend, presented below should not be allowed to continue.

Summary of General Fund Actual and Projected Operating Deficits

| M-Y-P 2027-28 | M-Y-P 2026-27 | First Interim 2025-26 | Adopted Budget 2025-26 | Actual 2024-25 | Actual 2023-24 |
|---|---|---|---|---|---|
| $ (2,070,274) | $ (2,926,888) | $ (3,695,458) | $ (2,750,244) | $ (6,445,456) | $ (850,728) |

Questioned Costs: None.

Context: It appears that it is becoming increasingly difficult for school districts to renew their existing parcel tax assessments and/or maintain the same level of local support from their foundations.

Effect: If appropriate program cuts are not made in a timely manner, and available reserves are allowed to decline, it may impair the District's ability to meet its obligations as they become due in future years.

## SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

DEFICIT SPENDING (CONCLUDED)

Cause: The District has not yet reduced its program spending down to a level, which can be supported by the amount of revenue received by the District.

Recommendation: The District should take appropriate action to reduce its program spending down to a level, which can be supported by the amount of revenue received by the District.

District Response: The District will be going out to renew its parcel tax in June of 2026. The amount will increase from the current amount of $1,520 to $1,754, with a 5% escalator, which will generate an additional $2.2 million to cover the additional costs associated with retaining excellent staff, retaining excellent programs, and adding a new grade level. This will help reduce deficit spending in the out years.

In addition, the District is exploring other cost savings/reductions such as reducing staffing, material and supplies budgets, and outside service budgets.

We project a decrease in legal expenses with the approval of the EIR and the middle school modernization plan. Any legal fees associated with construction beginning December 15, 2025 will now be charged to Measure G funds.

## SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)

**2025 - 002 / 30000**

**MATERIAL WEAKNESS**

FINANCIAL REPORTING - UNAUDITED ACTUALS

Criteria: Each year, districts are responsible for preparing complete and accurate financial information, which is reported to the California Department of Education in the form of the "Unaudited Actuals" Financial Report. In addition, each year the governing board certifies that the report was prepared in accordance with Education Code Section 41010 and approves the report as the official submission of financial information that will be used as the basis for the district's annual financial statements. Accordingly, districts should have an effective system of internal control over financial reporting that will ensure that the information contained in the report is free of material misstatement.

Condition: The District's "Unaudited Actuals" included misstatements that are material to the annual financial statements. Accordingly, it appears that internal control over financial reporting was inadequate in the areas where audit adjustments were required.

Questioned Costs: None.

Context: The adjustments that were made to ensure the financial statements were fairly stated are presented on page 75 of this report.

Effect: When an effective system of internal control over financial reporting is not in place, there is an increased likelihood that material misstatements of the District's financial statements will not be prevented or detected and corrected on a timely basis.

Cause: The District did not have effective procedures in place to ensure that the District's lease activities were properly recorded on the general ledger and included in the "Unaudited Actuals" financial report in accordance with Governmental Accounting Standards Board Statement No. 87, "Leases." (GASB 87).

Recommendation: The District should establish appropriate procedures to ensure that future "Unaudited Actuals" presented to the Board, and later submitted to the State, do not include material misstatements.

District Response: The District will establish appropriate procedures to ensure that Leases are properly recorded on the general ledger and included in the "Unaudited Actuals" financial report in accordance with GASB 87.

## SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2025 - 003 / 40000** **(REPEAT OF PRIOR YEAR FINDING 2024 - 001 / 40000)**

EXPANDED LEARNING OPPORTUNITIES PROGRAM (ELO Program)

Criteria: Commencing with the 2023-24 school year, as a condition of receiving apportionment, districts receiving ELO Program funds at the lower rate (Rate 2) (*EC* Section 46120(d)(1)(C)) must offer the program to all unduplicated pupils in TK/K-6 and provide access to these pupils upon request from a parent or guardian.

Condition: The District did not offer the ELO Program during the 2024-25 fiscal year.

Questioned Costs: $307,281. (The amount received for fiscal year 2024-25.)

Context: During 2024-25, the District has an unduplicated pupil population percentage of 8.9%.

Effect: The District must return all funds apportioned to the District for the ELO Program.

Cause: There was no agreement with the unions to work additional hours required to operate this program and additionally it was not cost effective to operate this program though outside agencies. Districts cannot opt out of ELO Program funding until fiscal year 2025-26.

Recommendation: Starting in 2025-26, Districts may choose to opt out of the ELO program. Senate Bill 153 added *Education Code* Section 46120(d)(10), requiring LEAs to declare annually whether they will operate the ELO Program. In the meantime, the District should continue to record a payable to the California Department of Education (CDE) for any amounts received for the program to reflect the anticipated return of the funds.

District Response: The District has opted out of receiving ELO Program funding and will continue to return the funds previously received to CDE through the principal apportionment process

## SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)

**2025 - 004 / 10000**

ATTENDANCE REPORTING

Criteria: In accordance with Education Code Section 46000, attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education.

Condition: The attendance reports are the basis for various sources of funding received by the District. Accordingly, the Districts should have appropriate procedures in place to ensure that the average daily attendance (ADA) reported on the P-1, P-2 and Annual attendance reports is properly reported. During fiscal year 2024-25, we noted an error on the P-2 that was not discovered and corrected prior to being submitted to the California Department of Education (CDE), as follows:

- The District reported 2.82 ADA for grades 7-8 on Line A-3 of the P-2 attendance report instead of 3.82 ADA, which was the actual ADA for the specified reporting period.

Questioned Costs: None. The ADA reported to CDE was understated by one ADA. As a result, per CDE, the derived value of an understatement of one ADA for the Mill Valley School District is $10,663.88. Since the District is currently funded under the basic aid provision, the actual fiscal impact resulting from this finding is negligible.

Context: The unaudited and audited ADA balances for the P-2 and Annual attendance reports are presented on page 73 of this report, as appropriate.

Effect: The District claimed less funding than it earned based on the actual attendance of the students at the District.

Cause: The Information that was reported on the P-2 attendance report was not independently traced to supporting documentation and reviewed for accuracy and reasonableness.

Recommendation: The District should establish procedures to ensure that Information reported on the P-2 and Annual attendance reports is independently traced to supporting documentation and reviewed for accuracy and reasonableness. In addition, the District should submit a revised P-2 attendance report for fiscal year 2024-25, which reflects the audited P-2 ADA reported on page 73.

District Response: The District will submit a revised P-2 Attendance Report that reflects the audited ADA presented on page 73 of this report. Going forward supplementary attendance spreadsheets will be audited by two staff members and reviewed for accuracy and completeness prior to being submitted to the State.

MILL VALLEY SCHOOL DISTRICT

STATUS OF PRIOR YEAR RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| Recommendations | Current Status | Explanation If Not Fully Implemented |
|---|---|---|
| **STATE AWARDS** | | |
| **2024 - 001 / 40000** | | |
| EXPANDED LEARNING OPPORTUNITIES PROGRAM (ELOP) | | |
| The District should continue to record a payable to the California Department of Education for any amounts received for the program to reflect the anticipated return of the funds for non-operation of the ELO Program. | Partially Implemented | Comment Repeated **(See Finding 2025-003)** |

## APPENDIX C

## ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF MILL VALLEY AND THE COUNTY OF MARIN

*The following information concerning the City of Mill Valley (the "**City**") and the County of Marin (the "**County**") is included only for the purpose of supplying general information regarding the area of the Mill Valley School District (the **"District"**). The Bonds are not a debt of the City, the County, the State of California (the "**State**") or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.*

### General

***City of Mill Valley***. The City is located in the County, approximately 11 miles north of the Golden Gate Bridge and San Francisco. The City is known for its charming, European-style village center, towering redwood groves, and deep roots in arts and outdoor culture. Nestled at the foot of Mount Tamalpais, the City is a primary gateway for outdoor enthusiasts. It borders ancient coast redwood forests like Muir Woods and is famous for top-tier hiking and mountain biking. The City limits encompass 4.72 square miles. The estimated population of the City is approximately 13,694 as of January 1, 2026.

The primary access road to the City is U.S. Highway 101, the main north-south corridor in the western region of the Bay Area.

The City was incorporated in 1900 as a general law city. The City Council is made up of five members, elected at large, serving four-year terms. The Mayor is selected for a one-year term from among the members of the City Council. The City operates under a council-manager form of government. The City Council appoints the City Manager, City Attorney and City Clerk.

***County of Marin***. The County was one of the original counties of the State, created in 1850 at the time of statehood. The County encompasses a total area of 828 square miles. Geographically, the County forms a large, southward-facing peninsula, with the Pacific Ocean to the west, San Pablo Bay and San Francisco Bay to the east and, across the Golden Gate Bridge, the city of San Francisco to the south. The County's northern border is with Sonoma County. Most of the County's population resides on the eastern side, with a string of communities running along the Bay, from Sausalito to Tiburon to San Rafael to Corte Madera. The interior contains large areas of agricultural and open space; West Marin, through which California State Route 1 runs alongside the California coast, contains many small unincorporated communities dependent on agriculture and tourism for their economies.

## Population

The County's population at January 1, 2026, the most recent estimate, was 250,823 according to the State Department of Finance. The table below shows population estimates for the County, for the last five years.

**COUNTY OF MARIN**
**Population Estimates**
**Calendar Years 2022 through 2026**
**(as of January 1)**

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| Belvedere | 2,082 | 2,057 | 2,070 | 2,073 | 2,058 |
| Corte Madera | 10,007 | 9,960 | 9,992 | 9,991 | 9,910 |
| Fairfax | 7,465 | 7,435 | 7,464 | 7,463 | 7,414 |
| Larkspur | 12,804 | 12,691 | 12,804 | 12,772 | 12,650 |
| **Mill Valley** | **13,868** | **13,763** | **13,808** | **13,803** | **13,694** |
| Novato | 52,280 | 51,915 | 52,147 | 52,198 | 51,638 |
| Ross | 2,293 | 2,288 | 2,299 | 2,315 | 2,324 |
| San Anselmo | 12,557 | 12,490 | 12,569 | 12,587 | 12,474 |
| San Rafael | 60,444 | 60,105 | 60,279 | 60,184 | 59,890 |
| Sausalito | 6,980 | 6,914 | 6,929 | 6,926 | 6,878 |
| Tiburon | 8,944 | 8,870 | 8,905 | 8,912 | 8,841 |
| Balance of County | 65,498 | 64,735 | 64,366 | 63,947 | 63,052 |
| **County of Marin Total** | **255,222** | **253,223** | **253,632** | **253,171** | **250,823** |

*Source: State Department of Finance estimates (as of January 1).*

## Industry and Employment

The unemployment rate in the County was 4.0% in June 2026, up from a revised 3.4% in May 2026, and below the year-ago estimate of 4.4%. This compares with an unadjusted unemployment rate of 5.2% for the State and 4.4% for the nation during the same period.

The table below provides information about employment by industry type for calendar years 2021 through 2025.

**SAN RAFAEL METROPOLITAN DIVISION**
**(County of Marin)**
**Civilian Labor Force, Employment and**
**Unemployment, Unemployment by Industry**
**(Annual Averages)**

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Civilian Labor Force (1) | 122,400 | 124,100 | 125,500 | 125,400 | 125,200 |
| Civilian Employment | 116,400 | 120,500 | 121,100 | 120,500 | 119,900 |
| Civilian Unemployment | 6,000 | 3,600 | 4,400 | 4,900 | 5,200 |
| Civilian Unemployment Rate | 4.9% | 2.9% | 3.5% | 3.9% | 4.2% |
| Wage and Salary Employment (2) | | | | | |
| Agriculture | 400 | 400 | 400 | 400 | 400 |
| Mining, Logging, and Construction | 7,600 | 7,800 | 7,600 | 7,500 | 7,400 |
| Manufacturing | 4,400 | 4,200 | 4,300 | 4,100 | 3,700 |
| Trade, Transportation & Utilities | 17,500 | 17,500 | 17,100 | 16,900 | 16,500 |
| Wholesale Trade | 2,100 | 2,100 | 2,200 | 2,200 | 2,100 |
| Retail Trade | 13,900 | 13,900 | 13,500 | 13,200 | 13,000 |
| Transportation, Warehousing & Utilities | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 |
| Information | 2,700 | 2,800 | 2,900 | 2,900 | 2,800 |
| Financial Activities | 5,000 | 5,200 | 5,200 | 5,100 | 4,900 |
| Professional & Business Services | 17,700 | 18,200 | 17,900 | 17,400 | 16,500 |
| Educational & Health Services | 20,000 | 20,400 | 21,400 | 22,200 | 22,800 |
| Leisure & Hospitality | 12,100 | 14,000 | 14,500 | 14,600 | 14,700 |
| Other Services | 4,800 | 5,300 | 5,600 | 5,800 | 5,900 |
| Federal Government | 700 | 600 | 600 | 700 | 700 |
| State Government | 1,900 | 1,900 | 1,800 | 1,900 | 1,900 |
| Local Government | 11,900 | 12,300 | 13,000 | 13,300 | 13,500 |
| Total, All Industries (3) | 106,600 | 110,500 | 112,200 | 112,600 | 111,700 |

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Columns may not sum to totals due to rounding.
*Source: State of California Employment Development Department.*

## Largest Employers

The following table shows the major employers in the County as of July 2026, in alphabetical order without regard to the number of employees.

**COUNTY OF MARIN**
**Major Employers**
**(Listed Alphabetically)**

| Employer Name | Location | Industry |
|---|---|---|
| Bay Equity | Sausalito | Real Estate Loans |
| Biomarin Pharmaceutical Inc | San Rafael | Laboratories-Research & Development |
| Brayton Purcell LLP | Novato | Attorneys |
| California Alpine Club | Mill Valley | Clubs |
| College of Marin | Kentfield | Schools-Universities & Colleges Academic |
| Community Action Marin | Novato | Non-Profit Organizations |
| Corrections Dept | San Quentin | Government Offices-State |
| Embassy Suites By Hilton Sn | San Rafael | Hotels & Motels |
| Glassdoor Inc | Mill Valley | Website Hosting |
| Golden Gate Transit | San Rafael | Transportation Services |
| Hospice By the Bay Marin | Larkspur | Physicians & Surgeons |
| Kaiser Permanente Novato Med | Novato | Clinics |
| Kaiser Permanente Sn Rafael MD | San Rafael | Hospitals |
| Kentfield Hospital | Kentfield | Hospitals |
| Managed Health Network LLC | San Rafael | Health Plans |
| Marin County Public Works Dept | San Rafael | Public Works Department |
| Marin Independent Journal | San Rafael | Newspapers (publishers/Mfrs) |
| Marin YMCA | San Rafael | Youth Organizations & Centers |
| Marinhealth Medical Ctr | Greenbrae | Hospitals |
| RH (restoration Hardware) | Corte Madera | Furniture-Dealers-Retail |
| San Rafael Human Resources | San Rafael | City Government-Social & Human Resources |
| Sutter Care At Home-Marin | Novato | Home Health Service |
| Township Building Svc Inc | Novato | Janitor Service |
| Westamerica Bancorporation | San Rafael | Holding Companies (bank) |
| Whole Foods Market | San Rafael | Grocers-Retail |

*Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2026 2nd edition.*

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**Effective Buying Income**

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the median household effective buying income for the City, the County, the State and the United States for the period 2022 through 2026.

**CITY OF MILL VALLEY, COUNTY OF MARIN,**
**STATE OF CALIFORNIA AND UNITED STATES**
**Median Household Effective Buying Income**
**Calendar Years 2022 through 2026**

| Year | Area | Total Effective Buying Income (000's Omitted) | Median Household Effective Buying Income |
|---|---|---|---|
| 2022 | City of Mill Valley | $1,258,243 | $141,414 |
| | County of Marin | 16,588,577 | 103,880 |
| | California | 1,452,426,153 | 77,058 |
| | United States | 11,208,582,541 | 64,448 |
| 2023 | City of Mill Valley | $1,192,738 | $138,340 |
| | County of Marin | 16,261,363 | 104,104 |
| | California | 1,461,799,662 | 77,175 |
| | United States | 11,454,846,397 | 65,326 |
| 2024 | City of Mill Valley | $1,154,107 | $142,390 |
| | County of Marin | 16,602,060 | 110,677 |
| | California | 1,510,708,521 | 80,973 |
| | United States | 11,987,185,826 | 67,876 |
| 2025 | City of Mill Valley | $1,255,677 | $166,056 |
| | County of Marin | 17,433,348 | 115,969 |
| | California | 1,557,429,767 | 82,725 |
| | United States | 12,525,577,707 | 69,687 |
| 2026 | City of Mill Valley | $1,365,471 | $190,726 |
| | County of Marin | 18,642,919 | 124,151 |
| | California | 1,730,654,738 | 90,403 |
| | United States | 13,932,177,817 | 75,433 |

*Source: Claritas, LLC.*

**Commercial Activity**

A summary of historic taxable sales within the City and the County during the past five years in which data are available is shown in the following table.

Total taxable sales during calendar year 2025 in the City were reported to be $317,459,784 representing a 1.04% increase over the total taxable transactions of $314,181,304 that were reported in the City during calendar year 2024.

**CITY OF MILL VALLEY**
**Annual Taxable Transactions**
**Number of Permits and Valuation of Taxable Transactions**
**(Dollars in Thousands)**

| | Retail Stores | | Total All Outlets | |
|---|---|---|---|---|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2020 | 584 | $195,219 | 1,026 | $223,442 |
| 2021 | 403 | 245,346 | 762 | 278,590 |
| 2022 | 370 | 284,986 | 747 | 322,770 |
| 2023 | 352 | 279,302 | 714 | 323,242 |
| 2024 | 357 | 267,403 | 700 | 314,181 |

*Source: State Department of Tax and Fee Administration.*

Total taxable sales during calendar year 2025 in the County were reported to be $6,638,197,382 representing a 1.92% increase over the total taxable transactions of $6,513,241,737 that were reported in the County during calendar year 2024.

**COUNTY OF MARIN**
**Annual Taxable Transactions**
**Number of Permits and Valuation of Taxable Transactions**
**(Dollars in Thousands)**

| | Retail Stores | | Total All Outlets | |
|---|---|---|---|---|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2020 | 6,321 | $3,982,041 | 12,032 | $5,203,057 |
| 2021 | 5,461 | 4,669,874 | 10,475 | 6,207,919 |
| 2022 | 5,137 | 4,900,942 | 10,161 | 6,550,066 |
| 2023 | 4,969 | 4,725,659 | 9,850 | 6,435,011 |
| 2024 | 4,974 | 4,832,806 | 9,825 | 6,513,242 |

*Source: State Department of Tax and Fee Administration.*

**Transportation**

The County's transportation facilities are excellent, with U.S. Highway 101 and U.S. Interstate Highway 580 providing easy access to the rest of California. Buses provide commuter service to San Francisco and other Bay Area cities, and commuter ferries embark for San Francisco from the communities of Sausalito, Tiburon, and Larkspur. The San Francisco International Airport, located 30 miles from the City, provides air passenger service to points worldwide. Sonoma-Marin Area Transit (SMART), a passenger rail service in Sonoma and Marin Counties, has been running since August, 2017.

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## APPENDIX D

## FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL LLP]

[Closing Date]

Board of Trustees
Mill Valley School District
411 Sycamore Avenue
Mill Valley, California 94941

***OPINION:*** $_________ Mill Valley School District
(County of Marin, California)
General Obligation Bonds, 2022 Election, Series C

Members of the Board of Trustees:

We have acted as bond counsel to the Mill Valley School District (the "District") in connection with the issuance by the District of $___________ principal amount of Mill Valley School District (County of Marin, California) General Obligation Bonds, 2022 Election, Series C, dated the date hereof (the "Bonds") under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and Resolution No. 06-24/25 adopted by the Board of Trustees of the District (the "Board") on June 4, 2026 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and other certifications and opinions furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is a duly created and validly existing school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable upon the District in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District.

4. The Board of Supervisors of County of Marin is required under the laws of the State of California to levy an *ad valorem* tax upon the property in the District which is subject to taxation, unlimited as to rate or amount, for the payment of principal and interest on the Bonds.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX E

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

**$__________**
**MILL VALLEY SCHOOL DISTRICT**
**(County of Marin, California)**
**General Obligation Bonds**
**2022 Election, Series C**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Mill Valley School District (the "District") in connection with the execution and delivery of the captioned bonds (the "Bonds"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on June 4, 2026 (the "Bond Resolution"). The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, is initially acting as paying agent for the Bonds (the "Paying Agent").

The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently June 30$^{th}$).

"*Dissemination Agent*" means, initially Willdan Financial Services or any successor third party Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means The Bank of New York Mellon Trust Company, N.A., or any successor thereto.

"*Participating Underwriter*" means Raymond James & Associates, Inc., the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2027 with the report for the 2025-26 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, a notice in an electronic format as prescribed by the MSRB, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the District shall include in its Annual Report the following information:

(i) Assessed value of taxable property in the jurisdiction of the District as shown on the most recent equalized assessment roll;

(ii) Assessed value of the top twenty property taxpayers in the District as shown on the most recent equalized assessment roll;

(iii) Property tax collection delinquencies in the District for the most recently completed Fiscal Year, but only if the District's general obligation bond tax levies are not included in County of Marin's Teeter Plan and such information is available from the County; and

(iv) The District's most recently adopted budget or interim report showing budgeted figures available at the time of filing the Annual Report.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the obligated person, if material, 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, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in subsections (a)(2), (a)(6), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13) or (a)(14) above, the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above 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.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds.

The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: [Closing Date]

**MILL VALLEY SCHOOL DISTRICT**

By: ________________________________

Name: ______________________________

Title: _______________________________

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## APPENDIX F

## DTC AND THE BOOK-ENTRY SYSTEM

*The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

# APPENDIX G

# COUNTY OF MARIN INVESTMENT POLICY AND INVESTMENT REPORT

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# BOARD OF SUPERVISORS

**AGENDA DATE:** June 23, 2026

**TO:** Board of Supervisors

**FROM:** Mina Martinovich, Department of Finance

**REVIEWED BY:** Mina Martinovich, Department of Finance

**SUBJECT:** FY 2026-27 Statements of Investment Policy for the Marin County Investment Pool and Long-Term Investment Pool

**RECOMMENDATION:** Approve the 2026-27 Statements of Investment Policy for the Marin County Investment Pool and Long-Term Investment Pool.

**SUMMARY:** Request approval of the FY 2026-27 Statement of Investment Policy for the Marin County Investment Pool (Attachment 1) and the Marin County Long-Term Investment Pool (Attachment 2) pursuant to California Government Code Section 53646.

The proposed Statement of Investment Policy includes updates related to portfolio performance standards, liquidity management, cybersecurity and business continuity planning, statutory compliance, and other policy modernization refinements. The proposed Long-Term Investment Pool Policy was updated primarily to reflect the applicable fiscal year and related administrative references. The policies were reviewed by the Marin County Treasury Oversight Committee on May 14, 2026.

**DISCUSSION / BACKGROUND:** Under Government Code Sections 27000 et seq. and 53600 et seq., the Director of Finance, serving as County Treasurer, is responsible for the investment and stewardship of funds held in the County Treasury on behalf of the County and participating local agencies.

Pursuant to Government Code Sections 53607 and 53646, the Board of Supervisors delegates investment authority to the Director of Finance and receives the County's annual statement of investment policy for review and approval.

The County's investment program is guided by three primary objectives established under state law and prudent public fund management practices: 1) preservation of capital; 2) maintenance of sufficient liquidity to meet operational cash flow needs; and 3) attainment of a market rate of return consistent with safety and liquidity objectives.

Key updates to the Investment Pool Policy include enhancements related to portfolio performance standards and benchmarking, liquidity management, diversification and issuer concentration limits, cybersecurity and business continuity planning, broker-dealer oversight, and other policy modernization and statutory compliance refinements intended to strengthen operational resiliency and improve clarity and usability.

The proposed Long-Term Investment Pool Policy does not include substantive policy changes and was updated primarily to reflect the applicable fiscal year and related administrative references.

**POLICY FRAMEWORK:** The proposed policies are governed by California Government Code Sections 53600 through 53663, Section 53646, and Sections 27130 through 27137 governing treasury oversight and annual compliance audits.

The policies establish the County's authorized investments, diversification standards, liquidity requirements, reporting requirements, internal controls, and treasury oversight framework.

**EQUITY IMPACT SUMMARY:** The proposed policy updates support transparency, accountability, prudent stewardship of public funds, and reliable treasury operations on behalf of participating public agencies serving Marin County communities.

**COMMUNICATIONS & COMMUNITY ENGAGEMENT:** The proposed policies were reviewed publicly by the Marin County Treasury Oversight Committee on May 14, 2026, consistent with Government Code requirements.

**PERFORMANCE MEASURES:** The Department of Finance monitors portfolio performance and compliance through monthly investment reporting, external audit review, Treasury Oversight Committee review, benchmark monitoring, and weighted average maturity analysis.

The County's investment program continues to maintain Fitch Ratings' "AAAf/S1" rating.

**CONTRACT RENEWALS / PERFORMANCE OUTCOMES:** N/A

**CONTRACT RISKS:** N/A

**CEQA ANALYSIS:** N/A

**FISCAL, FACILITY & STAFFING ANALYSIS:** There is no direct fiscal impact associated with this action. The proposed policies will be administered within existing Department of Finance staffing and budget resources.

**ALTERNATIVES:** The Board may decline to approve the proposed policies and direct staff to return with revisions. This alternative is not recommended, as the proposed policies reflect current statutory requirements, operational enhancements, and public treasury management best practices.

**ESTIMATED TIME (in minutes):** N/A

**ATTACHMENTS:**

1. FY 2026-27 Statement of Investment Policy – Marin County Investment Pool
2. FY 2026-27 Statement of Investment Policy – Marin County Long-Term Investment Pool

# Vote Certification
# Board of Supervisors
# Marin County

This hereby certifies the vote taken by the Board of Supervisors on FY 2026-27 Statements of Investment Policy for the Marin County Investment Pool and Long-Term Investment Pool at its meeting of Tuesday, June 23, 2026.

**Vote:**

| | |
|---|---|
| **AYES:** | Stephanie Moulton-Peters, Dennis Rodoni, Mary Sackett, Eric Lucan, Brian Colbert |
| **NOES:** | |
| **ABSENT:** | |
| **ABSTAIN:** | |

**The motion was Approved.**

ATTEST: Derek Johnson, County Executive

.

# COUNTY OF MARIN
# DEPARTMENT OF FINANCE
# STATEMENT OF INVESTMENT POLICY

## FISCAL YEAR 2026-27


Department of Finance

3501 Civic Center Drive, Suite 225

San Rafael, CA 94903

415 473 6154 T • 415 473 3680 F

CRS Dial 711

marincounty.gov/finance

# Table of Contents

Under the authority delegated to the Director of Finance (County Treasurer) by the Board of Supervisors to invest and reinvest all funds in the County Treasury and, in accordance with the California Government Code, the following sets forth the investment policy of the County of Marin:

## 1. POLICY STATEMENT

The purpose of this Statement of Investment Policy (Policy) is to establish cash management and investment guidelines for the County Treasurer (Director of Finance), who is responsible for the stewardship of the Marin County Investment Fund (Pooled Investment Fund). Each transaction and the entire portfolio must comply with California Government Code Sections 53601, et. seq, Section 53635, et. seq., and this policy. All portfolio activities will be judged by the standards of the Policy and ranking of investment objectives.

## 2. POLICY ADOPTION

The Statement of Investment Policy shall be reviewed annually by the Board of Supervisors, consistent with applicable provisions of the California Government Code Section 53646(a). The Board of Supervisors shall consider and approve the Policy, and any material changes, at a public meeting.

The Policy shall be reviewed at least annually and updated as necessary to reflect changes in law, market conditions, or the County's investment objectives.

## 3. SCOPE

This Investment Policy governs the investment of all funds held in the County Treasury, including the Marin County Pooled Investment Fund and all participating agencies as described in Section 8 (Participants).

The Policy applies to all investment activities and related functions, except where superseded by applicable laws, bond documents, or other legal agreements.

Certain funds may be governed by separate policies, including the County's Long-Term Investment Pool Statement of Investment Policy, where applicable.

## 4. STANDARDS OF CARE

The Director of Finance is the Trustee of the Pooled Investment Fund and, therefore, a fiduciary subject to the prudent investor standard as per Government Code Sections 27000.3 and 53600.3. These sections declare that each Treasurer or Governing body authorized to make investment decisions on behalf of local agencies, to be a fiduciary subject to the prudent investor standard.

The standard requires that "when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the County Treasurer or the Board of Supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors, 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 other depositors. With the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law." This standard shall be applied in the context of managing the overall portfolio.

The Director of Finance, employees involved in the investment process and the members of the Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activity that could conflict with the management of the investment program.

## 5. INVESTMENT OBJECTIVES

All funds on deposit in the County Treasury shall be invested in accordance with the California Government Code Sections 53600 et seq. and Sections 53639 et seq. The specific objectives for the Pooled Investment Fund are ranked in order of importance:

(a) **Preservation of capital** through high quality investments and by continually evaluating the credit of financial institutions approved for investment transactions, and securities considered and held in safekeeping.

(b) Maintenance of sufficient liquidity to enable the participants and other depositors to meet their operating requirements. Investment decisions shall be made with consideration of the County's projected cash flow needs to ensure sufficient liquidity to meet expenditure requirements, including the County's ongoing assessment of its ability to meet obligations for the next six months, consistent with Government Code Section 53646 (b)(3).

(c) A **rate of return** consistent within the context and principles (a) and (b) of this Section, Safety and Liquidity, and within appropriate risk limitations, diversification, prudent investment principles and cash flow characteristics.

## 6. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout economic and budgetary cycles, commensurate with the investment risk constraints and cash flow requirements of the Pooled Investment Fund.

A series of appropriate benchmarks such as the 6-month US Treasury Bill, or Federal Funds Rate Index, may be referenced for comparison purposes.

Benchmarks will be periodically reviewed and may be adjusted to reflect changes in the portfolio's duration, liquidity needs, or market conditions.

The County may utilize measures such as weighted average maturity (WAM) or similar indicators to monitor interest rate risk and ensure the portfolio remains consistent with its objectives of safety, liquidity, and return.

## 7. IMPLEMENTATION

In order to provide direction to those responsible for management of the Pooled Investment Fund, the Director of Finance has established this Policy and presented it to the Treasury Oversight Committee. The County Board of Supervisors shall approve this Policy and any changes to it. The Director of Finance shall provide this policy to the legislative body of local agencies that participate in the pooled Investment Fund.

The Policy defines authorized instruments; maximum maturities; qualifications of broker-dealers and financial institutions doing business with, or on behalf of, the County; prohibition of gifts and honoraria; the reporting requirements; the Treasury Oversight Committee; the manner of appropriating costs; and the criteria to request withdrawal of funds.

## 8. PARTICIPANTS

Participants in the Pooled Investment Fund are defined as the County of Marin, Marin Public School Agencies, Marin Community College, Marin County Office of Education, districts under the control of the County Board of Supervisors, autonomous/independent districts whose treasurer is the Director of Finance and any other district or agency approved by the Board of Supervisors and the Director of Finance using the County of Marin as their fiscal agent.

(a) Statutory participants are those government agencies within the County of Marin for which the Marin County Treasurer is statutorily designated as the Custodian of Funds.

(b) Voluntary participants are other local agencies that may participate in the Pooled Investment Fund, such as special districts and cities for which the Marin County Treasurer is not statutorily designated as the Custodian of Funds. Participation is subject to approval by the Director of Finance, and in accordance with California Government Code Section 53684.

## 9. AUTHORIZED PERSONS

Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day-to-day business activities, Principal Staff shall use separate means of travel to attend training and conferences. Additionally, all staff involved in the investment process should receive annual training or provide verification of having completed an annual review of Government Code Section 53646(b).

## 10. CYBERSECURITY RISK MANAGEMENT

County investment staff are entrusted with sensitive financial data and have access to confidential investment strategies and transactions. To protect against cybersecurity threats—including data breaches, unauthorized access, and financial fraud—all authorized investment personnel are required to complete annual County-approved web-based training in information security.

The County's Information Security Strategy includes:

- Annual interactive cybersecurity training
- Data protection and classification policies
- Role-based access controls
- Protocols for incident response and breach reporting

These security measures are critical to ensuring the integrity and confidentiality of the County's investment operations.

## 11. BIDS & PURCHASE OF SECURITIES

Prior to the purchase of an investment pursuant to this Policy the persons authorized to make investments shall assess the market and market prices using information obtained from available sources including investment services, broker/dealers, and the media. Bids for various investments shall be evaluated considering preservation of capital as the most important factor, liquidity as the second most important factor and thirdly, yield. Investments in commercial paper, banker's acceptances, and certificates of deposit for each issuer shall be limited to five percent (5%) of

Treasury assets, determined using the Treasury balance at the time of purchase, with the exception being investments in overnight commercial paper shall be limited to seven percent (7%) of Treasury assets for any one issuer. The investment selected for purchase shall be that investment which in the opinion of the purchaser most clearly meets these objectives. All security transactions shall be documented at the time the transaction is consummated.

## 12. TERM

Maturities of investments in the Pooled Investment Fund shall be selected based upon liquidity requirements. The maximum remaining term to maturity for an investment shall be three (3) years; except that, subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq. of the California Government Code, the Director of Finance may authorize investments in U.S. Treasury obligations, U.S.agency obligations and state and local agency obligations with a maximum remaining term to maturity that shall not exceed five (5) years. The weighted average maturity of the investment pool, to be determined at the time of purchase, shall not exceed 540 days to final maturity/call.

Capital Funds, Construction Funds, or money obtained through the sale of agency surplus property, may be invested by the Director of Finance in specific investments outside of the Pooled Investment Fund, provided the Director of Finance obtains written approval from the governing board of the County, School District or Special District. No investment shall have a remaining maturity in excess of five (5) years.

Proceeds of Debt Issues set aside for repayment of any County, School District, or Special District financings shall not be invested for a term that exceeds the term set forth in the financing documents.

## 13. AUTHORIZED INVESTMENTS

Pursuant to California Government Code Sections 53601 et seq. and 53635 et seq., the County Director of Finance may invest in the following subject to the limitations as set forth:

(a) **United States Treasury** notes, bonds, bills or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) **Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments**, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(c) **Registered state warrants, or treasury notes, or bonds of the State of California**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state department, board, agency or authority of the state.

(d) **Bonds, Notes, Warrants** or other evidence of indebtedness of a **local agency** within the State of California.

(e) **Bankers' acceptances** not to exceed one hundred eighty (180) days to maturity or at the time of purchase thirty percent (30%) of the treasury fund balance.

(f) **Commercial paper** of "prime" quality of the highest letter and numerical rating as rated by a nationally recognized statistical rating organization (NRSRO), including but not limited to Moody's Investors Service, Inc., Standard and Poor's Corporation, or Fitch Ratings, to be chosen from among corporations organized and operating within the United States with assets in excess of $500,000,000 and having an "A" or higher rating for the issuer's debt, other than commercial paper, as provided for by a NRSRO. Purchases of eligible commercial paper may not exceed three hundred ninety-seven (397) days in maturity and may not exceed forty percent (40%) of the treasury fund balance.

(g) **Negotiable certificates of deposit** issued by a nationally or state-chartered bank, a state or federal association or by a state-licensed branch of a foreign bank selected on the basis of financial stability and credit rating criteria employed by the County Director of Finance. Negotiable certificates of deposit may not exceed thirty percent (30%) of the treasury fund balance.

(h) **Non-negotiable certificates of deposit (Time Deposits)** with a nationally or state-chartered bank or a state or federal association selected on the basis of financial stability, credit rating and reputation using criteria employed by the County Director of Finance fully collateralized at one hundred ten percent (110%) of market value with U.S. Government Securities, high-grade Municipal Bonds, instruments of federal agencies, including mortgage backed securities at one hundred fifty percent (150%) of market value with promissory notes secured by first deeds of trust upon improved residential real property as provided by the Government Code.

(i) **Medium-term Notes** in a rating category of "A" or its equivalent or better by a nationally recognized statistical rating organization (NRSRO), are to be chosen from among corporations with assets in excess of $500,000,000 with a maturity not to exceed two years from the date of purchase. Purchase of eligible medium-term notes may not exceed thirty percent (30%) of the treasury fund balance.

No more than ten percent (10%) of the portfolio may be invested in the securities of any single issuer for commercial paper and medium-term notes combined, as a matter of County policy.

(j) **Mutual Funds and Money Market Mutual Funds** that invest in the securities and obligations, as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, of Section 53601 and that comply with the investment restrictions of Section 53630. Mutual funds that are defined as money market mutual funds must also follow regulations specified by the SEC under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). The purchase price of shares shall not include any commission that the fund manager may charge and shall not exceed 20% of the Treasury assets that may be invested pursuant to this Section 53601.

In addition, no more than 10% of the Treasury assets may be invested in shares of any single mutual fund. Both mutual and money market mutual funds require that they have attained the highest ranking, or the highest letter and numerical rating, provided by not less than two NRSROs. In addition, they have retained an investment advisor registered or exempt from registration with the SEC with not less than five years' experience managing their specific category of fund and have assets under management in excess of $500,000,000.

The 10% limitation does not apply to money market mutual funds.

(k) **Repurchase agreements** on any investment authorized by this investment policy where the term of the agreement does not exceed one year shall be governed by a signed Master Repurchase Agreement. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two percent (102%) or greater of the funds borrowed against those securities, and the value shall be adjusted daily. The County Director of Finance or designee must approve any collateral substitution by the seller, and any new collateral should be reasonably identical to the original collateral in terms of maturity, yield, quality, and liquidity.

(l) **California State Local Agency Investment Pool (LAIF)** operated by the State Treasurer's office.

(m) **Financial Institution Investment Accounts** All funds on deposit with the County shall be managed by the Director of Finance. The Director of Finance may, at her option, at the time of placement, place not more than five percent (5%) of the Treasury assets at the time of investment with a financial institution for the purpose of managing such funds. Securities eligible for purchase by the financial institution are limited to United States Treasury and Agency obligations of high credit quality. Such securities must be held in the County's name in a third-party custody account, may not have a remaining maturity in excess of three (3) years, and the account shall have an average maturity of 1.5 years or less. All security transactions shall be supervised and approved by designated staff on the Authorized Investor List.

Where a percentage limitation is specified for a particular category of investments, that percentage is applicable only at the time of purchase.

Certain authorized investment types may include securities with additional structural or market risks, such as call features and prepayment characteristics. The Director of Finance shall evaluate these risks prior to purchase and ensure that such investments are consistent with the County's objectives of safety, liquidity, and yield.

For purposes of compliance with this Policy, the term or remaining maturity of an investment shall be measured from the settlement date to final maturity.

## 14. DIVERSIFICATION

The investment portfolio shall be diversified to reduce the risk of loss resulting from overconcentration in a specific issuer, security type, or maturity structure.

Diversification shall be achieved by:

- Limiting exposure to individual issuers in accordance with Government Code and this Policy
- Allocating investments among a variety of authorized investment types
- Structuring maturities to support liquidity needs and reduce interest rate risk

Portfolio concentration limits shall be calculated based on the book value of all funds available for investment in the County Treasury at the time of purchase. All investment exposures shall be included in these calculations, regardless of the source of funds.

The Director of Finance shall continuously monitor the portfolio to ensure that no undue concentration of risk exists and that the portfolio remains consistent with the County's objectives of safety, liquidity, and yield.

## 15. INVESTMENT POOLS AND MUTUAL FUNDS

The County may invest in external investment pools and mutual funds as authorized by Government Code and this Policy, including but not limited to, the Local Agency Investment Fund (LAIF), money market mutual funds, and other authorized pooled investment vehicles.

Prior to investing in any investment pool or mutual fund, the Director of Finance shall perform due diligence to evaluate the suitability of the investment. Such evaluation may include, but is not limited to:

- Legal authority and structure of the pool or fund
- Qualifications and experience of the investment advisor or manager
- Investment objectives, permitted investments, and risk profile
- Credit quality, diversification, and liquidity provisions
- Historical performance and volatility
- Fee structure and associated costs

The Director of Finance shall conduct ongoing monitoring of investment pools and mutual funds to ensure continued compliance with applicable laws and this Policy. Such monitoring may include periodic review of holdings, performance, compliance reports, and other relevant disclosures.

Investments in pooled funds and mutual funds shall be subject to all applicable limitations set forth in Government Code and this Policy.

## 16. COLLATERALIZATION

All deposits and repurchase agreements shall be collateralized in accordance with Government Code Sections 53630–53660 and 53601(j).

Collateral for deposits and investments shall be maintained at levels required by law and this Policy, including, but not limited to:

- At least 102 percent of market value for repurchase agreements
- At least 110 percent, or greater, of market value for certificates of deposit, depending on collateral type
- Higher collateral levels, where applicable, for certain asset classes as required by law

Collateral shall be held by an independent third-party custodian in the name of the County, or otherwise perfected in accordance with applicable law.

The Director of Finance shall ensure that collateral is maintained at required levels and is monitored on an ongoing basis.

## 17. PROHIBITED INVESTMENTS

(a) No investments shall be made that are **prohibited by law**.

(b) The County Director of Finance **shall not invest** in any **Derivatives** such as inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages or any security bearing a rate of interest which is not known at the time of purchase.

(c) The County Director of Finance shall not invest any funds in any security that could result in **zero interest accrual** if held to maturity or where there is a risk of loss of principal when held to maturity, except as permitted under Government Code Section 53601.6 for securities issued by or backed by the United States government.

(d) **Reverse repurchase agreements**, securities lending agreements and all other investments that are not specifically allowed by this investment policy are prohibited.

(e) In accordance with Marin County Municipal Code 23.12 Nuclear-Free Zone (Exhibit 1) as approved by the voters on November 4, 1986, the County is prohibited from investing in securities or other obligations of any corporation or business entity which is a **nuclear weapons contractor**.

Furthermore, said corporations or business entities that the County Director of Finance does invest in must file an affidavit as required by Marin County Municipal Code 23.12.050(b) certifying that neither it, nor its parent company, affiliates or subsidiaries are nuclear weapons contractors. A copy of each affidavit received shall be sent to the Peace Conversion Commission.

(f) The County Director of Finance shall not invest in investment types that are not expressly authorized by California Government Code or this Policy, including, but not limited to, exchange-traded funds (ETFs), equities (common or preferred stock), real estate investment trusts (REITs), and annuities.

## 18. BROKERS

Broker/dealers shall be selected by the Director of Finance upon recommendation by the Investment Officer or designated principal staff on the Authorized Investor List. Selection of broker/dealers shall be based upon the following criteria: the reputation and financial strength of the company or financial institution and the reputation and expertise of the individuals employed.

Broker/dealers shall be properly licensed and registered with the Financial Industry Regulatory Authority (FINRA) and, where applicable, the State of California. The Director of Finance shall maintain an approved list of broker/dealers and financial institutions authorized to conduct investment transactions with the County. Such entities shall be evaluated based on financial condition, experience, regulatory standing, and other factors deemed appropriate.

The Director of Finance or designee may periodically review and update the approved broker/dealer list.

The Director of Finance shall be prohibited from selecting any broker, brokerage firm, dealer, or securities firm that has, within any 48 consecutive month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, any member of the Board of Supervisors, any member of the governing board of a local agency having funds held in the County Treasury, or any candidate for those offices. The broker/dealers shall be provided with and acknowledge receipt of the County Investment Policy.

In accordance with applicable federal regulations, including the Municipal Advisor Rule, broker-dealers may be limited in the investment advice they can provide to public agencies. When appropriate, the County may seek advice from independent registered investment advisors or through formal solicitation processes.

## 19. WITHDRAWAL REQUESTS

No withdrawals from the Marin County Pool shall be made for the purpose of investing and or depositing those funds outside the pool without the prior approval of the Marin County Director of Finance. The Director of Finance shall evaluate each proposed withdrawal to assess the effect the withdrawal will have upon the stability and predictability of the investments in the County Treasury. Approval shall be given unless the withdrawal will adversely affect the interests of the other depositors.

Notice in writing of at least five (5) business days shall be required for withdrawals in excess of $250,000.00 for loan repayments, capital expenditures, and any expenditure not in the ordinary course of operations.

Requests for withdrawals for the purpose of investing or depositing funds outside the pool shall be made in writing at least ten (10) business days in advance of the proposed withdrawal date. The value of participants' equity withdrawn shall be based on the book value of the participants' percentage of participation as of the most recent asset valuation as reported by the Treasurer.

## 20. SWAPS

Securities can be swapped for other approved securities with similar maturity schedules to gain higher rates of return. When a swap involves a change in liquidity, future cash needs shall be conservatively estimated.

## 21. LOSSES

Losses are acceptable on a sale before maturity and may be taken if the reinvestment proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the original investment, considering any investment loss or foregoing interest on the original investment.

## 22. DELIVERY & SAFEKEEPING

Delivery of all securities shall be through a third-party custodian. Non-negotiable certificates of deposit and notes of local agencies may be held in the Director of Finance's safe. The County's safekeeping agent shall hold all other securities. No security shall be held in safekeeping by the broker/dealer from whom it was purchased. Settlement payment in a securities transaction shall be executed on a delivery versus payment basis. A Due Bill or other substitution will not be acceptable. Persons authorized under section 7, who did not originate the investment transaction, shall review all confirmations for conformity with the original transaction. Confirmations resulting from securities purchased under a repurchase agreement shall state the exact and complete nomenclature of the underlying securities purchased.

## 23. APPORTIONMENT OF INTEREST & COSTS

Interest shall be apportioned to all pool participants quarterly based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the investment pool. The amount of interest apportioned shall be determined using the cash method of accounting whereby interest will be apportioned for the quarter in which it was actually received. The Director of Finance shall deduct from the gross interest received those actual administrative costs relating to the management of the treasury including salaries and other compensation, banking costs, equipment purchased, supplies, costs of information services, audits and any other costs as provided by Section 27013 of the Government Code.

## 24. CONFLICT OF INTEREST

A member of the County Treasury Oversight Committee, the County Director of Finance or County employees working in the Treasurer's office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business, consistent with state law.

## 25. AUDITS

Internal controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, or imprudent actions. Pursuant to Government Code 27134, the County of Marin investment portfolio shall be subject to an annual examination by an independent external auditor to determine the County Treasury's compliance with Article 6 of the Government Code. The results of the audit shall be reported annually to the Marin County Treasury Oversight Committee.

### 20.1 Compliance Audit: Government Code Section 27134

The Treasury Oversight Committee shall cause an annual audit to be conducted to determine the County Treasury's compliance with the investment compliance requirements presented in Article 6 of the Government Code, Sections 27130 through 27137.

## 26. REVIEW, MONITORING AND REPORTING OF THE PORTFOLIO

The Director of Finance and designated staff will perform a monthly review of the investment function. The Director of Finance shall prepare a monthly report listing all investments in the County Pool as of the last day of the month and a report of the average days to maturity and yield of investments in the County Pool. The Director of Finance shall also prepare a monthly report for all non-pooled investments. These reports shall be distributed to the Marin County Board of Supervisors, Superintendent of Schools, Marin Public School Agencies, Special Districts, non-pooled investors, the County's Treasury Oversight Committee, and any other participant upon request.

Annually, the Director of Finance shall provide to the Treasury Oversight Committee a Statement of Investment Policy. Additionally, the Director of Finance will render a copy of the Statement of Investment Policy to the Board of Supervisors and to the legislative body of the local agencies that participate in the Pooled Investment Fund.

## 27. TREASURY OVERSIGHT COMMITTEE

In accordance with Government Code Section 27131, the Board of Supervisors has established a Treasury Oversight Committee. The Treasury Oversight Committee includes representatives from the County of Marin, Superintendent of Schools' Office, School Districts and Special Districts. The Committee shall render unbiased and objective opinions on matters involving the Director of Finance's investment of public funds. Specifically, the law requires that the Treasury Oversight Committee meet to (1) review and monitor the Statement of Investment Policy and proposed changes prior to submission to the Board of Supervisors for adoption; (2) review the Pooled Income Fund's investment portfolio reports and compliance of the portfolio with law and this Investment Policy; and (3) cause an annual audit to be conducted of the Treasury in accordance with Government Code Section 27134.

All meetings of the Treasury Oversight Committee are to be open to the public and subject to the Ralph M. Brown Act.

By law, the Treasury Oversight Committee is not allowed to direct individual investment decisions, nor select individual investment advisors, brokers or dealers, nor impinge on the day-to-day operations of the County Treasury.

## 28. DISASTER RECOVERY / BUSINESS CONTINUITY PLAN

The County of Marin's banking and investment functions are mission critical and as such, the office must have a business continuity plan.

The goal of a disaster/business recovery plan is to protect and account for all funds on deposit with the county treasury and to be able to continue our banking and investment functions for all participants in the event of an occurrence (e.g., earthquake, fire, pandemic, or other event) that disrupts normal operations. Our plan provides for the ability to perform our banking and investment function at an off-site location under less-than-optimal conditions and, if needed, even outside our county.

In the event of an occurrence which precludes staff from being able to operate from our office, the attached plan (Exhibit 2) will be activated. The plan includes:

- Scope
- Chain of Command
- Continuity Procedure
- Functions and Tasks to be performed
- Equipment and Emergency Packets
- Disaster Assignment
- Off-site locations

Normal processes may be modified in response to an occurrence. However, the county's investment policy shall be strictly followed.

## 29. GLOSSARY OF TERMS

**Agencies**

Debt obligations issued or guaranteed by U.S. Federal Agencies and Government-Sponsored Enterprises (GSEs), including but not limited to: Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB), and Federal Agricultural Mortgage Corporation (Farmer Mac).

**Bankers' Acceptance (BA)**

A short-term credit instrument created by a non-financial firm and guaranteed by a bank. It represents a promise that the bank will pay the holder a specified amount at a future date, typically used in international trade.

**Benchmark**

A market index or reference portfolio that reflects the risk and return characteristics of the investments held in a portfolio. It is used to evaluate investment performance and ensure alignment with the entity's risk tolerance and investment horizon.

**Broker**

An intermediary who facilitates transactions between buyers and sellers of securities for a commission, without taking ownership of the securities.

**Certificate of Deposit (CD)**

A time deposit offered by banks with a fixed maturity date and interest rate, evidenced by a certificate. Large-denomination CDs may be negotiable and traded in the secondary market.

**Collateral**

Securities or other assets pledged by a borrower to secure repayment of a loan or by a bank to secure public deposits.

**Coupon**

The stated annual interest rate on a bond, expressed as a percentage of its face (par) value. The coupon determines the periodic interest payments made to the bondholder, typically on a semiannual basis. Historically, the term referred to physical certificates attached to bearer bonds, which investors would detach and redeem for interest payments—though this practice is now obsolete with the use of book-entry systems.

**Dealer**

A financial firm or individual that buys and sells securities for its own account, assuming the risk of holding the securities in inventory.

**Delivery Versus Payment (DVP)**

A securities delivery method that ensures payment is made simultaneously with the delivery of the security. It mitigates the risk of one party fulfilling its obligation while the other does not.

**Diversification**

A risk management strategy that mixes a wide variety of investments within a portfolio to reduce exposure to any single asset or risk.

**Duration**

A measure of a bond’s sensitivity to changes in interest rates, expressed in years. It indicates how much a bond's price will change with a change in interest rates.

**Exchange-Traded Fund (ETF)**

A pooled investment vehicle traded on an exchange, similar to a mutual fund, that is not an authorized investment for local agencies under California Government Code.

**Federal Deposit Insurance Corporation (FDIC)**

An independent U.S. government agency that protects bank depositors by insuring deposits up to $250,000 per depositor, per insured bank.

**Liquidity**

The ease with which an asset can be converted into cash without significant loss of value. Highly liquid assets can be bought or sold with minimal price fluctuation.

**Local Government Investment Pool (LGIP)**

An investment vehicle created by state law that allows local government agencies to pool funds for investment, typically administered by the State Treasurer.

**Market Value**

The current price at which a security is bought or sold in the open market.

**Master Repurchase Agreement**

A comprehensive written agreement governing repurchase and reverse repurchase transactions, defining the rights and obligations of each party and providing for the liquidation of underlying securities in the event of default.

**Maturity**

The date on which the principal amount of a financial instrument becomes due and is repaid to the investor.

**Medium-Term Notes (MTNs)**

Debt securities issued by corporations or depository institutions with fixed maturities of five years or less. Issuers must be organized and operating within the U.S., or licensed under U.S. or state laws.

**Money Market Mutual Funds (MMFs)**

MMFs are mutual funds that invest exclusively in short-term money market instruments. MMFs seek the preservation of capital as a primary goal while maintaining a high degree of liquidity and providing income representative of the market for short-term investments.

**Mutual Funds**

An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

**Portfolio**

A collection of financial assets held by an investor, including stocks, bonds, and other investments.

**Primary Dealer**

A financial institution authorized to trade government securities directly with the Federal Reserve Bank of New York. These institutions are subject to regulatory oversight and reporting requirements.

**Prudent Investor Standard**

A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

**Rate of Return**

The gain or loss on an investment over a specified period, expressed as a percentage of the investment's cost or current market value.

**Real Estate Investment Trust (REIT)**

A company that owns or finances income-producing real estate and trades on public markets; not an authorized investment under this Policy.

**Repurchase Agreement (Repo)**

A short-term agreement to sell securities and repurchase them at a specified date and price. Effectively, it is a collateralized loan where securities serve as collateral.

**Reverse Repurchase Agreement (Reverse Repo)**

The counterpart of a repurchase agreement, where the investor sells securities to a counterparty with an agreement to buy them back at a later date. In this case, the investor is borrowing funds.

**Safekeeping**

A custodial service provided by financial institutions that involves the secure storage and protection of securities or other valuables for clients.

**Secondary Market**

A market where existing securities are bought and sold after their initial issuance.

**Securities and Exchange Commission**

A U.S. federal agency responsible for enforcing federal securities laws and regulating the securities industry to protect investors and maintain fair, orderly, and efficient markets.

**SEC Rule 15c3-1 (Uniform Net Capital Rule)**

A regulation that establishes minimum capital requirements for broker-dealers to ensure financial stability and protect customers.

**Treasury Bills (T-Bills)**

Short-term debt obligations issued by the U.S. Treasury at a discount to face value, with maturities of one year or less. They do not pay periodic interest.

**Treasury Bonds**

Long-term debt securities issued by the U.S. Treasury with maturities greater than 10 years, paying fixed interest semiannually.

**Treasury Notes**

Medium-term U.S. Treasury debt securities with maturities ranging from two to ten years and semiannual interest payments.

**Yield**

The income return on an investment, expressed as an annual percentage.

(a) **Current Yield** is calculated by dividing annual interest by the current market price.

(b) **Yield to Maturity (YTM)** is the total return anticipated if the bond is held to maturity, accounting for purchase price, face value, coupon payments, and time to maturity.

Dated: May 14, 2026

Mina Martinovich, CPA

Director of Finance

Reviewed by Marin Treasury Oversight Committee on May 14, 2026.

Approved by Marin County Board of Supervisors on June 23, 2026.

**Attachments:**

Exhibit 1 – Marin County Municipal Code 23.12 - Nuclear-Free Zone

Exhibit 2 – Disaster Recovery / Business Continuity Plan

Exhibit 3 – Authorized Investor List

## APPENDIX A – SUMMARY OF AUTHORIZED INVESTMENTS

| Investment Type | Gov Code Limit | County Limit | Max Maturity | Notes | Gov Code |
|---|---|---|---|---|---|
| U.S. Treasury Obligations | None | None | 5 years | Full faith and credit of U.S. | §53601(b) |
| Federal Agency / GSE Securities | None | None | 5 years | Includes FNMA, FHLB, FHLMC, FFCB | §53601(f) |
| State of California Obligations | None | None | 5 years | | §53601(c) |
| Local Agency Obligations | None | None | 5 years | California issuers only (per Gov Code) | §53601(d) |
| Bankers' Acceptances | 30% | 30% | 180 days | | §53601(g) |
| Commercial Paper | 40% | 40% | 397 days | Max 10% per issuer (combined with MTNs; County policy) | §53601(h) |
| Medium-Term Notes (MTNs) | 30% | 30% | 2 years | "A" category or equivalent (NRSRO); 2-year maturity (County policy) | §53601(k) |
| Negotiable Certificates of Deposit | 30% | 30% | 5 years | Up to 5 years per Gov Code | §5360(i) |
| Non-Negotiable Certificates of Deposit (Time Deposits) | None | None | 5 years | 110%–150% collateral required (per Gov Code) | §53630 et seq |
| Repurchase Agreements | None | None | 1 year | ≥102% collateral (Gov Code); Master Repurchase Agmt required (County policy) | §53601(j) |
| Money Market Mutual Funds | 20% | 20% | N/A | Highest rating (2 NRSROs) (County policy) | §53601(l)&6(b) |
| Local Agency Investment Fund (LAIF) | State limit | State limit | N/A | Participation limits established by the State Treasurer under LAIF program | §16429.1 |

| Investment Type | Gov Code Limit | County Limit | Max Maturity | Notes | Gov Code |
|---|---|---|---|---|---|
| Financial Institution Investment Accounts | N/A | **5%** | 3 years (1.5 yr avg) | U.S. Treasury and Agency securities only | County Policy |

Gov code limits are based on California Government Code §53601 et seq.

Bolded value indicates where County policy is more restrictive than Government Code .

The County may apply additional restrictions; including limits on issuer concentration, maturity, collateralization, and credit standards

## Exhibit 1

### Chapter 23.12 - NUCLEAR-FREE ZONE

#### 23.12.020 - Purpose and findings.

(a) The presence of nuclear weapons, or the development, production and/or storage of nuclear weapons-related components and material within the county is in direct conflict with the maintenance of the community's public health, safety, economic well-being, general welfare, and adherence to international law.

(b) The purpose of this chapter is to establish the county as a nuclear-free zone in which work on nuclear weapons, and/or the storage or transportation of weapons-related components and nuclear material is prohibited, or appropriately restricted.

(c) This chapter's further purpose is to prohibit or restrict the county from contracting for services or products with, or investing county funds in, any business which is a nuclear weapons contractor.

(Ord. 2924 § 2, 1986)

#### 23.12.020 - Definitions.

As used in this chapter, the following words shall have the following definitions:

(a) "Component of a nuclear weapon" means any device, radioactive or nonradioactive, originally produced or manufactured for exclusive use as part of a nuclear weapon system, whether to be placed on land, at sea, in the air, or in outer space.

(b) "County funds," or "public funds" are those moneys, grants and funds received and managed by the county of Marin.

(c) "Direct activities of the federal government" are the actions of the federal government or of its agencies, but shall exclude the actions of independent contractors.

(d) "Nuclear waste" is any material which is the byproduct of any nuclear reaction or nuclear weapon production, except for the byproduct of applied nuclear medicine.

(e) "Nuclear weapon" means any device the intended explosion of which results from the energy released by fission or fusion reactions involving atomic nuclei, including the means of propelling, guiding or triggering the device if the means is destroyed or rendered useless in the propelling, guiding, triggering or detonation of the device.

(f) "Nuclear weapons contractor" means any person, corporation or other business entity which knowingly or intentionally is engaged in the research, development, production or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components. A business entity which is a 100% owned subsidiary branch of, and is therefore completely controlled by, an entity described in the foregoing sentence shall also be deemed to be a nuclear weapons contractor.

(g) "Person" means any private person, corporation, institution, or other entity, which is within the jurisdiction of the county of Marin.

(h) "Special nuclear material" or "radioactive material" means any material giving off, or potentially capable of giving off, radiant energy in the form of particles of rays (such as alpha, beta, and gamma rays) by the spontaneous disintegration of atomic nuclei, including accelerator-produced isotopes and byproduct material; and any other material which the Nuclear Regulatory Commission determines to be special nuclear material.

(i) "Transport and transportation" means transportation by any means over passable roadways, navigable waterways, or in the airspace, that are within the jurisdiction of the County of Marin, except where referred to as meaning roadways, waterways, or airspace regulated by preemptive federal or state law.

(Ord. 3308 § 1, 2000; Ord. 2924 § 3, 1986)

## Exhibit 1

**23.12.030 - Prohibition against nuclear weapons, materials, and county contracts and investments.**

The county of Marin is declared to be a nuclear-free zone.

(a) No person shall knowingly engage in any activity within the county, the purpose of which is the applied research, development, production, transport, deployment, launching, testing, maintenance or storage of nuclear weapons or components of nuclear weapons. Nor shall any person store, use, transport, or dispose of special nuclear material or nuclear waste within the jurisdiction of the county.

(b) The transportation of nuclear weapons, their fissionable components, and weapons-related nuclear material and wastes through the county on roadways, waterways, or in airspace regulated by preemptive state or federal law, in the interest of public health and safety, is subject to the following restriction:

(1) As to roadways which are within the exclusive jurisdiction of the county, transportation of such materials is prohibited,

(2) As to roadways which are demonstrably within the jurisdiction of the state or federal government, the county board of supervisors shall post as a regular monthly notice, once each month, in a newspaper of general circulation within the county the fullest description possible of any shipment of such material that has occurred that previous month, transported through or across the county by any means of transportation whatsoever.

(c) The county, nor any agent thereof, shall not make any contract with, or investments in, any nuclear weapons contractor.

(d) The county board of supervisors shall adopt a "peace conversion plan," and shall, within ninety days of the enactment of this chapter, establish a county peace conversion commission of not less than three or more than five members, which shall be comprised of volunteers from the community. The purpose of said commission shall be to divest the county, as a government entity, within two years of the adoption of the ordinance codified in this chapter, of all such existing prohibited investments or contracts held by it. Said commission shall:

(1) Conduct studies of existing county contracts and public fund investments with nuclear weapons contractors, and determine in which cases any reasonable alternative contract or investment exists, in a manner consistent with prudent investment policy, and mindful of the intent and purpose of this chapter. The commission shall further make regular reports to the county board of supervisors concerning the progress of said divestiture, listing the book value of remaining investments in nuclear weapons contractors.

(2) Identify those businesses presently existing and operating in the county, and those who have made application to the county, who are nuclear weapons contractors. The commission will be responsible for conducting a timely phase-out of nuclear weapons contractors from the county, and for insuring the smooth conversion of Marin County businesses to alternative work that is more consistent with the public welfare. For this purpose the commission shall solicit testimony from the public.

(Ord. 2924 § 4, 1986)

## Exhibit 1

### 23.12.040 - Exclusions.

Nothing in this chapter shall be construed to prohibit:

(a) Any activity not specifically described in this chapter;

(b) Research in and application of nuclear medicine or other pure research unrelated to nuclear weapons;

(c) Beneficial or peaceful uses of the technology such as smoke detectors, light-emitting watches and clocks, and other consumer products; or

(d) Activities of the federal and state governments that are preempted by existing law.

(Ord. 2924 § 5, 1986)

### 23.12.050 - Notice and enforcement.

(a) The county is directed to install and maintain appropriate signs to be displayed at each ferry terminal, at Gnoss Field Airport, and on all the major roads leading into the county, at or near the county line, including, but not limited to, the following:

(1) U.S. Highway 101 (both ends);
(2) State Highway 1 (both ends);
(3) State Highway 17;
(4) State Highway 37;
(5) Fallon-Two Rock Road;
(6) Tamales-Petaluma Road;
(7) Chileno Valley Road;
(8) Marshall-Petaluma Road;
(9) Point Reyes-Petaluma Road; identifying Marin as a nuclear-free zone and making reference to this chapter. Further, the county must notify the federal government and other appropriate authorities that this law has been enacted.

(b) Before any further public funds shall be invested by the county in the stock, securities or other obligations of any corporation or business entity, the county board of supervisors shall require that said corporation or business submit to the peace conversion commission an affidavit certifying that neither it, nor its parent company, affiliates or subsidiaries are nuclear weapons contractors.

(c) The county is directed to require of each city incorporated within Marin County that, in addition to any other information deemed necessary by its business license officer, that any application for a business license within a city in the county shall state whether or not said business is a nuclear weapons contractor.

(d) Each violation of this chapter shall be punishable by up to one-year imprisonment and/or a fine of up to five thousand dollars. Each day of violation shall be deemed a separate violation. Residents of Marin shall also have the right to enforce this chapter by appropriate civil actions for declaratory or injunctive relief. Reasonable attorneys' fees in enforcing this chapter shall be awarded as is appropriate.

(Ord. 2924 § 6, 1986)

EXHIBIT 2

# COUNTY OF MARIN

## DEPARTMENT OF FINANCE
## DISASTER RECOVERY/BUSINESS CONTINUITY PLAN
## BANKING AND INVESTMENT FUNCTIONS

## 1. Scope

The County of Marin's banking and investment functions are mission critical. Accordingly, the Treasurer's Office (Department of Finance) maintains a Disaster Recovery / Business Continuity Plan to ensure continuity of operations. This plan shall be activated in the event the office's primary location becomes inaccessible and shall be tested periodically to ensure its effectiveness.

The primary objective of the plan is to protect and account for all funds held in the County Treasury and to maintain uninterrupted banking and investment operations for all participants in the Marin County Pooled Investment Fund in the event of a significant disruption (e.g., earthquake, fire, pandemic, or other emergency).

## 2. Chain of Command

The chain of command during an emergency shall follow the order of **Authorized Persons** as identified in **Section 7** of the Statement of Investment Policy and the current **Authorized Investor List**.

## 3. Continuity Procedure

If normal business operations cannot be conducted, Authorized Persons will coordinate by phone, email, or other means to determine an appropriate alternate work location. If direct communication is not possible, they shall coordinate through the **County's Office of Emergency Services** to reestablish contact and implement continuity measures.

## 4. Essential Functions & Tasks

The Treasurer's Office will prioritize the protection and accurate accounting of all funds on deposit with the County. While standard operating procedures may be modified under emergency conditions, all activities must remain in full compliance with the **Statement of Investment Policy**.

Key tasks to be performed include:

- Daily cash workup.
- Investment of maturing securities and any available deposits, while accounting for anticipated clearings of checks and wires.
- Daily cash and bank reconciliation.
- Communication with Pooled Investment Fund Participants regarding any temporary changes to deposit procedures.
- Coordination of disbursement activity with the County Director of Finance.

Deposits to any account not established by the Treasurer's Office are strictly prohibited.

## 5. Equipment and Emergency Access

Staff listed on the **Authorized Investor List** are designated with access to the necessary equipment and systems to perform critical investment and treasury functions remotely if needed.

A secured copy of this plan will also be retained by the County's Office of Emergency Services for emergency reference purposes.

Emergency access requirements include:

- A universal power source attached to the Bloomberg computer onsite to provide uninterruptible power (10-15 minutes) for the completion of investment transactions and an orderly shutdown during a power outage
- 
- A laptop with Wi-Fi capability and access to Bloomberg Anywhere.
- Preinstalled software with secure remote access.
- Online access to:
  - Statement of Investment Policy and Disaster Recovery / Business Continuity Plan
  - Most recent monthly investment reports
  - County financial accounting system
  - Online banking and securities safekeeping systems
  - Contact details for Authorized Persons and treasury staff (including personal contact information)
  - Contact details for the County Executive, Director of Finance, County Counsel, and the Office of Emergency Services.
  - Authorized broker/dealers, banks, and custodians
  - Contact information for all agencies participating in the Pooled Investment Fund

Additionally, emergency check stock[1] (50 checks) will be stored securely at the **Office of Emergency Services**.

[1] *Emergency checks are issued from a dedicated account linked to the County's main banking account. These checks are to be used solely in the event this Disaster Recovery / Business Continuity Plan is activated and the County is unable to issue payments through normal operations. Authorized signers for these checks include the Director of Finance, the Assistant Director of Finance, and the Finance Division Chief, as documented on the Deposit Account Documentation Signature Card. If physical check stock is inaccessible, electronic payments may be initiated through the County's banking services platform.*

## 6. Plan Testing and Evaluation

To ensure the plan remains actionable and effective, the Treasurer's Office shall implement a structured testing and evaluation protocol. This includes quarterly remote access verifications, semi-annual communication drills, and annual audits of emergency equipment and documentation. A tabletop exercise simulating an emergency scenario shall also be conducted at least once every two years. Results shall be reviewed to identify areas for improvement and inform updates to this plan.

## 7. Disaster Assignment

All Authorized Persons and designated support staff within the Treasurer's Office are considered Disaster Service Workers, as defined in California Code of Regulations, Title 19, Section 2570.2(a) and County Personnel Management Regulation 20.9. Each staff member shall carry their official County of Marin Identification Card.

The level of disruption and the designated work location shall be determined by the **Director of Finance** or individuals listed on the Authorized Investor List. Any costs incurred under this plan shall be absorbed by the Treasurer's Office and may be reimbursed pursuant to **Government Code section 27013**.

**Safety is paramount**. No alternative location or procedure should be implemented if doing so would place any individual in danger.

If the Treasurer's Office is unable to operate from its primary location, all banking and investment operations shall be relocated to an alternate site as determined by the **Director of Finance**, the **County Office of Emergency Services**, or the **County Executive**.

## 8. Conclusion

This Disaster Recovery / Business Continuity Plan is a critical component of the County's fiduciary responsibility and readiness framework. Its purpose is to ensure that the County's banking and investment operations remain uninterrupted, transparent, and secure during emergencies. Ongoing review and testing of the plan will support continuous improvement and ensure alignment with best practices in financial continuity and public service.

Origination: Nov 7, 2007
Revised: May 15, 2025

# COUNTY OF MARIN

## TREASURER'S OFFICE
## AUTHORIZED INVESTOR LIST
### FY 2026-27

Effective: July,01 2026

<u>Investment Purposes:</u>

1. To make investment decisions
2. To recommend brokers
3. To perform a review of the investment function

**<u>Authorized Persons:</u>**

<u>Authorized to make investment decisions for a maturity of up to five years:</u>

- **Mina Martinovich** **Director of Finance**

<u>Authorized to make investment decisions for *a maturity of up to three years:*</u>

- **Karen Shaw** **Division Chief, Finance**
- **Victoria Seils** **Accounting Unit Manager**
- **Bevin Gardner** **Senior Treasury Analyst**

<u>Authorized to make investment decisions for *short-term investments with a maturity of up to one year:*</u>

- **Janine Dictor** **Assistant Director of Finance**

**Approved:**

5/6/26

**Mina Martinovich** **Date**
**Director of Finance**

P.O Box 4220 – San Rafael, CA 94913 – Civic Center – Room 219 – Phone 415.473.6142 – Fax 415.473.3741 – CRS Dial 711

# COUNTY OF MARIN
# DEPARTMENT OF FINANCE
# STATEMENT OF INVESTMENT POLICY
# LONG-TERM INVESTMENT POOL

**FISCAL YEAR 2026-27**

Department of Finance
3501 Civic Center Drive, Suite 225
San Rafael, CA 94903
415 473 6154 T • 415 473 3680 F
CRS Dial 711
marincounty.gov/finance

# Table of Contents

Under the authority delegated to the Director of Finance (County Treasurer) by the Board of Supervisors to invest and reinvest all funds in the County Treasury and, in accordance with the California Government Code, the following sets forth the investment policy of the County of Marin Long-Term Investment Pool:

## 1. POLICY STATEMENT

The purpose of this Statement of Investment Policy (Policy) is to establish cash management and investment guidelines for the County Treasurer (Director of Finance), who is responsible for the stewardship of the Marin County Long-Term Investment Pool (Long-Term Investment Pool). Each transaction and the entire portfolio must comply with California Government Code Sections 53601, et. seq, Section 53635, et. seq. where applicable, and this policy. All portfolio activities will be judged by the standards of the Policy and ranking of investment objectives.

## 2. STANDARDS OF CARE

The Director of Finance is the Trustee of the Long-Term Investment Pool and, therefore, a fiduciary subject to the prudent investor standard as per Government Code Sections 27000.3 and 53600.3. These sections declare that each Treasurer or Governing body authorized to make investment decisions on behalf of local agencies, to be a fiduciary subject to the prudent investor standard.

The standard requires that "when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the County Treasurer or the Board of Supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors, 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 other depositors. With the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law." This standard shall be applied in the context of managing the overall portfolio.

The Director of Finance, employees involved in the investment process and the members of the Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activity that could conflict with the management of the investment program.

## 3. INVESTMENT OBJECTIVES

All funds on deposit in the Long-Term Investment Pool shall be invested in accordance with the California Government Code Sections 53600 et seq. and Sections 53639 et seq, where applicable. The specific objectives for the Long-Term Investment Pool are ranked in order of importance:

(a) **Preservation of capital** through high quality investments and by continually evaluating the credit of financial institutions approved for investment transactions, and securities considered and held in safekeeping;

(b) Maintenance of sufficient **liquidity** to enable the participants and other depositors to meet their operating requirements that may be reasonably anticipated; and

(c) Attaining a market **rate of return** throughout budgetary and economic cycles, consistent within the context and principles (a) and (b) of this Section, Safety and Liquidity, and within appropriate risk limitations, diversification, prudent investment principles and cash flow characteristics.

## 4. IMPLEMENTATION

In order to provide direction to those responsible for management of the Long-Term Investment Pool, the Director of Finance has established this Policy and presented it to the Treasury Oversight Committee. The County Board of Supervisors shall approve this Policy and any changes to it. The Director of Finance shall provide this policy to the legislative body of local agencies that participate in the Long-Term Investment Pool.

## 5. PARTICIPANT

The participant in the Long-Term Investment Pool is the **Marin County General Fund**.

## 6. AUTHORIZED PERSONS

Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day-to-day business activities, Principal Staff shall use separate means of travel to attend training and conferences. Additionally, all staff involved in the investment process should receive annual training or provide verification of having completed an annual review of Government Code Section 53646(b).

## 7. INVESTMENTS

Prior to investing pursuant to this Policy, the persons authorized to make investments shall assess the market and market pricing information obtained from available sources and the media. Investments shall be evaluated considering preservation of capital as the most important factor, liquidity as the second most important factor, and thirdly, yield. Any investment selected shall be that investment which, in the opinion of the purchaser, most clearly meets these objectives. All transactions shall be documented at the time the transaction is consummated.

## 8. TERM

Pursuant to California Government Code Section 53601, where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security that at the time of the investment has a term remaining to maturity in excess of ten yearsThe approval of this Long-Term Investment Policy on an annual basis by the Legislative Board (Marin County Board of Supervisors) authorizes investments of no more than 10 years for bonds, notes, warrants, or other evidences of indebtedness of a local agency within the County of Marin, including bonds or notes payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the County, or by a department, board, agency, or authority of the County.

## 9. AUTHORIZED INVESTMENTS

Pursuant to California Government Code Sections 53601 et seq. and 53635 et seq., the County Director of Finance may directly purchase the following, subject to the limitations as set forth:

> **Bonds, Notes, Warrants** or other evidence of indebtedness of a **local agency** within the County of Marin.

## 10. RATE

The interest rate of any indebtedness pursuant to the preceding paragraph shall use the most current rate of a comparable market investment plus 1 percent, as determined by Bloomberg on the date the Department of Finance approves the purchase of the indebtedness.

## 11. APPORTIONMENT OF INTEREST & COSTS

Interest shall be credited to the General Fund at annual intervals corresponding to the repayment schedule of each investment.

## 12. CONFLICT OF INTEREST

The Director of Finance and County employees working in the Treasurer's office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the County Treasury conducts business, that are in violation of state law.

## 13. AUDITS

Internal controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, or imprudent actions. Pursuant to Government Code 27134, the County of Marin investment portfolio, which includes both the County of Marin investment pool and the Long-Term investment pool, shall be subject to an annual examination performed by an independent external auditor to determine the County Treasury's compliance with the investment compliance requirements presented in Article 6 of the Government Code. The results of the audit shall be reported annually to the County Treasury Oversight Committee.

## 14. REVIEW, MONITORING AND REPORTING OF THE PORTFOLIO

The Director of Finance and designated staff will perform a monthly review of the investment function. The Director of Finance shall prepare an annual report, listing all investments in the County Pool as of the last day of the fiscal year and a report of the average days to maturity and yield of investments in the Long-Term Investment Pool.

Dated: May 14, 2026

Mina Martinovich
Mina Martinovich, CPA
Director of Finance

Reviewed and approved by Marin Treasury Oversight Committee on May 14, 2026.
Approved by Marin County Board of Supervisors on June 23, 2026.

COUNTY OF MARIN

# BOARD OF SUPERVISORS

| | |
|---|---|
| **AGENDA DATE:** | June 23, 2026 |
| **TO:** | Board of Supervisors |
| **FROM:** | Bevin Gardner, Department of Finance |
| **REVIEWED BY:** | Mina Martinovich, Director of Finance |
| **SUBJECT:** | Treasurer's Investment Pool Report for April 2026 |

**RECOMMENDATION:** Receive and approve the monthly Report of County, Schools, and District Investments (Attachment 1) as of April 30, 2026.

**SUMMARY:** The attached monthly Treasurer's Investment Pool Report for April 30, 2026, is provided for your review. This report provides a listing of investments in the treasurer's pool, per Government Code Section 53646(b)(4).

**DISCUSSION / BACKGROUND:** The investments were made pursuant to Government Code Sections 53601, 53635 and comply with the County Treasurer's Statement of Investment Policy per Code Section 53646(b)(2)[1]. The investment policy provides for:

1. Preservation of capital through high quality investments;
2. Maintenance of sufficient liquidity to meet participant operating needs; and
3. A rate of return consistent with the above objectives.

Maturities are scheduled to meet participant expenditure requirements for the next six months, per Government Code Section 53646(b)(3)[1] .

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[1] §53646(b)(2)(3) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance. The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

The attached reports identify the investment type, issuer, maturity date, amount invested, and fair market value for each security held. Fair market values were determined by Principal Custody Solutions, an independent third-party custodian that provides investment custody and valuation services to the County, for all securities

As of April 30, 2026, the County of Marin Investment Pool had a total market value of approximately $2.922 billion and a book value of $2.896 billion. The portfolio remains conservatively invested, with the majority of funds held in high-quality Federal Agency securities, consistent with the County's investment objectives of safety, liquidity, and a rate of return commensurate with those priorities.

The portfolio maintained strong liquidity with a weighted average maturity of 285 days, allowing the County to meet ongoing cash flow needs while managing interest rate risk. The portfolio generated a weighted average annualized yield of 3.762% and an overall yield of 3.741%, reflecting continued modest yield compression as maturing investments were reinvested, alongside a slight extension in portfolio duration to capture available market opportunities. All investments were made in compliance with the County's Investment Policy and applicable state law.

**POLICY FRAMEWORK:** Government Code Section 53646 authorizes the Treasurer to submit investment reports to the Board demonstrating the ability to meet its fiduciary obligations as a trustee and to provide disclosure of the Treasurer's investment activities. Under Government Code Section 53607, when the Board delegates investment authority to the Treasurer, the Treasurer must report monthly on investment transactions. This monthly reporting requirement is distinct from, but may be combined with, the Code Section 53646 report when the Board elects to receive the quarterly report on a monthly basis. Our report complies with the Government Code Section 53646 requirement that the disclosure contain a listing of investments, fund balances, activity, and return on investments made by the treasury pool.

The Board receives the report of County, Schools, and District Investments on a monthly basis. The report as of March 31, 2026 was received and approved by the Board on May 19, 2026.

**EQUITY IMPACT SUMMARY:** While approval of the monthly Treasurer's Investment Pool Report has no direct or disproportionate impact on marginalized populations, it promotes fiduciary accountability and public trust which is essential to equitable service delivery across the County.

**COMMUNICATIONS & COMMUNITY ENGAGEMENT:** This report informs pool participants and the community about the County's investments. To promote fiduciary transparency and accountability in the investment of public funds, these monthly reports are published on the Marin County Investment Pool webpage once approved by the Board.

**PERFORMANCE MEASURES:** Submittal to the Board to receive and approve the monthly Treasurer's Investment Pool Report as of April 30, 2026, provides clear performance of our fiduciary responsibility to comply with Government Code.

**FISCAL, FACILITY & STAFFING ANALYSIS:** There is no direct fiscal impact associated with the preparation of this report. However, the monthly Treasurer's Investment Pool Report demonstrates prudent fiscal management by providing transparency of the County's fiduciary responsibility according to Government Code.

**ESTIMATED TIME (in minutes):** Consent

**ATTACHMENTS:**

1. Treasurer's Investment Pool Report as of April 30, 2026

# Vote Certification
# Board of Supervisors
# Marin County

This hereby certifies the vote taken by the Board of Supervisors on Request from the Department of Finance to authorize the Board to receive and approve the Treasurer's Investment Pool Report for April 2026. at its meeting of Tuesday, June 23, 2026.

**Vote:**

| | |
|---|---|
| **AYES:** | Stephanie Moulton-Peters, Dennis Rodoni, Mary Sackett, Eric Lucan, Brian Colbert |
| **NOES:** | |
| **ABSENT:** | |
| **ABSTAIN:** | |

**The motion was Approved.**

ATTEST: Derek Johnson, County Executive

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**Treasurer Division - Department of Finance**
**Report of Investments - Operating Funds**
**County of Marin, Schools & Special Districts**

**April 30, 2026**

| Invest # | Type | Face Value | Rate | Maturity | Purchase | Book Value | YTM 360 Days | YTM 365 Days | Description | Market Value |
|---|---|---|---|---|---|---|---|---|---|---|
| 142 | LA1 | 295,373.93 | 4.480 | - - | - - | 295,373.93 | 3.758 | 3.811 | Local Agency Investment Fund | 295,373.93 |
| 2246 | LA2 | 57,719,266.30 | 4.760 | - - | - - | 57,719,266.30 | 3.481 | 3.530 | Allspring Govt MMF GVIXX | 57,719,266.30 |
| 14557 | FAD | 7,500,000.00 | 3.955 | 5/1/2026 | 7/24/2025 | 7,268,467.71 | 4.125 | 4.182 | Federal Home Loan Discount | 7,499,250.00 |
| 14561 | FAD | 10,000,000.00 | 3.955 | 5/1/2026 | 7/28/2025 | 9,695,684.72 | 4.124 | 4.182 | Federal Home Loan Discount | 9,999,000.00 |
| 13771 | RRP | 26,529.99 | 6.250 | 5/1/2026 | 5/1/2023 | 26,529.99 | 6.164 | 6.250 | MARIN COUNTY | 26,529.99 |
| 14534 | FAD | 5,000,000.00 | 3.870 | 5/4/2026 | 5/22/2025 | 4,813,487.50 | 4.040 | 4.096 | Federal Home Loan Discount | 4,998,000.00 |
| 14541 | FAD | 5,000,000.00 | 3.950 | 5/5/2026 | 6/2/2025 | 4,815,118.06 | 4.123 | 4.180 | Federal Farm Credit Bank Disc | 4,997,500.00 |
| 14540 | FAD | 5,000,000.00 | 3.930 | 5/6/2026 | 5/30/2025 | 4,813,870.83 | 4.104 | 4.161 | Federal Home Loan Discount | 4,997,000.00 |
| 14542 | FAD | 5,000,000.00 | 3.895 | 5/7/2026 | 6/4/2025 | 4,817,692.36 | 4.064 | 4.121 | Federal Home Loan Discount | 4,996,500.00 |
| 14546 | FAD | 9,000,000.00 | 3.890 | 5/8/2026 | 6/20/2025 | 8,686,855.00 | 4.056 | 4.112 | Federal Home Loan Discount | 8,992,800.00 |
| 14552 | FAD | 7,000,000.00 | 3.805 | 5/8/2026 | 6/27/2025 | 6,766,943.75 | 3.964 | 4.019 | Federal Home Loan Discount | 6,994,400.00 |
| 14548 | FAD | 7,500,000.00 | 3.830 | 5/11/2026 | 6/25/2025 | 7,244,666.67 | 3.991 | 4.047 | Federal Home Loan Discount | 7,491,750.00 |
| 14549 | FAD | 5,000,000.00 | 3.800 | 5/12/2026 | 6/26/2025 | 4,831,111.11 | 3.959 | 4.014 | Federal Home Loan Discount | 4,994,000.00 |
| 14550 | FAD | 5,000,000.00 | 3.800 | 5/13/2026 | 6/26/2025 | 4,830,583.33 | 3.959 | 4.014 | Federal Home Loan Discount | 4,993,500.00 |
| 14551 | FAD | 5,000,000.00 | 3.800 | 5/14/2026 | 6/26/2025 | 4,830,055.56 | 3.959 | 4.014 | Federal Home Loan Discount | 4,993,000.00 |
| 14554 | FAD | 5,000,000.00 | 3.850 | 5/15/2026 | 7/3/2025 | 4,831,027.78 | 4.015 | 4.071 | Federal Home Loan Discount | 4,992,500.00 |
| 14555 | FAD | 5,000,000.00 | 3.840 | 5/18/2026 | 7/3/2025 | 4,829,866.67 | 4.005 | 4.061 | Federal Home Loan Discount | 4,991,050.00 |
| 14558 | FAD | 3,000,000.00 | 3.930 | 5/19/2026 | 7/25/2025 | 2,902,405.00 | 4.099 | 4.156 | Federal Home Loan Discount | 2,994,330.00 |
| 14559 | FAD | 3,000,000.00 | 3.930 | 5/20/2026 | 7/25/2025 | 2,902,077.50 | 4.099 | 4.156 | Federal Home Loan Discount | 2,994,030.00 |
| 14563 | FAD | 5,000,000.00 | 3.980 | 5/21/2026 | 7/31/2025 | 4,837,483.33 | 4.153 | 4.210 | Federal Home Loan Discount | 4,989,550.00 |
| 14564 | FAD | 7,500,000.00 | 3.980 | 5/22/2026 | 7/31/2025 | 7,255,395.83 | 4.153 | 4.210 | Federal Home Loan Discount | 7,483,575.00 |
| 14565 | FAD | 4,000,000.00 | 3.770 | 5/22/2026 | 8/7/2025 | 3,879,360.00 | 3.927 | 3.982 | Federal Home Loan Discount | 3,991,240.00 |
| 14556 | FAD | 7,000,000.00 | 3.880 | 5/26/2026 | 7/21/2025 | 6,766,876.67 | 4.047 | 4.103 | Federal Home Loan Discount | 6,981,870.00 |
| 14569 | FAD | 5,000,000.00 | 3.745 | 5/28/2026 | 8/22/2025 | 4,854,881.25 | 3.900 | 3.954 | Federal Home Loan Discount | 4,986,050.00 |
| 14537 | FAC | 15,000,000.00 | 4.150 | 5/29/2026 | 5/29/2025 | 15,000,000.00 | 4.093 | 4.150 | Fed Agric Mrg Corp (FarmerMac) | 15,004,200.00 |
| 14571 | FAD | 15,000,000.00 | 3.755 | 5/29/2026 | 8/27/2025 | 14,569,739.58 | 3.911 | 3.965 | Federal Home Loan Discount | 14,956,650.00 |
| 14568 | FAD | 11,000,000.00 | 3.785 | 6/1/2026 | 8/21/2025 | 10,671,546.11 | 3.943 | 3.998 | Federal Home Loan Discount | 10,964,800.00 |
| 14570 | FAD | 3,000,000.00 | 3.775 | 6/2/2026 | 8/25/2025 | 2,911,602.08 | 3.932 | 3.987 | Federal Home Loan Discount | 2,990,100.00 |
| 14438 | FAC | 5,000,000.00 | 4.125 | 6/3/2026 | 3/3/2025 | 4,999,050.00 | 4.088 | 4.145 | Federal Farm Credit Bank | 5,000,950.00 |
| 14573 | FAD | 5,500,000.00 | 3.750 | 6/4/2026 | 8/28/2025 | 5,339,583.33 | 3.906 | 3.960 | Federal Home Loan Discount | 5,480,750.00 |
| 14590 | FAD | 10,000,000.00 | 3.605 | 6/5/2026 | 9/22/2025 | 9,743,644.44 | 3.724 | 3.775 | Federal Home Loan Discount | 9,964,000.00 |
| 14605 | FAD | 18,000,000.00 | 3.615 | 6/5/2026 | 10/9/2025 | 17,568,007.50 | 3.739 | 3.791 | Federal Home Loan Discount | 17,935,200.00 |
| 14562 | FAD | 7,000,000.00 | 3.885 | 6/8/2026 | 7/29/2025 | 6,762,799.17 | 4.053 | 4.109 | Federal Home Loan Discount | 6,972,700.00 |
| 14574 | FAD | 3,000,000.00 | 3.720 | 6/9/2026 | 8/29/2025 | 2,911,960.00 | 3.860 | 3.913 | Federal Home Loan Discount | 2,988,000.00 |
| 14575 | FAD | 5,000,000.00 | 3.720 | 6/10/2026 | 8/29/2025 | 4,852,750.00 | 3.860 | 3.914 | Federal Home Loan Discount | 4,979,500.00 |
| 14577 | FAD | 3,000,000.00 | 3.720 | 6/11/2026 | 8/29/2025 | 2,911,340.00 | 3.860 | 3.914 | Federal Home Loan Discount | 2,987,400.00 |
| 14576 | FAD | 4,000,000.00 | 3.720 | 6/12/2026 | 8/29/2025 | 3,881,373.33 | 3.860 | 3.914 | Federal Home Loan Discount | 3,982,800.00 |
| 14566 | FAD | 5,000,000.00 | 3.735 | 6/15/2026 | 8/15/2025 | 4,842,300.00 | 3.891 | 3.945 | Federal Home Loan Discount | 4,977,000.00 |
| 14560 | FAD | 5,000,000.00 | 3.885 | 6/16/2026 | 7/28/2025 | 4,825,714.58 | 4.054 | 4.110 | Federal Home Loan Discount | 4,976,500.00 |
| 14582 | FAD | 12,000,000.00 | 3.580 | 6/16/2026 | 9/10/2025 | 11,667,060.00 | 3.705 | 3.757 | Federal Home Loan Discount | 11,943,600.00 |
| 14578 | FAD | 4,500,000.00 | 3.725 | 6/17/2026 | 9/2/2025 | 4,365,900.00 | 3.862 | 3.916 | Federal Home Loan Discount | 4,478,400.00 |

| Invest # | Type | Face Value | Rate | Maturity | Purchase | Book Value | YTM 360 Days | YTM 365 Days | Description | Market Value |
|---|---|---|---|---|---|---|---|---|---|---|
| 14567 | FAD | 18,000,000.00 | 3.735 | 6/18/2026 | 8/15/2025 | 17,426,677.50 | 3.891 | 3.945 | Federal Home Loan Discount | 17,911,800.00 |
| 14572 | FAD | 7,500,000.00 | 3.710 | 6/22/2026 | 8/27/2025 | 7,268,897.92 | 3.864 | 3.918 | Federal Home Loan Discount | 7,460,250.00 |
| 14598 | FAD | 5,000,000.00 | 3.555 | 6/23/2026 | 10/1/2025 | 4,869,156.25 | 3.682 | 3.733 | Federal Home Loan Discount | 4,973,000.00 |
| 14583 | FAD | 3,500,000.00 | 3.570 | 6/24/2026 | 9/10/2025 | 3,400,387.08 | 3.697 | 3.749 | Federal Home Loan Discount | 3,480,750.00 |
| 14591 | FAD | 5,000,000.00 | 3.595 | 6/25/2026 | 9/23/2025 | 4,862,690.97 | 3.720 | 3.771 | Federal Home Loan Discount | 4,972,000.00 |
| 14581 | FAD | 4,000,000.00 | 3.560 | 6/26/2026 | 9/8/2025 | 3,884,893.33 | 3.688 | 3.739 | Federal Home Loan Discount | 3,977,200.00 |
| 14592 | FAD | 25,000,000.00 | 3.585 | 6/29/2026 | 9/24/2025 | 24,307,895.83 | 3.710 | 3.762 | Federal Home Loan Discount | 24,850,000.00 |
| 14553 | FAC | 10,000,000.00 | 4.000 | 6/30/2026 | 6/30/2025 | 10,000,000.00 | 3.945 | 4.000 | Federal Farm Credit Bank | 10,002,600.00 |
| 14586 | FAD | 3,000,000.00 | 3.565 | 6/30/2026 | 9/16/2025 | 2,914,737.08 | 3.692 | 3.743 | Federal Home Loan Discount | 2,981,700.00 |
| 14595 | FAD | 15,000,000.00 | 3.565 | 7/2/2026 | 9/26/2025 | 14,585,568.75 | 3.689 | 3.741 | Federal Home Loan Discount | 14,905,650.00 |
| 14609 | FAD | 5,000,000.00 | 3.510 | 7/2/2026 | 10/15/2025 | 4,873,250.00 | 3.633 | 3.683 | Federal Home Loan Discount | 4,968,550.00 |
| 14612 | FAD | 18,500,000.00 | 3.510 | 7/6/2026 | 10/16/2025 | 18,025,613.75 | 3.633 | 3.684 | Federal Home Loan Discount | 18,376,235.00 |
| 14579 | FAD | 5,000,000.00 | 3.665 | 7/7/2026 | 9/3/2025 | 4,843,728.47 | 3.805 | 3.857 | Federal Home Loan Discount | 4,966,050.00 |
| 14580 | FAD | 4,500,000.00 | 3.665 | 7/8/2026 | 9/3/2025 | 4,358,897.50 | 3.805 | 3.858 | Federal Home Loan Discount | 4,468,995.00 |
| 14589 | FAD | 5,000,000.00 | 3.555 | 7/9/2026 | 9/18/2025 | 4,854,837.50 | 3.684 | 3.735 | Federal Home Loan Discount | 4,965,050.00 |
| 14606 | FAD | 20,500,000.00 | 3.560 | 7/10/2026 | 10/9/2025 | 19,944,541.11 | 3.689 | 3.740 | Federal Home Loan Discount | 20,354,655.00 |
| 14593 | FAD | 5,000,000.00 | 3.605 | 7/13/2026 | 9/25/2025 | 4,854,297.92 | 3.736 | 3.788 | Federal Home Loan Discount | 4,963,050.00 |
| 14594 | FAD | 3,000,000.00 | 3.605 | 7/14/2026 | 9/25/2025 | 2,912,278.33 | 3.736 | 3.788 | Federal Home Loan Discount | 2,977,530.00 |
| 14614 | FAD | 16,500,000.00 | 3.460 | 7/15/2026 | 10/20/2025 | 16,074,996.67 | 3.582 | 3.631 | Federal Home Loan Discount | 16,374,765.00 |
| 14599 | FAD | 5,000,000.00 | 3.535 | 7/16/2026 | 10/2/2025 | 4,859,090.97 | 3.666 | 3.716 | Federal Home Loan Discount | 4,961,550.00 |
| 14624 | FAD | 19,000,000.00 | 3.470 | 7/17/2026 | 10/24/2025 | 18,512,850.56 | 3.592 | 3.642 | Federal Home Loan Discount | 18,851,990.00 |
| 14587 | FAD | 8,000,000.00 | 3.535 | 7/20/2026 | 9/16/2025 | 7,758,834.44 | 3.666 | 3.717 | Federal Home Loan Discount | 7,935,280.00 |
| 14600 | FAD | 5,000,000.00 | 3.525 | 7/21/2026 | 10/2/2025 | 4,857,041.67 | 3.656 | 3.707 | Federal Home Loan Discount | 4,959,050.00 |
| 14602 | FAD | 5,000,000.00 | 3.550 | 7/22/2026 | 10/7/2025 | 4,858,000.00 | 3.682 | 3.733 | Federal Home Loan Discount | 4,958,550.00 |
| 14603 | FAD | 4,000,000.00 | 3.550 | 7/23/2026 | 10/7/2025 | 3,886,005.56 | 3.682 | 3.733 | Federal Home Loan Discount | 3,966,440.00 |
| 14629 | FAD | 5,500,000.00 | 3.495 | 7/24/2026 | 10/29/2025 | 5,356,899.17 | 3.619 | 3.669 | Federal Home Loan Discount | 5,453,305.00 |
| 14604 | FAD | 4,500,000.00 | 3.535 | 7/27/2026 | 10/8/2025 | 4,370,972.50 | 3.667 | 3.718 | Federal Home Loan Discount | 4,460,445.00 |
| 14610 | FAD | 5,000,000.00 | 3.480 | 7/28/2026 | 10/15/2025 | 4,861,766.67 | 3.607 | 3.657 | Federal Home Loan Discount | 4,955,550.00 |
| 14637 | FAD | 20,000,000.00 | 3.590 | 7/29/2026 | 11/3/2025 | 19,465,488.89 | 3.712 | 3.764 | Federal Home Loan Discount | 19,820,200.00 |
| 14640 | FAD | 12,500,000.00 | 3.570 | 7/29/2026 | 11/5/2025 | 12,170,270.83 | 3.690 | 3.741 | Federal Home Loan Discount | 12,387,625.00 |
| 14642 | FAD | 9,000,000.00 | 3.565 | 7/29/2026 | 11/6/2025 | 8,763,818.75 | 3.685 | 3.736 | Federal Home Loan Discount | 8,919,090.00 |
| 14647 | FAD | 15,000,000.00 | 3.545 | 7/29/2026 | 11/10/2025 | 14,614,481.25 | 3.662 | 3.713 | Federal Home Loan Discount | 14,865,150.00 |
| 14650 | FAD | 10,000,000.00 | 3.595 | 7/29/2026 | 11/13/2025 | 9,742,358.33 | 3.714 | 3.765 | Federal Home Loan Discount | 9,910,100.00 |
| 14662 | FAD | 14,000,000.00 | 3.540 | 7/29/2026 | 11/21/2025 | 13,655,833.33 | 3.653 | 3.704 | Federal Home Loan Discount | 13,874,140.00 |
| 14663 | FAD | 30,000,000.00 | 3.550 | 7/29/2026 | 11/24/2025 | 29,269,291.67 | 3.662 | 3.713 | Federal Home Loan Discount | 29,730,300.00 |
| 14698 | FAD | 5,000,000.00 | 3.470 | 7/29/2026 | 12/12/2025 | 4,889,634.72 | 3.583 | 3.633 | Federal Home Loan Discount | 4,955,050.00 |
| 14611 | FAD | 5,000,000.00 | 3.480 | 7/30/2026 | 10/15/2025 | 4,860,800.00 | 3.607 | 3.658 | Federal Home Loan Discount | 4,954,550.00 |
| 14607 | FAD | 28,000,000.00 | 3.465 | 7/31/2026 | 10/14/2025 | 27,218,450.00 | 3.592 | 3.642 | Federal Home Loan Discount | 27,742,680.00 |
| 14806 | FAD | 13,500,000.00 | 3.600 | 7/31/2026 | 4/14/2026 | 13,354,200.00 | 3.639 | 3.689 | Federal Home Loan Discount | 13,375,935.00 |
| 14585 | FAD | 10,000,000.00 | 3.505 | 8/3/2026 | 9/15/2025 | 9,686,497.22 | 3.639 | 3.689 | Federal Home Loan Discount | 9,905,100.00 |
| 14615 | FAD | 4,000,000.00 | 3.445 | 8/4/2026 | 10/21/2025 | 3,890,142.78 | 3.570 | 3.620 | Federal Home Loan Discount | 3,961,640.00 |
| 14616 | FAD | 4,000,000.00 | 3.445 | 8/5/2026 | 10/21/2025 | 3,889,760.00 | 3.570 | 3.620 | Federal Home Loan Discount | 3,961,240.00 |
| 14617 | FAD | 4,000,000.00 | 3.445 | 8/6/2026 | 10/21/2025 | 3,889,377.22 | 3.571 | 3.620 | Federal Home Loan Discount | 3,960,840.00 |
| 14608 | FAD | 15,000,000.00 | 3.410 | 8/7/2026 | 10/15/2025 | 14,579,433.33 | 3.535 | 3.584 | Federal Home Loan Discount | 14,851,650.00 |
| 14588 | FAD | 7,500,000.00 | 3.480 | 8/10/2026 | 9/17/2025 | 7,262,925.00 | 3.614 | 3.664 | Federal Home Loan Discount | 7,423,575.00 |
| 14625 | FAD | 4,000,000.00 | 3.430 | 8/11/2026 | 10/27/2025 | 3,890,240.00 | 3.554 | 3.604 | Federal Home Loan Discount | 3,958,840.00 |
| 14626 | FAD | 4,000,000.00 | 3.430 | 8/12/2026 | 10/27/2025 | 3,889,858.89 | 3.555 | 3.604 | Federal Home Loan Discount | 3,958,440.00 |
| 14627 | FAD | 4,000,000.00 | 3.430 | 8/13/2026 | 10/27/2025 | 3,889,477.78 | 3.555 | 3.604 | Federal Home Loan Discount | 3,958,080.00 |
| 14628 | FAD | 17,000,000.00 | 3.455 | 8/14/2026 | 10/27/2025 | 16,525,225.42 | 3.582 | 3.631 | Federal Home Loan Discount | 16,820,140.00 |

| Invest # | Type | Face Value | Rate | Maturity | Purchase | Book Value | YTM 360 Days | YTM 365 Days | Description | Market Value |
|---|---|---|---|---|---|---|---|---|---|---|
| 14619 | FAD | 6,500,000.00 | 3.425 | 8/17/2026 | 10/22/2025 | 6,315,097.57 | 3.551 | 3.601 | Federal Home Loan Discount | 6,429,280.00 |
| 14618 | FAD | 4,000,000.00 | 3.425 | 8/18/2026 | 10/22/2025 | 3,885,833.33 | 3.552 | 3.601 | Federal Home Loan Discount | 3,956,080.00 |
| 14620 | FAD | 3,000,000.00 | 3.435 | 8/19/2026 | 10/23/2025 | 2,914,125.00 | 3.562 | 3.612 | Federal Home Loan Discount | 2,966,760.00 |
| 14621 | FAD | 3,000,000.00 | 3.435 | 8/20/2026 | 10/23/2025 | 2,913,838.75 | 3.563 | 3.612 | Federal Home Loan Discount | 2,966,460.00 |
| 14622 | FAD | 3,000,000.00 | 3.435 | 8/21/2026 | 10/23/2025 | 2,913,552.50 | 3.563 | 3.612 | Federal Home Loan Discount | 2,966,160.00 |
| 14623 | FAD | 4,500,000.00 | 3.430 | 8/24/2026 | 10/23/2025 | 4,369,231.25 | 3.558 | 3.607 | Federal Home Loan Discount | 4,447,890.00 |
| 14631 | FAD | 4,500,000.00 | 3.555 | 8/25/2026 | 10/30/2025 | 4,367,131.88 | 3.690 | 3.741 | Federal Home Loan Discount | 4,447,440.00 |
| 14632 | FAD | 4,000,000.00 | 3.555 | 8/26/2026 | 10/30/2025 | 3,881,500.00 | 3.690 | 3.741 | Federal Home Loan Discount | 3,952,880.00 |
| 14633 | FAD | 4,000,000.00 | 3.555 | 8/27/2026 | 10/30/2025 | 3,881,105.00 | 3.690 | 3.741 | Federal Home Loan Discount | 3,952,480.00 |
| 14630 | FAD | 20,000,000.00 | 3.450 | 8/28/2026 | 10/29/2025 | 19,419,250.00 | 3.579 | 3.629 | Federal Home Loan Discount | 19,760,400.00 |
| 14683 | FAD | 32,000,000.00 | 3.490 | 8/31/2026 | 12/8/2025 | 31,174,808.89 | 3.613 | 3.663 | Federal Home Loan Discount | 31,607,040.00 |
| 14807 | FAD | 10,000,000.00 | 3.600 | 8/31/2026 | 4/14/2026 | 9,861,000.00 | 3.650 | 3.701 | Federal Home Loan Discount | 9,877,200.00 |
| 14638 | FAD | 11,000,000.00 | 3.530 | 9/1/2026 | 11/5/2025 | 10,676,416.67 | 3.659 | 3.710 | Federal Home Loan Discount | 10,863,930.00 |
| 14639 | FAD | 5,000,000.00 | 3.530 | 9/2/2026 | 11/5/2025 | 4,852,426.39 | 3.659 | 3.710 | Federal Home Loan Discount | 4,937,700.00 |
| 14191 | FAC | 8,000,000.00 | 3.875 | 9/3/2026 | 9/3/2024 | 7,999,200.00 | 3.827 | 3.880 | Federal Farm Credit Bank | 8,002,480.00 |
| 14651 | FAD | 14,000,000.00 | 3.520 | 9/4/2026 | 11/14/2025 | 13,597,546.67 | 3.646 | 3.697 | Federal Home Loan Discount | 13,822,760.00 |
| 14645 | FAD | 4,000,000.00 | 3.500 | 9/8/2026 | 11/7/2025 | 3,881,388.89 | 3.629 | 3.679 | Federal Home Loan Discount | 3,947,760.00 |
| 14646 | FAD | 4,000,000.00 | 3.500 | 9/9/2026 | 11/7/2025 | 3,881,000.00 | 3.629 | 3.679 | Federal Home Loan Discount | 3,947,360.00 |
| 14601 | FAD | 6,500,000.00 | 3.475 | 9/10/2026 | 10/3/2025 | 6,285,418.75 | 3.614 | 3.664 | Federal Home Loan Discount | 6,413,810.00 |
| 14661 | FAD | 20,000,000.00 | 3.535 | 9/11/2026 | 11/20/2025 | 19,420,652.78 | 3.663 | 3.714 | Federal Home Loan Discount | 19,732,800.00 |
| 14649 | FAD | 8,000,000.00 | 3.510 | 9/14/2026 | 11/12/2025 | 7,761,320.00 | 3.639 | 3.690 | Federal Home Loan Discount | 7,890,720.00 |
| 14584 | FAC | 5,000,000.00 | 3.625 | 9/15/2026 | 9/15/2025 | 4,997,324.00 | 3.629 | 3.680 | Federal Farm Credit Bank | 4,998,100.00 |
| 14652 | FAD | 3,000,000.00 | 3.510 | 9/16/2026 | 11/14/2025 | 2,910,495.00 | 3.639 | 3.690 | Federal Home Loan Discount | 2,958,420.00 |
| 14678 | FAD | 5,000,000.00 | 3.445 | 9/17/2026 | 12/5/2025 | 4,863,156.94 | 3.570 | 3.619 | Federal Home Loan Discount | 4,930,200.00 |
| 14653 | FAD | 3,000,000.00 | 3.510 | 9/18/2026 | 11/14/2025 | 2,909,910.00 | 3.640 | 3.691 | Federal Home Loan Discount | 2,957,820.00 |
| 14644 | FAD | 4,000,000.00 | 3.465 | 9/21/2026 | 11/7/2025 | 3,877,570.00 | 3.595 | 3.645 | Federal Home Loan Discount | 3,942,560.00 |
| 14643 | FAD | 4,000,000.00 | 3.476 | 9/22/2026 | 11/7/2025 | 3,877,185.00 | 3.595 | 3.645 | Federal Home Loan Discount | 3,942,160.00 |
| 14658 | FAD | 5,000,000.00 | 3.510 | 9/23/2026 | 11/18/2025 | 4,849,362.50 | 3.640 | 3.691 | Federal Home Loan Discount | 4,927,200.00 |
| 14659 | FAD | 5,500,000.00 | 3.510 | 9/24/2026 | 11/18/2025 | 5,333,762.50 | 3.641 | 3.691 | Federal Home Loan Discount | 5,419,370.00 |
| 14218 | FAC | 5,000,000.00 | 3.550 | 9/25/2026 | 9/26/2024 | 5,000,000.00 | 3.501 | 3.550 | Fed Agric Mrg Corp (FarmerMac) | 4,994,650.00 |
| 14676 | FAD | 14,000,000.00 | 3.440 | 9/25/2026 | 12/3/2025 | 13,604,017.78 | 3.567 | 3.616 | Federal Home Loan Discount | 13,793,360.00 |
| 14679 | FAD | 5,000,000.00 | 3.430 | 9/28/2026 | 12/5/2025 | 4,858,512.50 | 3.556 | 3.606 | Federal Home Loan Discount | 4,924,700.00 |
| 14648 | FAD | 3,500,000.00 | 3.500 | 9/29/2026 | 11/10/2025 | 3,390,090.28 | 3.634 | 3.684 | Federal Home Loan Discount | 3,446,940.00 |
| 14685 | FAD | 30,000,000.00 | 3.465 | 9/30/2026 | 12/9/2025 | 29,148,187.50 | 3.593 | 3.643 | Federal Home Loan Discount | 29,542,200.00 |
| 14613 | FAC | 15,000,000.00 | 3.610 | 10/1/2026 | 10/17/2025 | 15,000,000.00 | 3.561 | 3.611 | Fed Agric Mrg Corp (FarmerMac) | 14,987,700.00 |
| 14223 | FAC | 10,000,000.00 | 3.500 | 10/2/2026 | 10/2/2024 | 9,994,000.00 | 3.482 | 3.531 | Federal Farm Credit Bank | 9,989,000.00 |
| 14654 | FAD | 3,000,000.00 | 3.535 | 10/2/2026 | 11/17/2025 | 2,906,027.92 | 3.670 | 3.721 | Federal Home Loan Discount | 2,953,620.00 |
| 14655 | FAD | 3,000,000.00 | 3.525 | 10/5/2026 | 11/17/2025 | 2,905,412.50 | 3.660 | 3.711 | Federal Home Loan Discount | 2,952,720.00 |
| 14656 | FAD | 3,000,000.00 | 3.525 | 10/6/2026 | 11/17/2025 | 2,905,118.75 | 3.660 | 3.711 | Federal Home Loan Discount | 2,952,420.00 |
| 14657 | FAD | 3,000,000.00 | 3.525 | 10/7/2026 | 11/17/2025 | 2,904,825.00 | 3.661 | 3.712 | Federal Home Loan Discount | 2,952,120.00 |
| 14674 | FAD | 4,500,000.00 | 3.460 | 10/8/2026 | 12/2/2025 | 4,365,925.00 | 3.591 | 3.641 | Federal Home Loan Discount | 4,427,775.00 |
| 14666 | FAD | 21,000,000.00 | 3.440 | 10/9/2026 | 11/26/2025 | 20,363,886.67 | 3.568 | 3.618 | Federal Home Loan Discount | 20,660,850.00 |
| 14660 | FAD | 8,000,000.00 | 3.480 | 10/13/2026 | 11/19/2025 | 7,746,346.67 | 3.614 | 3.664 | Federal Home Loan Discount | 7,867,600.00 |
| 14496 | FAC | 5,000,000.00 | 3.875 | 10/14/2026 | 4/14/2025 | 4,999,250.00 | 3.832 | 3.885 | Federal Farm Credit Bank | 5,001,250.00 |
| 14668 | FAD | 4,000,000.00 | 3.435 | 10/15/2026 | 12/1/2025 | 3,878,630.00 | 3.566 | 3.616 | Federal Home Loan Discount | 3,933,000.00 |
| 14669 | FAD | 4,000,000.00 | 3.435 | 10/16/2026 | 12/1/2025 | 3,878,248.33 | 3.566 | 3.616 | Federal Home Loan Discount | 3,932,600.00 |
| 14670 | FAD | 4,000,000.00 | 3.435 | 10/19/2026 | 12/1/2025 | 3,877,103.33 | 3.567 | 3.617 | Federal Home Loan Discount | 3,931,400.00 |
| 14671 | FAD | 4,000,000.00 | 3.425 | 10/20/2026 | 12/1/2025 | 3,877,080.56 | 3.557 | 3.606 | Federal Home Loan Discount | 3,931,000.00 |
| 14672 | FAD | 4,000,000.00 | 3.425 | 10/21/2026 | 12/1/2025 | 3,876,700.00 | 3.557 | 3.606 | Federal Home Loan Discount | 3,930,600.00 |

| Invest # | Type | Face Value | Rate | Maturity | Purchase | Book Value | YTM 360 Days | YTM 365 Days | Description | Market Value |
|---|---|---|---|---|---|---|---|---|---|---|
| 14673 | FAD | 4,000,000.00 | 3.425 | 10/22/2026 | 12/1/2025 | 3,876,319.44 | 3.557 | 3.606 | Federal Home Loan Discount | 3,930,200.00 |
| 14162 | FAC | 5,000,000.00 | 4.375 | 10/23/2026 | 7/23/2024 | 5,000,000.00 | 4.317 | 4.377 | Federal Farm Credit Bank | 5,014,100.00 |
| 14635 | FAD | 12,500,000.00 | 3.585 | 10/23/2026 | 10/31/2025 | 12,055,609.38 | 3.734 | 3.786 | Federal Home Loan Discount | 12,280,625.00 |
| 14675 | FAD | 8,000,000.00 | 3.435 | 10/26/2026 | 12/2/2025 | 7,749,626.67 | 3.568 | 3.618 | Federal Home Loan Discount | 7,857,200.00 |
| 14680 | FAD | 5,000,000.00 | 3.400 | 10/27/2026 | 12/5/2025 | 4,846,055.56 | 3.531 | 3.580 | Federal Home Loan Discount | 4,910,250.00 |
| 14677 | FAD | 5,500,000.00 | 3.400 | 10/28/2026 | 12/3/2025 | 5,329,102.78 | 3.531 | 3.580 | Federal Home Loan Discount | 5,400,725.00 |
| 14681 | FAD | 5,000,000.00 | 3.400 | 10/29/2026 | 12/5/2025 | 4,845,111.11 | 3.531 | 3.580 | Federal Home Loan Discount | 4,909,250.00 |
| 14686 | FAD | 30,000,000.00 | 3.440 | 10/30/2026 | 12/9/2025 | 29,068,333.33 | 3.573 | 3.623 | Federal Home Loan Discount | 29,452,500.00 |
| 14634 | TRC | 15,000,000.00 | 1.625 | 10/31/2026 | 10/31/2025 | 14,725,781.25 | 3.453 | 3.501 | TREASURY NOTE | 14,843,850.00 |
| 14334 | FAC | 7,500,000.00 | 3.280 | 11/2/2026 | 12/10/2024 | 7,384,822.50 | 4.072 | 4.129 | Federal Farm Credit Bank | 7,482,000.00 |
| 14682 | FAD | 5,000,000.00 | 3.390 | 11/3/2026 | 12/5/2025 | 4,843,212.50 | 3.564 | 3.613 | Federal Home Loan Discount | 4,906,900.00 |
| 14687 | FAD | 5,000,000.00 | 3.435 | 11/4/2026 | 12/9/2025 | 4,842,562.50 | 3.569 | 3.618 | Federal Home Loan Discount | 4,906,400.00 |
| 14688 | FAD | 5,000,000.00 | 3.435 | 11/5/2026 | 12/9/2025 | 4,842,085.42 | 3.569 | 3.618 | Federal Home Loan Discount | 4,905,900.00 |
| 14689 | FAD | 29,000,000.00 | 3.435 | 11/6/2026 | 12/9/2025 | 28,081,328.33 | 3.569 | 3.619 | Federal Home Loan Discount | 28,451,320.00 |
| 14697 | FAD | 8,000,000.00 | 3.385 | 11/9/2026 | 12/12/2025 | 7,750,262.22 | 3.516 | 3.565 | Federal Home Loan Discount | 7,846,240.00 |
| 14684 | FAD | 5,000,000.00 | 3.430 | 11/10/2026 | 12/8/2025 | 4,839,456.94 | 3.565 | 3.614 | Federal Home Loan Discount | 4,903,400.00 |
| 14691 | FAD | 5,000,000.00 | 3.450 | 11/12/2026 | 12/10/2025 | 4,838,520.83 | 3.586 | 3.636 | Federal Home Loan Discount | 4,902,400.00 |
| 14695 | FAD | 4,000,000.00 | 3.390 | 11/13/2026 | 12/11/2025 | 3,873,063.33 | 3.522 | 3.571 | Federal Home Loan Discount | 3,921,520.00 |
| 14692 | FAD | 18,000,000.00 | 3.420 | 11/20/2026 | 12/10/2025 | 17,410,050.00 | 3.588 | 3.638 | Federal Home Loan Discount | 17,634,420.00 |
| 14665 | FAC | 10,000,000.00 | 3.625 | 11/25/2026 | 11/26/2025 | 10,000,000.00 | 3.575 | 3.625 | Fed Agric Mrg Corp (FarmerMac) | 9,985,000.00 |
| 14693 | FAD | 30,000,000.00 | 3.415 | 11/30/2026 | 12/10/2025 | 28,989,729.17 | 3.569 | 3.618 | Federal Home Loan Discount | 29,360,700.00 |
| 14667 | FAC | 5,000,000.00 | 3.625 | 12/1/2026 | 12/1/2025 | 5,000,000.00 | 3.575 | 3.625 | Federal Farm Credit Bank | 4,995,950.00 |
| 14696 | FAD | 27,000,000.00 | 3.365 | 12/4/2026 | 12/11/2025 | 26,096,497.50 | 3.500 | 3.548 | Federal Home Loan Discount | 26,413,020.00 |
| 14702 | FAD | 5,000,000.00 | 3.325 | 12/14/2026 | 12/16/2025 | 4,832,364.58 | 3.458 | 3.506 | Federal Home Loan Discount | 4,886,300.00 |
| 14699 | FAC | 15,000,000.00 | 3.450 | 12/15/2026 | 12/15/2025 | 15,000,000.00 | 3.402 | 3.450 | Federal Home Loan Bank | 14,976,300.00 |
| 14701 | FAD | 40,000,000.00 | 3.335 | 12/15/2026 | 12/15/2025 | 38,647,472.22 | 3.469 | 3.517 | Federal Home Loan Discount | 39,086,400.00 |
| 14705 | FAD | 15,500,000.00 | 3.295 | 12/15/2026 | 12/19/2025 | 14,987,856.32 | 3.426 | 3.473 | Federal Home Loan Discount | 15,145,980.00 |
| 14707 | FAD | 10,000,000.00 | 3.335 | 12/15/2026 | 12/23/2025 | 9,669,279.17 | 3.468 | 3.516 | Federal Home Loan Discount | 9,771,600.00 |
| 14710 | FAD | 20,000,000.00 | 3.310 | 12/15/2026 | 12/29/2025 | 19,354,550.00 | 3.440 | 3.487 | Federal Home Loan Discount | 19,543,200.00 |
| 14711 | FAD | 17,000,000.00 | 3.305 | 12/15/2026 | 12/31/2025 | 16,455,317.64 | 3.433 | 3.481 | Federal Home Loan Discount | 16,611,720.00 |
| 14712 | FAD | 30,000,000.00 | 3.240 | 12/15/2026 | 1/2/2026 | 29,063,100.00 | 3.363 | 3.410 | Federal Home Loan Discount | 29,314,800.00 |
| 14700 | TRC | 30,000,000.00 | 4.375 | 12/15/2026 | 12/15/2025 | 30,255,468.75 | 3.453 | 3.501 | T BILL | 30,123,300.00 |
| 14703 | FAD | 5,000,000.00 | 3.330 | 12/16/2026 | 12/17/2025 | 4,831,650.00 | 3.464 | 3.512 | Federal Home Loan Discount | 4,885,300.00 |
| 14704 | FAD | 5,000,000.00 | 3.330 | 12/17/2026 | 12/17/2025 | 4,831,187.50 | 3.464 | 3.512 | Federal Home Loan Discount | 4,884,800.00 |
| 14724 | FAD | 10,500,000.00 | 3.400 | 12/18/2026 | 1/21/2026 | 10,171,758.33 | 3.530 | 3.579 | Federal Home Loan Discount | 10,257,030.00 |
| 14726 | FAD | 12,000,000.00 | 3.390 | 12/18/2026 | 1/21/2026 | 11,625,970.00 | 3.519 | 3.568 | Federal Home Loan Discount | 11,722,320.00 |
| 14729 | FAD | 16,000,000.00 | 3.390 | 12/18/2026 | 1/28/2026 | 15,511,840.00 | 3.517 | 3.566 | Federal Home Loan Discount | 15,629,760.00 |
| 14732 | FAD | 5,000,000.00 | 3.390 | 12/18/2026 | 2/2/2026 | 4,849,804.17 | 3.516 | 3.565 | Federal Home Loan Discount | 4,884,300.00 |
| 14709 | FAD | 10,000,000.00 | 3.300 | 12/21/2026 | 12/26/2025 | 9,670,000.00 | 3.431 | 3.478 | Federal Home Loan Discount | 9,765,700.00 |
| 14733 | FAD | 3,000,000.00 | 3.405 | 12/21/2026 | 2/3/2026 | 2,908,916.25 | 3.532 | 3.581 | Federal Home Loan Discount | 2,929,710.00 |
| 14706 | FAC | 5,000,000.00 | 3.500 | 12/22/2026 | 12/22/2025 | 5,000,000.00 | 3.452 | 3.500 | Federal Farm Credit Bank | 4,991,300.00 |
| 14708 | FAD | 5,000,000.00 | 3.265 | 12/23/2026 | 12/24/2025 | 4,834,936.11 | 3.394 | 3.441 | Federal Home Loan Discount | 4,881,850.00 |
| 14715 | FAD | 3,000,000.00 | 3.325 | 12/24/2026 | 1/8/2026 | 2,903,020.83 | 3.455 | 3.503 | Federal Home Loan Discount | 2,928,810.00 |
| 14716 | FAD | 3,000,000.00 | 3.320 | 12/28/2026 | 1/8/2026 | 2,902,060.00 | 3.450 | 3.498 | Federal Home Loan Discount | 2,927,610.00 |
| 14597 | FAC | 5,000,000.00 | 3.625 | 12/29/2026 | 9/29/2025 | 5,000,000.00 | 3.578 | 3.628 | Federal Farm Credit Bank | 4,994,050.00 |
| 14717 | FAD | 4,500,000.00 | 3.320 | 12/30/2026 | 1/8/2026 | 4,352,260.00 | 3.451 | 3.499 | Federal Home Loan Discount | 4,390,515.00 |
| 14713 | FAD | 12,000,000.00 | 3.305 | 12/31/2026 | 1/2/2026 | 11,600,095.00 | 3.437 | 3.484 | Federal Home Loan Discount | 11,706,840.00 |
| 14723 | FAD | 13,000,000.00 | 3.380 | 1/4/2027 | 1/16/2026 | 12,569,143.89 | 3.514 | 3.563 | Federal Home Loan Discount | 12,678,120.00 |
| 14720 | FAD | 4,000,000.00 | 3.365 | 1/5/2027 | 1/13/2026 | 3,866,521.67 | 3.499 | 3.548 | Federal Home Loan Discount | 3,900,560.00 |

| Invest # | Type | Face Value | Rate | Maturity | Purchase | Book Value | YTM 360 Days | YTM 365 Days | Description | Market Value |
|---|---|---|---|---|---|---|---|---|---|---|
| 14721 | FAD | 4,000,000.00 | 3.365 | 1/6/2027 | 1/13/2026 | 3,866,147.78 | 3.499 | 3.548 | Federal Home Loan Discount | 3,900,160.00 |
| 14796 | FAD | 10,000,000.00 | 3.595 | 1/6/2027 | 4/8/2026 | 9,727,379.17 | 3.733 | 3.785 | Federal Home Loan Discount | 9,750,400.00 |
| 14730 | FAD | 15,000,000.00 | 3.365 | 1/7/2027 | 1/29/2026 | 14,519,085.42 | 3.496 | 3.544 | Federal Home Loan Discount | 14,624,100.00 |
| 14718 | FAD | 8,000,000.00 | 3.335 | 1/8/2027 | 1/12/2026 | 7,732,458.89 | 3.468 | 3.516 | Federal Home Loan Discount | 7,798,720.00 |
| 14722 | FAD | 4,500,000.00 | 3.350 | 1/11/2027 | 1/15/2026 | 4,348,831.25 | 3.484 | 3.532 | Federal Home Loan Discount | 4,385,430.00 |
| 14728 | FAD | 5,000,000.00 | 3.395 | 1/12/2027 | 1/27/2026 | 4,834,965.28 | 3.529 | 3.578 | Federal Home Loan Discount | 4,872,200.00 |
| 14719 | FAC | 5,000,000.00 | 3.375 | 1/13/2027 | 1/13/2026 | 4,996,450.00 | 3.400 | 3.447 | Federal Farm Credit Bank | 4,987,250.00 |
| 14734 | FAD | 5,000,000.00 | 3.390 | 1/14/2027 | 2/3/2026 | 4,837,562.50 | 3.523 | 3.572 | Federal Home Loan Discount | 4,871,200.00 |
| 14741 | FAD | 9,000,000.00 | 3.330 | 1/15/2027 | 2/17/2026 | 8,723,610.00 | 3.455 | 3.503 | Federal Home Loan Discount | 8,767,260.00 |
| 14742 | FAD | 10,000,000.00 | 3.350 | 1/15/2027 | 2/19/2026 | 9,692,916.67 | 3.476 | 3.524 | Federal Home Loan Discount | 9,741,400.00 |
| 14737 | FAD | 8,500,000.00 | 3.325 | 1/19/2027 | 2/9/2026 | 8,229,936.11 | 3.453 | 3.501 | Federal Home Loan Discount | 8,276,875.00 |
| 14743 | FAD | 5,000,000.00 | 3.355 | 1/20/2027 | 2/20/2026 | 4,844,365.28 | 3.483 | 3.531 | Federal Home Loan Discount | 4,868,250.00 |
| 14745 | FAD | 4,000,000.00 | 3.365 | 1/21/2027 | 2/20/2026 | 3,874,747.22 | 3.493 | 3.542 | Federal Home Loan Discount | 3,894,200.00 |
| 14746 | FAD | 3,000,000.00 | 3.365 | 1/22/2027 | 2/24/2026 | 2,906,901.67 | 3.493 | 3.541 | Federal Home Loan Discount | 2,920,350.00 |
| 14009 | FAC | 5,000,000.00 | 4.125 | 1/25/2027 | 1/25/2024 | 4,993,750.00 | 4.112 | 4.169 | Federal Farm Credit Bank | 5,012,300.00 |
| 14747 | FAD | 23,000,000.00 | 3.360 | 1/26/2027 | 2/24/2026 | 22,278,720.00 | 3.488 | 3.537 | Federal Home Loan Discount | 22,380,150.00 |
| 14754 | FAD | 6,000,000.00 | 3.400 | 1/26/2027 | 3/4/2026 | 5,814,133.33 | 3.535 | 3.585 | Federal Home Loan Discount | 5,838,300.00 |
| 14757 | FAD | 6,000,000.00 | 3.435 | 1/26/2027 | 3/6/2026 | 5,813,365.00 | 3.573 | 3.622 | Federal Home Loan Discount | 5,838,300.00 |
| 14744 | FAD | 4,000,000.00 | 3.360 | 1/28/2027 | 2/20/2026 | 3,872,320.00 | 3.490 | 3.538 | Federal Home Loan Discount | 3,891,400.00 |
| 14740 | FAD | 4,560,000.00 | 3.400 | 1/29/2027 | 2/12/2026 | 4,408,836.00 | 3.535 | 3.584 | Federal Home Loan Discount | 4,435,740.00 |
| 14751 | FAD | 19,000,000.00 | 3.375 | 1/29/2027 | 2/27/2026 | 18,401,500.00 | 3.504 | 3.553 | Federal Home Loan Discount | 18,482,250.00 |
| 14758 | FAD | 20,000,000.00 | 3.440 | 1/29/2027 | 3/10/2026 | 19,378,888.89 | 3.578 | 3.628 | Federal Home Loan Discount | 19,455,000.00 |
| 14765 | FAD | 12,000,000.00 | 3.490 | 2/1/2027 | 3/17/2026 | 11,626,570.00 | 3.631 | 3.681 | Federal Home Loan Discount | 11,669,400.00 |
| 14748 | FAD | 5,000,000.00 | 3.370 | 2/2/2027 | 2/26/2026 | 4,840,393.06 | 3.500 | 3.549 | Federal Home Loan Discount | 4,861,750.00 |
| 14761 | FAD | 4,500,000.00 | 3.465 | 2/3/2027 | 3/12/2026 | 4,357,935.00 | 3.605 | 3.655 | Federal Home Loan Discount | 4,375,170.00 |
| 14735 | FAC | 5,000,000.00 | 3.500 | 2/4/2027 | 2/4/2026 | 5,000,000.00 | 3.452 | 3.500 | Federal Farm Credit Bank | 4,987,750.00 |
| 14736 | FAC | 15,000,000.00 | 3.580 | 2/5/2027 | 2/5/2026 | 15,000,000.00 | 3.530 | 3.580 | Fed Agric Mrg Corp (FarmerMac) | 14,961,150.00 |
| 14753 | FAD | 4,500,000.00 | 3.345 | 2/8/2027 | 3/2/2026 | 4,356,583.13 | 3.478 | 3.526 | Federal Home Loan Discount | 4,372,920.00 |
| 14756 | FAD | 3,000,000.00 | 3.425 | 2/9/2027 | 3/5/2026 | 2,902,672.92 | 3.563 | 3.613 | Federal Home Loan Discount | 2,914,980.00 |
| 14400 | FAC | 5,000,000.00 | 4.220 | 2/10/2027 | 2/10/2025 | 5,000,000.00 | 4.162 | 4.220 | Fed Agric Mrg Corp (FarmerMac) | 5,011,750.00 |
| 14762 | FAD | 5,000,000.00 | 3.460 | 2/11/2027 | 3/13/2026 | 4,839,013.89 | 3.600 | 3.650 | Federal Home Loan Discount | 4,857,300.00 |
| 14768 | FAD | 9,000,000.00 | 3.580 | 2/12/2027 | 3/19/2026 | 8,704,650.00 | 3.728 | 3.779 | Federal Home Loan Discount | 8,742,240.00 |
| 14769 | FAD | 10,000,000.00 | 3.580 | 2/12/2027 | 3/20/2026 | 9,672,827.78 | 3.728 | 3.779 | Federal Home Loan Discount | 9,713,600.00 |
| 14759 | FAD | 7,000,000.00 | 3.440 | 2/16/2027 | 3/11/2026 | 6,771,240.00 | 3.579 | 3.629 | Federal Home Loan Discount | 6,796,720.00 |
| 14763 | FAD | 5,000,000.00 | 3.455 | 2/17/2027 | 3/13/2026 | 4,836,367.36 | 3.595 | 3.645 | Federal Home Loan Discount | 4,854,300.00 |
| 14423 | FAC | 5,000,000.00 | 4.250 | 2/18/2027 | 2/18/2025 | 5,000,000.00 | 4.191 | 4.250 | Federal Farm Credit Bank | 5,015,600.00 |
| 14766 | FAD | 5,000,000.00 | 3.515 | 2/19/2027 | 3/18/2026 | 4,834,990.28 | 3.659 | 3.710 | Federal Home Loan Discount | 4,853,300.00 |
| 14767 | FAD | 3,000,000.00 | 3.510 | 2/22/2027 | 3/18/2026 | 2,900,257.50 | 3.654 | 3.705 | Federal Home Loan Discount | 2,911,110.00 |
| 14774 | FAD | 5,000,000.00 | 3.600 | 2/23/2027 | 3/25/2026 | 4,832,500.00 | 3.750 | 3.802 | Federal Home Loan Discount | 4,851,350.00 |
| 14775 | FAD | 5,000,000.00 | 3.600 | 2/24/2027 | 3/25/2026 | 4,832,000.00 | 3.750 | 3.802 | Federal Home Loan Discount | 4,850,850.00 |
| 14776 | FAD | 5,000,000.00 | 3.600 | 2/25/2027 | 3/25/2026 | 4,831,500.00 | 3.750 | 3.802 | Federal Home Loan Discount | 4,850,350.00 |
| 14538 | FAC | 5,000,000.00 | 4.000 | 2/26/2027 | 5/30/2025 | 5,000,000.00 | 3.948 | 4.002 | Federal Farm Credit Bank | 5,008,100.00 |
| 14749 | FAC | 10,000,000.00 | 3.560 | 2/26/2027 | 2/26/2026 | 10,000,000.00 | 3.511 | 3.560 | Fed Agric Mrg Corp (FarmerMac) | 9,980,300.00 |
| 14777 | FAD | 8,000,000.00 | 3.600 | 2/26/2027 | 3/25/2026 | 7,729,600.00 | 3.750 | 3.802 | Federal Home Loan Discount | 7,759,760.00 |
| 14778 | FAD | 10,000,000.00 | 3.600 | 2/26/2027 | 3/26/2026 | 9,663,000.00 | 3.750 | 3.802 | Federal Home Loan Discount | 9,699,700.00 |
| 14779 | FAD | 12,000,000.00 | 3.625 | 2/26/2027 | 3/26/2026 | 11,592,791.67 | 3.776 | 3.829 | Federal Home Loan Discount | 11,639,640.00 |
| 14786 | FAD | 14,000,000.00 | 3.540 | 3/1/2027 | 4/1/2026 | 13,540,193.33 | 3.683 | 3.735 | Federal Home Loan Discount | 13,575,380.00 |
| 14780 | FAD | 3,000,000.00 | 3.625 | 3/2/2027 | 3/26/2026 | 2,896,989.58 | 3.777 | 3.829 | Federal Home Loan Discount | 2,908,710.00 |
| 14781 | FAD | 4,000,000.00 | 3.625 | 3/3/2027 | 3/26/2026 | 3,862,250.00 | 3.777 | 3.829 | Federal Home Loan Discount | 3,877,880.00 |

| Invest # | Type | Face Value | Rate | Maturity | Purchase | Book Value | YTM 360 Days | YTM 365 Days | Description | Market Value |
|---|---|---|---|---|---|---|---|---|---|---|
| 14787 | FAD | 4,500,000.00 | 3.540 | 3/4/2027 | 4/1/2026 | 4,350,877.50 | 3.684 | 3.735 | Federal Home Loan Discount | 4,362,165.00 |
| 14782 | FAD | 15,000,000.00 | 3.625 | 3/5/2027 | 3/27/2026 | 14,481,927.08 | 3.777 | 3.830 | Federal Home Loan Discount | 14,539,050.00 |
| 14770 | FAD | 4,000,000.00 | 3.565 | 3/8/2027 | 3/23/2026 | 3,861,361.11 | 3.714 | 3.765 | Federal Home Loan Discount | 3,875,880.00 |
| 14771 | FAD | 4,000,000.00 | 3.565 | 3/9/2027 | 3/23/2026 | 3,860,965.00 | 3.714 | 3.765 | Federal Home Loan Discount | 3,875,480.00 |
| 14772 | FAD | 4,000,000.00 | 3.565 | 3/10/2027 | 3/23/2026 | 3,860,568.89 | 3.714 | 3.765 | Federal Home Loan Discount | 3,875,080.00 |
| 14792 | FAD | 15,000,000.00 | 3.585 | 3/11/2027 | 4/6/2026 | 14,493,618.75 | 3.732 | 3.784 | Federal Home Loan Discount | 14,530,200.00 |
| 14788 | FAD | 15,500,000.00 | 3.555 | 3/12/2027 | 4/2/2026 | 14,973,465.00 | 3.701 | 3.752 | Federal Home Loan Discount | 15,012,990.00 |
| 14793 | FAD | 4,000,000.00 | 3.585 | 3/12/2027 | 4/7/2026 | 3,864,965.00 | 3.732 | 3.784 | Federal Home Loan Discount | 3,874,320.00 |
| 14457 | FAC | 5,000,000.00 | 4.000 | 3/24/2027 | 3/24/2025 | 5,000,000.00 | 3.945 | 4.000 | Federal Farm Credit Bank | 5,009,400.00 |
| 14794 | FAD | 15,000,000.00 | 3.580 | 3/25/2027 | 4/7/2026 | 14,474,933.33 | 3.729 | 3.781 | Federal Home Loan Discount | 14,509,200.00 |
| 14791 | FAD | 25,000,000.00 | 3.585 | 3/31/2027 | 4/6/2026 | 24,106,239.58 | 3.735 | 3.787 | Federal Home Loan Discount | 24,167,250.00 |
| 14795 | FAD | 5,000,000.00 | 3.570 | 4/1/2027 | 4/7/2026 | 4,821,995.83 | 3.719 | 3.771 | Federal Home Loan Discount | 4,832,950.00 |
| 14481 | FAC | 15,000,000.00 | 3.875 | 4/7/2027 | 4/7/2025 | 15,000,000.00 | 3.821 | 3.875 | Federal Farm Credit Bank | 15,009,600.00 |
| 14484 | FAC | 15,000,000.00 | 4.430 | 4/9/2027 | 4/9/2025 | 15,000,000.00 | 4.429 | 4.491 | Federal Farm Credit Bank | 15,000,750.00 |
| 14760 | FAC | 10,000,000.00 | 3.630 | 4/12/2027 | 3/12/2026 | 10,000,000.00 | 3.582 | 3.632 | Fed Agric Mrg Corp (FarmerMac) | 9,987,600.00 |
| 14819 | FAD | 5,000,000.00 | 3.545 | 4/13/2027 | 4/21/2026 | 4,824,227.08 | 3.692 | 3.744 | Federal Home Loan Discount | 4,826,950.00 |
| 14497 | FAC | 10,000,000.00 | 3.750 | 4/14/2027 | 4/14/2025 | 10,000,000.00 | 3.698 | 3.750 | Federal Farm Credit Bank | 9,996,100.00 |
| 14808 | FAC | 30,000,000.00 | 3.760 | 4/15/2027 | 4/15/2026 | 30,000,000.00 | 3.708 | 3.760 | Fed Agric Mrg Corp (FarmerMac) | 29,974,500.00 |
| 14809 | FAC | 75,000,000.00 | 3.760 | 4/15/2027 | 4/15/2026 | 75,000,000.00 | 3.708 | 3.760 | Fed Agric Mrg Corp (FarmerMac) | 74,936,250.00 |
| 14811 | FAD | 31,500,000.00 | 3.535 | 4/15/2027 | 4/15/2026 | 30,371,009.38 | 3.683 | 3.734 | Federal Home Loan Discount | 30,403,485.00 |
| 14823 | FAD | 3,000,000.00 | 3.540 | 4/16/2027 | 4/23/2026 | 2,894,390.00 | 3.687 | 3.738 | Federal Home Loan Discount | 2,895,300.00 |
| 14820 | FAD | 5,000,000.00 | 3.540 | 4/19/2027 | 4/21/2026 | 4,821,525.00 | 3.688 | 3.739 | Federal Home Loan Discount | 4,824,000.00 |
| 14821 | FAD | 3,000,000.00 | 3.540 | 4/20/2027 | 4/21/2026 | 2,892,620.00 | 3.688 | 3.739 | Federal Home Loan Discount | 2,894,100.00 |
| 14822 | FAD | 5,000,000.00 | 3.540 | 4/21/2027 | 4/21/2026 | 4,820,541.67 | 3.688 | 3.739 | Federal Home Loan Discount | 4,823,000.00 |
| 14824 | FAD | 5,000,000.00 | 3.540 | 4/22/2027 | 4/23/2026 | 4,821,033.33 | 3.688 | 3.739 | Federal Home Loan Discount | 4,822,500.00 |
| 14825 | FAC | 10,000,000.00 | 3.730 | 4/23/2027 | 4/23/2026 | 10,000,000.00 | 3.678 | 3.730 | Fed Agric Mrg Corp (FarmerMac) | 9,994,000.00 |
| 14831 | FAD | 8,000,000.00 | 3.580 | 4/26/2027 | 4/29/2026 | 7,712,008.89 | 3.731 | 3.782 | Federal Home Loan Discount | 7,712,800.00 |
| 14832 | FAD | 5,000,000.00 | 3.580 | 4/27/2027 | 4/29/2026 | 4,819,508.33 | 3.731 | 3.783 | Federal Home Loan Discount | 4,820,000.00 |
| 14830 | FAD | 5,000,000.00 | 3.570 | 4/28/2027 | 4/28/2026 | 4,819,020.83 | 3.720 | 3.772 | Federal Home Loan Discount | 4,819,500.00 |
| 14525 | FAC | 10,000,000.00 | 3.830 | 4/29/2027 | 4/29/2025 | 10,000,000.00 | 3.777 | 3.830 | Fed Agric Mrg Corp (FarmerMac) | 10,001,300.00 |
| 14527 | FAC | 10,000,000.00 | 3.820 | 4/30/2027 | 4/30/2025 | 10,000,000.00 | 3.767 | 3.820 | Fed Agric Mrg Corp (FarmerMac) | 10,000,300.00 |
| 14827 | FAC | 15,000,000.00 | 3.760 | 5/28/2027 | 4/27/2026 | 15,000,000.00 | 3.710 | 3.762 | Fed Agric Mrg Corp (FarmerMac) | 14,989,950.00 |
| 14290 | FAC | 10,000,000.00 | 4.130 | 6/15/2027 | 11/4/2024 | 10,000,000.00 | 4.074 | 4.131 | Fed Agric Mrg Corp (FarmerMac) | 10,031,700.00 |
| 14545 | FAC | 5,000,000.00 | 4.180 | 6/17/2027 | 6/17/2025 | 5,000,000.00 | 4.122 | 4.180 | Fed Home Ln Mtg Corp | 5,002,450.00 |
| 14547 | FAC | 5,000,000.00 | 4.125 | 6/23/2027 | 6/23/2025 | 5,000,000.00 | 4.068 | 4.125 | Federal Home Loan Bank | 4,999,250.00 |
| 14731 | FAC | 5,000,000.00 | 3.640 | 7/30/2027 | 1/30/2026 | 5,000,000.00 | 3.590 | 3.640 | Fed Natl Mtg Assoc | 4,990,300.00 |
| 14539 | FAC | 5,000,000.00 | 3.875 | 8/27/2027 | 5/30/2025 | 4,994,400.00 | 3.876 | 3.929 | Federal Farm Credit Bank | 5,000,750.00 |
| 14495 | FAC | 10,000,000.00 | 3.900 | 9/14/2027 | 4/14/2025 | 10,000,000.00 | 3.847 | 3.901 | Fed Natl Mtg Assoc | 9,996,300.00 |
| 14213 | FAC | 5,000,000.00 | 3.375 | 9/17/2027 | 9/20/2024 | 4,957,200.00 | 3.629 | 3.679 | Fed Natl Mtg Assoc | 4,962,900.00 |
| 14220 | FAC | 5,000,000.00 | 3.500 | 9/27/2027 | 9/27/2024 | 5,000,000.00 | 3.452 | 3.500 | Fed Agric Mrg Corp (FarmerMac) | 4,974,550.00 |
| 14470 | FAC | 10,000,000.00 | 4.000 | 10/1/2027 | 4/1/2025 | 9,997,600.00 | 3.955 | 4.010 | Federal Farm Credit Bank | 10,016,300.00 |
| 14801 | FAC | 5,000,000.00 | 4.000 | 10/1/2027 | 4/10/2026 | 5,000,000.00 | 3.945 | 4.000 | Fed Natl Mtg Assoc | 4,993,500.00 |
| 14246 | FAC | 5,000,000.00 | 3.875 | 10/15/2027 | 10/15/2024 | 5,000,000.00 | 3.821 | 3.875 | Federal Farm Credit Bank | 4,999,300.00 |
| 14300 | FAC | 5,000,000.00 | 4.125 | 11/12/2027 | 11/13/2024 | 4,978,300.00 | 4.222 | 4.280 | Federal Farm Credit Bank | 5,020,700.00 |
| 14307 | FAC | 5,000,000.00 | 4.250 | 11/18/2027 | 11/18/2024 | 4,996,550.00 | 4.216 | 4.274 | Fed Agric Mrg Corp (FarmerMac) | 5,026,100.00 |
| 14353 | FAC | 39,500,000.00 | 4.125 | 12/17/2027 | 12/17/2024 | 39,500,000.00 | 4.068 | 4.125 | Fed Agric Mrg Corp (FarmerMac) | 39,579,395.00 |
| 14360 | FAC | 5,000,000.00 | 4.250 | 12/27/2027 | 12/27/2024 | 4,994,250.00 | 4.232 | 4.291 | Federal Farm Credit Bank | 5,031,800.00 |
| 14714 | FAC | 15,000,000.00 | 3.375 | 1/7/2028 | 1/7/2026 | 15,000,000.00 | 3.328 | 3.375 | Federal Farm Credit Bank | 14,875,050.00 |
| 14829 | FAC | 5,000,000.00 | 3.875 | 1/28/2028 | 4/28/2026 | 5,000,000.00 | 3.824 | 3.877 | Fed Natl Mtg Assoc | 4,996,450.00 |

| Invest # | Type | Face Value | Rate | Maturity | Purchase | Book Value | YTM 360 Days | YTM 365 Days | Description | Market Value |
|---|---|---|---|---|---|---|---|---|---|---|
| 14814 | FAC | 5,000,000.00 | 3.810 | 2/17/2028 | 4/17/2026 | 5,000,000.00 | 3.760 | 3.812 | Fed Agric Mrg Corp (FarmerMac) | 4,992,500.00 |
| 14426 | FAC | 5,000,000.00 | 4.250 | 2/24/2028 | 2/24/2025 | 4,990,400.00 | 4.259 | 4.318 | Federal Farm Credit Bank | 5,031,800.00 |
| 14755 | FAC | 5,000,000.00 | 3.500 | 3/3/2028 | 3/5/2026 | 5,000,000.00 | 3.452 | 3.500 | Federal Home Loan Bank | 4,966,100.00 |
| 14783 | FAC | 5,000,000.00 | 3.875 | 3/27/2028 | 3/27/2026 | 4,994,500.00 | 3.878 | 3.932 | Federal Farm Credit Bank | 4,995,900.00 |
| 14785 | FAC | 5,000,000.00 | 4.000 | 3/30/2028 | 3/30/2026 | 5,000,000.00 | 3.945 | 4.000 | Federal Home Loan Bank | 4,995,050.00 |
| 14784 | FAC | 5,000,000.00 | 4.200 | 3/30/2028 | 3/30/2026 | 5,000,000.00 | 4.142 | 4.200 | Fed Natl Mtg Assoc | 4,997,750.00 |
| 14483 | FAC | 10,000,000.00 | 4.260 | 4/7/2028 | 4/7/2025 | 10,000,000.00 | 4.201 | 4.260 | Fed Home Ln Mtg Corp | 9,993,400.00 |
| 14804 | FAC | 10,000,000.00 | 3.750 | 4/14/2028 | 4/14/2026 | 9,988,100.00 | 3.760 | 3.812 | Federal Farm Credit Bank | 9,971,200.00 |
| 14805 | FAC | 10,000,000.00 | 3.750 | 4/14/2028 | 4/14/2026 | 9,986,700.00 | 3.767 | 3.819 | Federal Farm Credit Bank | 9,971,200.00 |
| 14504 | TRC | 50,000,000.00 | 3.750 | 4/15/2028 | 4/15/2025 | 49,843,750.00 | 3.808 | 3.861 | T BILL | 49,865,500.00 |
| 14810 | TRC | 10,000,000.00 | 3.750 | 4/15/2028 | 4/15/2026 | 10,000,000.00 | 3.698 | 3.750 | T BILL | 9,973,100.00 |
| 14511 | FAC | 5,000,000.00 | 4.270 | 4/17/2028 | 4/17/2025 | 5,000,000.00 | 4.211 | 4.270 | Fed Agric Mrg Corp (FarmerMac) | 4,998,150.00 |
| 14521 | FAC | 5,000,000.00 | 3.800 | 4/24/2028 | 4/24/2025 | 5,000,000.00 | 3.747 | 3.800 | Federal Home Loan Bank | 4,982,300.00 |
| 14528 | FAC | 15,000,000.00 | 4.000 | 4/28/2028 | 4/30/2025 | 15,000,000.00 | 3.945 | 4.000 | Federal Home Loan Bank | 14,959,050.00 |
| 14828 | FAC | 5,000,000.00 | 4.000 | 4/28/2028 | 4/28/2026 | 5,000,000.00 | 3.945 | 4.000 | Fed Natl Mtg Assoc | 4,990,550.00 |
| 14523 | FAC | 25,000,000.00 | 3.870 | 4/28/2028 | 4/28/2025 | 25,000,000.00 | 3.816 | 3.870 | Fed Agric Mrg Corp (FarmerMac) | 24,944,000.00 |
| 14531 | FAC | 5,000,000.00 | 4.000 | 5/15/2028 | 5/15/2025 | 5,000,000.00 | 3.945 | 4.000 | Federal Home Loan Bank | 4,987,400.00 |
| 14725 | FAC | 5,000,000.00 | 3.650 | 7/21/2028 | 1/21/2026 | 5,000,000.00 | 3.600 | 3.650 | Fed Home Ln Mtg Corp | 4,965,750.00 |
| 14789 | FAC | 5,000,000.00 | 3.750 | 10/6/2028 | 4/6/2026 | 4,994,100.00 | 3.747 | 3.799 | Federal Farm Credit Bank | 4,981,450.00 |
| 14641 | FAC | 5,600,000.00 | 3.500 | 11/6/2028 | 11/6/2025 | 5,582,304.00 | 3.562 | 3.612 | Fed Agric Mrg Corp (FarmerMac) | 5,554,752.00 |
| 14664 | FAC | 5,000,000.00 | 3.650 | 11/22/2028 | 11/25/2025 | 4,985,500.00 | 3.702 | 3.753 | Fed Home Ln Mtg Corp | 4,983,700.00 |
| 14694 | FAC | 10,000,000.00 | 3.550 | 12/11/2028 | 12/11/2025 | 9,985,900.00 | 3.550 | 3.600 | Fed Agric Mrg Corp (FarmerMac) | 9,915,800.00 |
| 14727 | FAC | 5,000,000.00 | 3.750 | 1/22/2029 | 1/22/2026 | 5,000,000.00 | 3.698 | 3.750 | Fed Home Ln Mtg Corp | 4,979,750.00 |
| 14739 | FAC | 5,000,000.00 | 3.700 | 2/12/2029 | 2/12/2026 | 5,000,000.00 | 3.649 | 3.700 | Fed Natl Mtg Assoc | 4,966,750.00 |
| 14738 | FAC | 5,000,000.00 | 3.760 | 2/12/2029 | 2/12/2026 | 5,000,000.00 | 3.708 | 3.760 | Fed Agric Mrg Corp (FarmerMac) | 4,959,700.00 |
| 14750 | FAC | 8,000,000.00 | 3.520 | 2/26/2029 | 2/26/2026 | 8,000,000.00 | 3.471 | 3.520 | Fed Agric Mrg Corp (FarmerMac) | 7,884,000.00 |
| 14764 | FAC | 5,000,000.00 | 4.020 | 3/16/2029 | 3/16/2026 | 5,000,000.00 | 3.964 | 4.020 | Fed Natl Mtg Assoc | 4,997,450.00 |
| 14773 | FAC | 10,000,000.00 | 3.860 | 3/23/2029 | 3/24/2026 | 10,000,000.00 | 3.807 | 3.860 | Fed Agric Mrg Corp (FarmerMac) | 9,975,200.00 |
| 14790 | FAC | 10,000,000.00 | 3.950 | 4/6/2029 | 4/6/2026 | 10,000,000.00 | 3.895 | 3.950 | Fed Agric Mrg Corp (FarmerMac) | 9,951,100.00 |
| 14798 | FAC | 10,000,000.00 | 3.750 | 4/9/2029 | 4/9/2026 | 10,000,000.00 | 3.698 | 3.750 | Federal Farm Credit Bank | 9,943,000.00 |
| 14802 | FAC | 5,000,000.00 | 4.250 | 4/13/2029 | 4/13/2026 | 5,000,000.00 | 4.191 | 4.250 | Fed Natl Mtg Assoc | 4,994,100.00 |
| 14812 | FAC | 5,000,000.00 | 4.000 | 4/16/2029 | 4/16/2026 | 5,000,000.00 | 3.945 | 4.000 | Fed Home Ln Mtg Corp | 4,973,150.00 |
| 14813 | FAC | 10,000,000.00 | 3.900 | 4/16/2029 | 4/16/2026 | 10,000,000.00 | 3.846 | 3.900 | Fed Agric Mrg Corp (FarmerMac) | 9,940,600.00 |
| 14816 | FAC | 5,000,000.00 | 4.000 | 4/20/2029 | 4/20/2026 | 5,000,000.00 | 3.945 | 4.000 | Federal Home Loan Bank | 4,974,700.00 |
| 14815 | FAC | 10,000,000.00 | 4.000 | 4/20/2029 | 4/20/2026 | 10,000,000.00 | 4.301 | 4.361 | Fed Home Ln Mtg Corp | 9,907,400.00 |
| 14817 | FAC | 9,750,000.00 | 3.780 | 4/20/2029 | 4/20/2026 | 9,750,000.00 | 3.728 | 3.780 | Fed Agric Mrg Corp (FarmerMac) | 9,702,615.00 |
| 14818 | FAC | 10,000,000.00 | 3.780 | 4/20/2029 | 4/20/2026 | 10,000,000.00 | 3.728 | 3.780 | Fed Agric Mrg Corp (FarmerMac) | 9,951,400.00 |
| 14826 | FAC | 10,000,000.00 | 4.000 | 4/23/2029 | 4/23/2026 | 10,000,000.00 | 3.945 | 4.000 | Fed Home Ln Mtg Corp | 9,971,000.00 |
| 14596 | FAC | 5,000,000.00 | 3.800 | 9/26/2030 | 9/26/2025 | 4,972,250.00 | 3.869 | 3.923 | Fed Natl Mtg Assoc | 4,953,500.00 |
| 14636 | RRP | 1,600,000.00 | 4.731 | 11/1/2030 | 11/1/2025 | 1,600,000.00 | 4.666 | 4.731 | MARIN COUNTY | 1,600,000.00 |
| 14752 | FAC | 5,000,000.00 | 4.100 | 2/27/2031 | 2/27/2026 | 5,000,000.00 | 4.043 | 4.100 | Fed Natl Mtg Assoc | 4,911,500.00 |
| | Subtotal | **2,957,051,170.22** | | | Subtotal | **2,896,213,701.66** | | | Subtotal | **2,921,942,097.22** |
| | | Amortization & Accretion of Premiums & Discounts | | | | 35,965.18 | | | | |
| | Total | **2,957,051,170.22** | | | Total | **2,896,249,666.84** | | | Total | **2,921,942,097.22** |

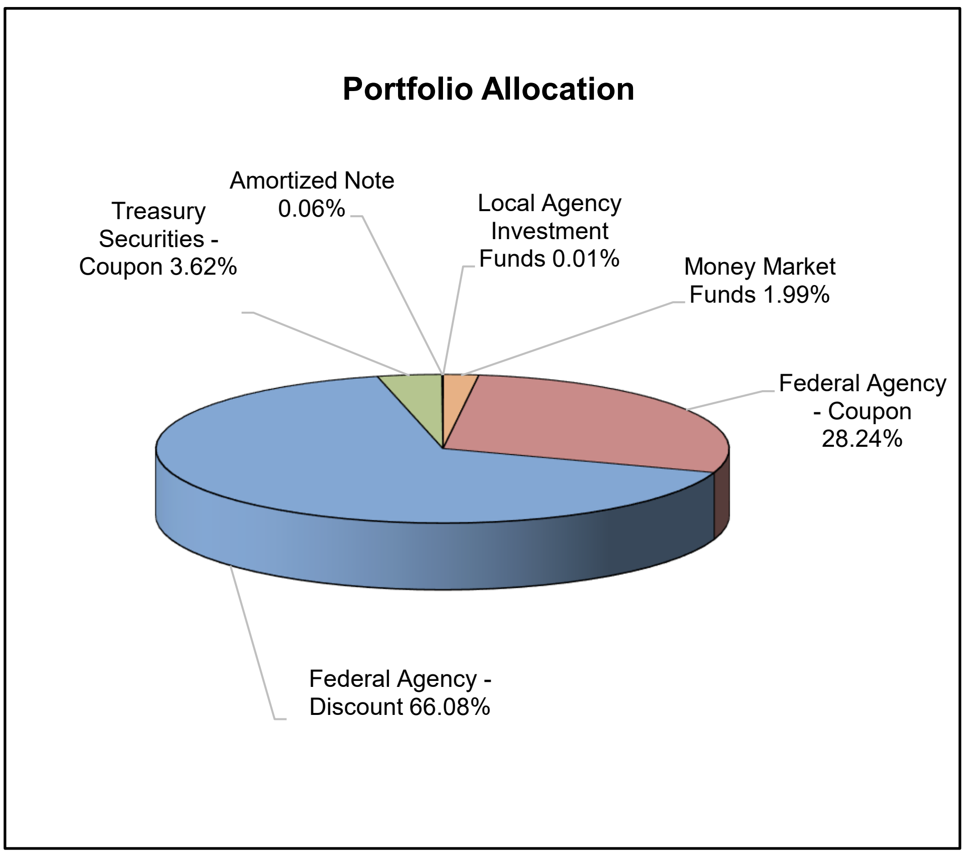
Treasurer Division - Department of Finance
Portfolio Summary Report - Operating Funds
County of Marin, Schools & Special Districts
April 30, 2026

| Description | Ending Balance April 30, 2026 | Average Balance April 30, 2026 | Weighted Average Days To Maturity | Annualized Yield April 30, 2026 | Yield April 30, 2026 |
|---|---|---|---|---|---|
| Local Agency Investment Funds | $295,373.93 | $294,036.25 | 1 | 3.811 | 3.811 |
| Money Market Funds | $57,719,266.30 | $64,585,932.97 | 1 | 3.528 | 3.530 |
| Federal Agency Issues - Coupon | $818,011,900.50 | $753,443,045.80 | 546 | 3.992 | 3.865 |
| Federal Agency Issues - Discount | $1,913,735,630.94 | $1,953,577,247.75 | 169 | 3.680 | 3.696 |
| Treasury Securities - Coupon | $104,825,000.00 | $133,243,702.77 | 500 | 3.763 | 3.696 |
| Treasury Securities - Discount | | | | | |
| Misc Securities - Coupon | | | | | |
| Amortized Note | $1,626,529.99 | $1,626,529.99 | 1,618 | 4.756 | 4.756 |
| Totals & Averages | $2,896,213,701.66 | $2,906,770,495.53 | 285 | 3.762% | 3.741% |

The Local Agency Investment Funds is an open ended account and is not included in the total weighted days to maturity.

**Treasurer Division - Department of Finance**
**Portfolio Yield Report - Operating Funds**
**County of Marin, Schools & Special Districts**
**April 30, 2026**

| Investment Category | Book Value | Yield |
|---|---|---|
| Local Agency Investment Funds | $295,373.93 | 3.811% |
| Money Market Funds | $57,719,266.30 | 3.530% |
| Federal Agency - Coupon | $818,011,900.50 | 3.865% |
| Federal Agency - Discount | $1,913,735,630.94 | 3.696% |
| Treasury Securities - Coupon | $104,825,000.00 | 3.696% |
| Amortized Note | $1,626,529.99 | 4.756% |
| **Total** | **$2,896,213,701.66** | **3.741%** |



## Treasurer Division - Department of Finance

## Report of Investments - Non-Operating Funds

## Children & Families Commission

## April 30, 2026

| Investment # | Type | Face Value | Maturity Date | Purchase Date | Book Value | YTM 360 Days | YTM 365 Days | Description | Market Value |
|---|---|---|---|---|---|---|---|---|---|
| 101 | LA2 | 122,684.57 | / / | / / | 122,684.57 | 3.759 | 3.811 | LOCAL AGENCY INVESTMENT FUND | 122,684.57 |
| | | **122,684.57** | | | **122,684.57** | | | | **122,684.57** |

# Treasurer Division - Department of Finance

## Report of Investments - Non-Operating Funds

## San Rafael Schools

## April 30, 2026

| Investment # | Type | Face Value | Maturity Date | Purchase Date | Book Value | YTM 360 Days | YTM 365 Days | Description | Market Value |
|---|---|---|---|---|---|---|---|---|---|
| 746 | LA1 | 531,429.31 | / / | / / | 531,429.31 | 3.759 | 3.811 | LOCAL AGENCY INVESTMENT FUND | 531,429.31 |
| | | **531,429.31** | | | **531,429.31** | | | | **531,429.31** |