

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 7, 2026

NEW ISSUE -- FULL BOOK-ENTRY

RATING: S&P: "AA+"

See "RATING" herein.

In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

\$15,000,000*

MORAGA ELEMENTARY SCHOOL DISTRICT

(Contra Costa County, California)

General Obligation Bonds

Election of 2024, Series B

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 Moraga Elementary School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Governing Board of the District adopted on September 8, 2026 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the District held on March 5, 2024, (the "Authorization") which authorized the issuance of \$52,000,000 principal amount of general obligation bonds to finance the renovation, construction and improvement of school facilities. The Bonds are the second series of bonds to be issued under the Authorization. See "THE FINANCING PLAN" and "THE BONDS – Authority for Issuance".

Security. The Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes. The Board of Supervisors of Contra Costa County has the power and is obligated to annually levy *ad valorem* 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 redemption prior to maturity 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., the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS."

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 LLP is also serving as Disclosure Counsel to the District. Norton Rose Fulbright US LLP, Los Angeles, California is serving as Underwriter's Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about October 28, 2026.*

RAYMOND JAMES®

The date of this Official Statement is _____, 2026.

**Preliminary; subject to change.*

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

MATURITY SCHEDULE*

MORAGA ELEMENTARY SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds
Election of 2024, Series B

Base CUSIP[†]: 616421

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†]
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**Preliminary; subject to change.*

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services ("CGS"), managed on behalf of the American Bankers Association by FactSet Research Systems Inc. © 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience only. Neither the District nor the Underwriter takes 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 Underwriter has provided the following statement for inclusion in this Official Statement: 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 and participates in other social media sites. However, the information presented on the website or on social media 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.

MORAGA ELEMENTARY SCHOOL DISTRICT
(Contra Costa County, California)

GOVERNING BOARD OF THE DISTRICT

Larry Jacobs, *President*
Martha White, *Vice President*
Kristin Kraetsch, *Member*
Stephanie Stoen, *Member*
Lee Hays, *Member*

DISTRICT ADMINISTRATION

Julie Parks, Ed.D., *Superintendent*
Chris Reddam, *Assistant Superintendent of Business Services*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

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

BOND AND DISCLOSURE COUNSEL

Jones Hall LLP
San Mateo, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.
Pittsburgh, Pennsylvania

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OFFICIAL STATEMENT

\$15,000,000*

**MORAGA ELEMENTARY SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds
Election of 2024, Series B**

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale and delivery of the General Obligation Bonds, Election of 2024, Series B, in the principal amount of \$15,000,000* (the “**Bonds**”). The Bonds are issued by the Moraga Elementary School District (the “**District**”), Contra Costa County (the “**County**”), State of California (the “**State**”).

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. The District was established as an elementary school district in 1927. The District’s boundaries include almost all of the territory of the Town of Moraga, a suburban incorporated town of approximately 10 square miles (the “**Town**”) in the County, and also includes small portions of the City of Orinda and unincorporated regions of the County. The District operates three elementary schools (TK-5) and one middle school (6-8). Enrollment in the District for the 2026-27 academic year is budgeted for approximately 1,810 students. The District’s assessed valuation in fiscal year 2026-27 is \$6,322,928,577. See “APPENDIX A – District General and Financial Information” and “APPENDIX C- General Information about the Town of Moraga and the County.”

Authority and Purpose of Issue; Financing Plan. The Bonds will be issued pursuant to 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 Governing Board of the District on September 8, 2026 (the “**Bond Resolution**”). The Bonds are the second series of bonds issued by the District pursuant to an election held by the District on March 5, 2024 (the “**Bond Election**”) in which more than 55% of the qualified electors of the District authorized the District to issue general obligation bonds in a principal amount of \$52,000,000 (the “**Authorization**”). The net proceeds of the Bonds will be used to finance school facilities of the District as approved by District voters at the Bond Election, and to pay related issuance costs. See “THE FINANCING PLAN” and “THE BONDS – Authority for Issuance” herein.

Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes levied and collected by the County. 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.

*Preliminary; subject to change.

Form of Bonds. The Bonds are being issued as current interest 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 the Depository Trust Company, New York, New York (“**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,” 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.”

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**”). Payment of the fees of Bond Counsel and Disclosure 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 minimum tax. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from State 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 and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of the Bonds and executed by the District (the “**Continuing Disclosure Certificate**”). The form of the Continuing Disclosure Certificate is included in APPENDIX E hereto. See “CONTINUING DISCLOSURE.”

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

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 1540 School Street, Moraga, California 94556, Telephone: (925) 376-5943. The District may impose a charge for copying, mailing and handling.

^{*}Preliminary; subject to change.

THE FINANCING PLAN

The proceeds of the Bonds issued pursuant to the Authorization will be used for the purposes specified in the ballot measure approved by the District's voters. The abbreviated form (limited to 75 words or less) of the bond measure presented to voters is as follows:

"To improve Moraga's local elementary/middle schools by upgrading science/technology/engineering classrooms/labs; replacing leaking roofs/unsafe windows; preventing classroom overcrowding; and updating classrooms/technology for 21st-century learning, shall Moraga School District's measure be adopted authorizing \$52,000,000 in bonds at legal rates, levying \$30 per \$100,000 assessed value while bonds are outstanding (averaging \$3,000,000 raised annually) with citizen oversight, annual audits, no funds for administrators, and providing local funding that cannot be taken by the State?"

As part of the ballot materials presented to District voters at the Bond Election, the voters authorized a specific list of projects (the **"Project List"**) eligible to be funded with proceeds of bonds sold pursuant to the Authorization, including the Bonds described herein. The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the Authorization will provide sufficient funds to complete any particular project listed in the Project List.

The Bonds will be the second series of bonds issued pursuant to the Authorization. See "DEBT SERVICE SCHEDULES," and APPENDIX A under the heading "DISTRICT FINANCIAL INFORMATION – Long Term Debt Obligations" for additional information about the District's outstanding bonds.

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THE BONDS

Authority for Issuance

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

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” 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 authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the first Record Date, in which event it will bear interest from the date the Bonds are delivered. 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 participants in DTC’s book entry system (“**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., 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 ultimate purchaser of the Bonds (each a “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 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 in the years and in the amounts as set forth in the following schedule, without premium, together with interest accrued thereon to the redemption date. If any Term Bonds are optionally redeemed as described above, the total amount of all future sinking fund payments with respect to such Term Bonds will be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 (or such other basis as the District may determine).

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption
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Notice of Redemption

The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Bonds designated for redemption, at their addresses appearing on the records maintained by the Paying Agent for the registration of ownership and registration of transfers of the Bonds under the Bond Resolution. Such mailing is not a condition precedent to such redemption and the failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Bonds. In addition, the Paying Agent will give notice of redemption by telecopy or certified, registered or overnight mail to the Municipal Securities Rulemaking Board and each of the Securities Depositories at least two days prior to such mailing to the Bond Owners.

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 the payment of the Bonds and the administration of its duties under the Bond Resolution as designated therein (“**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.

**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, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Right to Rescind Notice of Redemption

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

Book-Entry Only System

The Bonds will be registered initially in the name of "Cede & Co.," as nominee of 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

Registration. 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.

Transfers of Bonds. 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 his duly authorized attorney, upon surrender of such Bond for cancellation at the Office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The District may charge a reasonable sum for each new Bond issued upon any transfer.

Whenever any Bond or Bonds is surrendered for transfer, the District will execute and the Paying Agent will authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. No transfers of Bonds will be required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond which has been selected for redemption.

Exchange of Bonds. 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, together with a request for exchange signed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. The District may charge a reasonable sum for each new Bond issued upon any exchange (except in the cases of any exchange of temporary Bonds for definitive Bonds). No exchange of Bonds is required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after it has been selected for redemption.

Defeasance

Any or all of the Bonds may be paid by the District in any of the following ways, provided the District also pays or causes to be paid any other sums payable under the Bond Resolution by the District:

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

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 (evidenced by a certificate of a District Representative filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and the Bond Resolution), 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 and described in the following paragraph.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described below) to pay or redeem any Bond that is outstanding (whether upon or prior to its maturity date or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption has been given or proven satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the District in respect of such Bond will cease and be completely discharged, except only that thereafter the Owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent 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 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 Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided 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 will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or
- (ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice.

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

SOURCES AND USES OF FUNDS

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

MORAGA ELEMENTARY SCHOOL DISTRICT Sources and Uses of Funds

Sources of Funds

Principal Amount of Bonds
Plus [Net] Original Issue Premium

Total Sources

Uses of Funds

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

Total Uses

(1) 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, and the rating agency.

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APPLICATION OF PROCEEDS OF THE BONDS

Building Fund

The net proceeds from the sale of the Bonds will be paid to the County Treasurer to the credit of the fund created and established in the Bond Resolution and known as the “Moraga Elementary School District, Election of 2024, Series B Building Fund” (the “**Building Fund**”), which will be accounted for as separate and distinct from all other District and County funds. The County will maintain separate accounting for the proceeds of the Bonds, including all earnings received from the investment thereof. Amounts credited to the Building Fund will be expended by the District solely for the financing of projects for which the Bonds proceeds are authorized to be expended under the Bond Measure (which includes 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. At the written request of the District filed with the County Treasurer, 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, hold and maintain a debt service fund for the Bonds to be designated the “Moraga Elementary School District, Election of 2024, Series B General Obligation Bonds Debt Service Fund” (the “**Debt Service Fund**”), which the County will maintain as a separate account distinct from all other funds of the County and the District. The County Treasurer will administer the Debt Service Fund and make disbursements therefrom in the manner set forth in the Bond Resolution. 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, or provision for such payment has been made, 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 Education Code.

Investment of Proceeds of the 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 in the County Investment Pool, the Local Agency Investment Fund of the California State Treasurer, any investments authorized pursuant to Sections 53601 and 53635 of the California Government Code, and investment agreements, including guaranteed investment contracts, float contracts or other investment products (provided that such agreements comply

with the requirements of Section 148 of the Tax Code) in accordance with the investment policy of the County at the sole discretion of the County Treasurer. The County Treasurer neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations. The Tax Certificate obligates the District to maintain specific records with respect to the application and investment of Bond proceeds.

DEBT SERVICE SCHEDULES

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

MORAGA ELEMENTARY SCHOOL DISTRICT Annual Debt Service Schedule 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			
2056			
Total			

Combined GO Bonds Debt Service Table. The following table shows the combined annual debt service schedule with respect to outstanding general obligation bonded indebtedness, together with the Bonds, assuming no optional redemptions prior to maturity. See APPENDIX A under the heading “DISTRICT FINANCIAL INFORMATION – Long Term Debt Obligations” for additional information.

**MORAGA ELEMENTARY SCHOOL DISTRICT
Combined Annual Debt Service Schedule
All Outstanding General Obligation Debt**

Period Ending August 1	Election of 2016, Series A	Election of 2016, Series B	Election of 2016, Series C	Election of 2024, Series A	The Bonds	Total Debt Service
2027	\$647,537.50	\$488,550.00	\$424,200.00	\$724,750.00		
2028	671,337.50	506,350.00	439,200.00	724,750.00		
2029	693,737.50	523,150.00	453,400.00	724,750.00		
2030	719,737.50	543,950.00	466,800.00	724,750.00		
2031	748,037.50	558,550.00	484,400.00	724,750.00		
2032	774,600.00	577,150.00	506,000.00	724,750.00		
2033	799,912.50	597,700.00	521,400.00	764,750.00		
2034	828,337.50	622,350.00	535,800.00	792,750.00		
2035	856,137.50	645,950.00	554,200.00	824,250.00		
2036	886,937.50	663,500.00	576,400.00	859,000.00		
2037	915,537.50	690,150.00	597,200.00	891,750.00		
2038	951,937.50	710,600.00	616,600.00	927,500.00		
2039	983,662.50	740,000.00	639,600.00	966,000.00		
2040	1,020,062.50	763,050.00	661,000.00	1,007,000.00		
2041	1,050,937.50	793,850.00	685,800.00	1,045,250.00		
2042	1,089,375.00	817,450.00	713,800.00	1,085,750.00		
2043	--	1,354,050.00	1,169,800.00	1,133,250.00		
2044	--	1,400,800.00	1,211,600.00	1,177,250.00		
2045	--	--	--	1,222,750.00		
2046	--	--	--	1,269,500.00		
2047	--	--	--	1,322,250.00		
2048	--	--	--	1,375,500.00		
2049	--	--	--	1,429,000.00		
2050	--	--	--	1,487,500.00		
2051	--	--	--	1,545,500.00		
2052	--	--	--	1,607,750.00		
2053	--	--	--	1,673,750.00		
2054	--	--	--	1,743,000.00		
2055	--	--	--	--		
2056	--	--	--	--		
Total	\$13,637,825.00	\$12,997,150.00	\$11,257,200.00	\$30,499,500.00		

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property 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). In no event is the District obligated to pay principal of and interest and redemption premium, if any, on the Bonds out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

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

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

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

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. In addition, the District has granted a consensual lien on said revenues pursuant to the Bond Resolution. Said liens attach automatically and are valid and binding from the time the bonds are executed and delivered. The liens are enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the liens and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the County 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, drought, earthquake, flood, fire or other natural 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."

Debt Service Fund

The County will establish the Debt Service Fund for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County, at the request of the District, for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon apportionment of said levy. The Debt Service Fund is pledged for the payment of the principal of and interest on the Bonds when and as the same become due, including the principal of any Bonds required to be paid upon the mandatory sinking fund redemption thereof. The County Treasurer shall administer the Debt Service Fund and make disbursements therefrom in accordance with the Bond Resolution. Amounts in the Debt Service Fund will be transferred by the County Treasurer to the Paying Agent to the extent necessary to pay the principal of and interest and redemption premium (if any) on the Bonds when due. In addition, amounts on deposit in the Debt Service Fund will be applied to pay the fees and expenses of the Paying Agent insofar as permitted by law, including specifically by Section 15232 of the Education Code.

If, after payment in full of the Bonds and any other general obligation bond indebtedness of the District, any amounts remain on deposit in the Debt Service Fund, the County will transfer such amounts 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

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the County.

PROPERTY TAXATION

Property Tax Collection Procedures

Generally. In the State, 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 of the State 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 table following shows a recent history of the District’s assessed valuation.

MORAGA ELEMENTARY SCHOOL DISTRICT Assessed Valuation Fiscal Years 2015-16 through 2026-27

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2015-16	\$3,456,605,408	\$0	\$20,419,961	\$3,477,025,369	--%
2016-17	3,666,528,475	0	20,365,877	3,686,894,352	6.0
2017-18	3,877,112,662	0	20,506,592	3,897,619,254	5.7
2018-19	4,090,347,510	0	20,545,791	4,110,893,301	5.5
2019-20	4,327,524,832	0	20,302,883	4,347,827,715	5.8
2020-21	4,787,761,956	0	21,696,620	4,809,458,576	10.6
2021-22	4,978,354,150	0	21,222,569	4,999,576,719	4.0
2022-23	5,329,136,531	0	24,174,146	5,353,310,677	7.1
2023-24	5,619,747,906	0	27,846,040	5,647,593,946	5.5
2024-25	5,856,886,440	0	27,594,219	5,884,480,659	4.2
2025-26	6,109,199,542	0	29,035,520	6,138,235,062	4.3
2026-27	6,291,886,958	0	31,041,619	6,322,928,577	3.0

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. Economic Conditions; Disasters. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and man-made or natural disasters which include but are not limited to earthquakes, fires/wildfires, floods, drought, mudslides and the consequences of climate change such as heat waves, droughts, sea level rise, extreme rain 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. Public health disasters such as the COVID-19 pandemic could also have direct and indirect impacts on economic conditions and property values.

Fire Risk and Recent Fire Events. In recent years there have been significant and generally unpredictable fire events within the State. Portions of the District territory are in moderate, high and very high fire hazard severity zones as identified by the State Fire Marshal and Cal Fire maps. Fires and related events can cause damage and destruction to properties and cause assessed valuations to be reduced at times significantly, if not offset by assessed value increases.

Risk of Drought and Dry Conditions. The State has in recent years experienced periods of drought. Drought can result in limitations on water usage, as well as lead to dry conditions conducive to fires. According to the U.S. Drought Monitor, the County, and most of northern California, is currently not experiencing abnormally dry or drought conditions.

Earthquake Risk. The District is in a region with several earthquake fault lines. Earthquakes can cause significant property damage particularly to unretrofitted buildings. Such events cannot be predicted.

Global Pandemic/Outbreak of Disease. The outbreak of COVID-19 and the related pandemic of 2020 resulted in an economic recession that caused general marked declines in property values. The District cannot predict other outbreaks of disease or pandemics which could occur in the future.

Future Conditions Unknown. The District cannot predict or make any representations regarding the effects that any disasters and related conditions, have or may have on the value of taxable property within the District, or to what extent the effects of said disasters might have on economic activity in the District or throughout the State.

Assessed Valuation by Jurisdiction. The following table shows recent assessed valuation of local secured and unsecured property within the District by jurisdiction.

**MORAGA ELEMENTARY SCHOOL DISTRICT
Assessed Valuations by Jurisdiction
Fiscal Year 2026-27**

<u>Jurisdiction:</u>	<u>Assessed Valuation in the District</u>	<u>% of the District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in the District</u>
Town of Moraga	\$6,186,944,116	97.85%	\$6,211,954,496	99.60%
City of Orinda	1,528,711	0.02	\$10,532,430,883	0.01%
Unincorporated Contra Costa County	134,455,750	2.13	\$59,875,781,123	0.22%
Total District	\$6,322,928,577	100.00%		
Contra Costa County	\$6,322,928,577	100.00%	\$301,226,475,196	2.10%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows a breakdown of recent local secured property assessed value and parcels within the District by land use

MORAGA ELEMENTARY SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2026-27

	2026-27	% of	No. of	% of
<u>Non-Residential:</u>	<u>Assessed Valuation ⁽¹⁾</u>	<u>Total</u>	<u>Parcels</u>	<u>Total</u>
Rural	\$ 41,545,636	0.66%	56	0.91%
Commercial	139,494,610	2.22	72	1.16
Vacant Commercial	5,148,091	0.08	15	0.24
Industrial	10,351,628	0.16	2	0.03
Recreational	14,137,039	0.22	11	0.18
Government/Social/Institutional	34,841,033	0.55	111	1.80
Miscellaneous	<u>210,944</u>	<u>0.00</u>	<u>152</u>	<u>2.46</u>
Subtotal Non-Residential	\$245,728,981	3.91%	419	6.78%
<u>Residential:</u>				
Single Family Residence	\$5,526,483,876	87.84%	4,883	78.97%
Condominium	367,296,617	5.84	649	10.50
2-4 Residential Units	23,350,012	0.37	22	0.36
5+ Residential Units/Apartments	103,944,529	1.65	28	0.45
Vacant Residential	<u>25,082,943</u>	<u>0.40</u>	<u>182</u>	<u>2.94</u>
Subtotal Residential	\$6,046,157,977	96.09%	5,764	93.22%
Total	\$6,291,886,958	100.00%	6,183	100.00%

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

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Assessed Valuation of Single Family Homes. The following table shows a recent breakdown of assessed valuation of single-family homes on a per parcel basis.

MORAGA ELEMENTARY SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single-Family Homes
Fiscal Year 2026-27

	No. of Parcels	2026-27 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	4,883	\$5,526,483,876	\$1,131,780	\$1,050,494

2026-27 Assessed Valuation	No. of Parcels ⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$99,999	15	0.307%	0.307%	\$1,108,943	0.020%	0.020%
\$100,000 - \$199,999	322	6.594	6.901	48,928,133	0.885	0.905
\$200,000 - \$299,999	167	3.420	10.322	41,359,212	0.748	1.654
\$300,000 - \$399,999	154	3.154	13.475	54,794,230	0.991	2.645
\$400,000 - \$499,999	171	3.502	16.977	77,459,983	1.402	4.047
\$500,000 - \$599,999	276	5.652	22.630	152,598,521	2.761	6.808
\$600,000 - \$699,999	276	5.652	28.282	179,625,055	3.250	10.058
\$700,000 - \$799,999	334	6.840	35.122	250,139,332	4.526	14.585
\$800,000 - \$899,999	303	6.205	41.327	257,199,214	4.654	19.239
\$900,000 - \$999,999	266	5.447	46.775	252,625,096	4.571	23.810
\$1,000,000 - \$1,099,999	273	5.591	52.365	285,354,558	5.163	28.973
\$1,100,000 - \$1,199,999	239	4.895	57.260	274,699,715	4.971	33.944
\$1,200,000 - \$1,299,999	221	4.526	61.786	276,334,532	5.000	38.944
\$1,300,000 - \$1,399,999	238	4.874	66.660	320,868,871	5.806	44.750
\$1,400,000 - \$1,499,999	253	5.181	71.841	366,341,158	6.629	51.379
\$1,500,000 - \$1,599,999	218	4.464	76.306	337,401,619	6.105	57.484
\$1,600,000 - \$1,699,999	210	4.301	80.606	346,361,523	6.267	63.751
\$1,700,000 - \$1,799,999	217	4.444	85.050	379,304,244	6.863	70.615
\$1,800,000 - \$1,899,999	142	2.908	87.958	262,601,183	4.752	75.366
\$1,900,000 - \$1,999,999	118	2.417	90.375	229,817,541	4.158	79.525
\$2,000,000 and greater	470	9.625	100.000	1,131,561,213	20.475	100.000
	4,883	100.000%		\$5,526,483,876	100.000%	

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

Reassessments and Appeals of Assessed Value

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 XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" in Appendix A.

Under State 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 XIII A.

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

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

Below are historical typical tax rates in tax rate area 15-004, within the District.

MORAGA ELEMENTARY SCHOOL DISTRICT Typical Tax Rates Fiscal Years 2022-23 through 2026-27⁽¹⁾

	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26	Fiscal Year 2026-27
General Countywide	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000
Bay Area Rapid Transit District	.014000	.013400	.014800	.015200	.016300
East Bay Regional Park District	.005800	.005700	.001300	.001100	.001800
Acalanes Union High School District	.032500	.031500	.031000	.028600	.027300
Moraga Elementary School District	.023300	.023400	.052600	.050400	.052600
Contra Costa CCD	.016200	.014600	.014200	.014200	.015200
Total	\$1.091800	\$1.088600	\$1.113900	\$1.109500	\$1.113200

(1) 2026-27 assessed valuation of TRA 15-004 is \$2,972,897,555 which is 47.02% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Secured Tax Charges and Delinquencies; Teeter Plan

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.

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, 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.

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

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

Notwithstanding the operation of the Teeter Plan, historical secured tax levy collections and delinquencies in the District, with respect to the debt service levy for District bonds, are summarized in the following table.

**MORAGA ELEMENTARY SCHOOL DISTRICT
Secured Tax Charges and Delinquency Rates
Fiscal Years 2021-22 through 2025-26**

Fiscal Year	Secured Tax Charge⁽¹⁾	Amount Delinquent June 30	% Delinquent June 30⁽¹⁾
2021-22	\$9,809,119.88	\$68,667.34	0.70%
2022-23	10,526,940.53	85,835.62	0.82
2023-24	11,111,795.99	109,721.96	0.99
2024-25	11,516,021.06	111,916.84	0.97
2025-26	11,985,343.94	113,751.37	0.95

Fiscal Year	Secured Tax Charge⁽²⁾	Amount Delinquent June 30	% Delinquent June 30⁽¹⁾
2021-22	\$1,917,068.50	\$11,696.54	0.61%
2022-23	1,236,088.05	7,578.62	0.61
2023-24	1,310,064.33	10,548.85	0.81
2024-25	3,071,946.16	24,918.35	0.81
2026-26	3,062,640.09	22,674.25	0.74

(1) 1% General Fund apportionment.

(2) Bond debt service levy.

Source: California Municipal Statistics, Inc.

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Major Taxpayers

The following table shows the 20 largest taxpayers in the District as determined by local secured assessed valuation in fiscal year 2026-27. 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. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

MORAGA ELEMENTARY SCHOOL DISTRICT Largest Fiscal Year 2026-27 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2026-27 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	Rheem Valley Property Owner LP	Shopping Center	\$ 48,952,970	0.78%
2.	Russell J. Bruzzone Inc.	Shopping Center	29,229,914	0.46
3.	ASC Moraga LLC	Assisted Living Facility	15,072,678	0.24
4.	Vanguard Apartments LLC	Apartments	13,629,141	0.22
5.	S4 Nest LLC	Apartments	11,505,129	0.18
6.	Gage Investment Properties LLC	Apartments	10,718,299	0.17
7.	Angelos Markets	Shopping Center	10,078,570	0.16
8.	Bigbury Company N V	Residential Properties	9,849,660	0.16
9.	Moraga Royale LLC	Assisted Living Facility	8,974,101	0.14
10.	Moraga Country Club HOA	Golf Course/Country Club	8,924,804	0.14
11.	CA Affordable Housing Group LP	Apartments	7,414,380	0.12
12.	NKS Property LLC	Apartments	6,574,799	0.10
13.	Luxor Moraga LLC	Apartments	6,451,523	0.10
14.	KN Productions Inc.	Public Storage	6,341,310	0.10
15.	Logos Property Investment W	Apartments	6,039,775	0.10
16.	James O. Collins	Residence	4,921,460	0.08
17.	Irma N. Chavez	Residence	4,920,726	0.08
18.	Michael G. & Maria S. Vrionis	Apartments	4,858,265	0.08
19.	Moraga Creekside LLC	Apartments	4,615,200	0.07
20.	348 Rheem Boulevard LLC	Assisted Living Facility	4,573,418	0.07
			<u>\$223,646,122</u>	<u>3.55%</u>

(1) Fiscal year 2026-27 local secured assessed valuation: \$6,291,886,958.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth on the following table is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. 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.

MORAGA ELEMENTARY SCHOOL DISTRICT Statement of Direct and Overlapping Bonded Debt⁽¹⁾ Debt as of September 1, 2026

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 9/1/26</u>
Bay Area Rapid Transit District	0.569%	\$16,321,168
Contra Costa Community College District	2.106	11,246,356
Acalanes Union High School District	12.000	22,570,874
Moraga Elementary School District	100.000	41,050,000⁽¹⁾
City of Orinda	0.015	4,395
East Bay Regional Park District	0.880	1,089,308
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$92,282,101
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Contra Costa County General Fund Obligations	2.099%	\$ 2,764,908
Moraga Elementary School District General Fund Obligations	100.000	6,083,795
Town of Moraga Certificates of Participation	99.597	3,216,983
City of Orinda Certificates of Participation	0.015	632
Moraga-Orinda Fire District General Fund and Pension Obligation Bonds	37.327	565,877
Contra Costa County Mosquito and Vector Control District General Fund Obligations	2.099	155,115
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$12,787,310
Less: Contra Costa County supported obligations		607,045
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$12,180,265
 GROSS COMBINED TOTAL DEBT		\$105,069,411 ⁽²⁾
NET COMBINED TOTAL DEBT		\$104,462,366

Ratios to 2026-27 Assessed Valuation:

Direct Debt (\$41,050,000)	0.65%
Total Direct and Overlapping Tax and Assessment Debt	1.46%
Combined Direct Debt (\$47,133,795)	0.75%
Gross Combined Total Debt	1.66%
Net Combined Total Debt	1.65%

(1) Excludes the Bonds described herein. See “THE FINANCING PLAN.”

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

Source: California Municipal Statistics, Inc.

TAX MATTERS

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 Tax Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

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

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

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

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

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, and as may be applicable, to federal income taxation or to be subject to or exempted from state income taxation or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code, if applicable, 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, as may be applicable, other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

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

CYBER RISKS

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The District's e-mail users may also be sent false e-mails by fraudsters and imposters for the purpose of obtaining District funds or other assets.

The District has never had a major cyber breach or online fraud event that resulted in a financial loss. The District makes efforts to reduce cyber risks including using malware to protect its databases and computer systems. No assurance can be given that the District's current efforts to manage cyber threats and security and fraud will, in all cases, be successful. The District maintains standard insurance coverage for losses due to cyber events. The District cannot predict

what future cyber security events may occur and what impact said events could have on its operations or finances.

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

CONTINUING DISCLOSURE

The District 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 (9) months following the end of the District's fiscal year (which currently is June 30), 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 pursuant to the Continuing Disclosure Certificate in the form attached to this Official Statement in "APPENDIX E – Form of Continuing Disclosure Certificate." 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 each Annual Report or other notices is summarized in "APPENDIX E – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "**Rule**").

The District has made prior undertakings pursuant to the Rule. A survey of filing obligations and filings in the previous five years has been undertaken. No failures have been identified during said period.

The District has engaged Isom Advisors, a Division of Urban Futures, Inc. as dissemination agent for the Bonds and its other undertakings.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), has assigned a rating of "AA+" to the Bonds. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement to the extent deemed not material for investment purposes). Such rating reflects only the view of S&P and an explanation of the significance of such rating and outlook 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 its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the “**Underwriter**”), pursuant to a bond purchase agreement for the Bonds (the “**Bond Purchase Agreement**”).

The Underwriter has agreed to purchase the Bonds at a price of \$_____, representing the principal amount of the Bonds, plus [net] original issue premium of \$_____, less an Underwriter’s discount of \$_____.

The Bond Purchase Agreement 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.

Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District’s ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District’s ability to issue and sell the Bonds.

The District may be or may become a party to lawsuits and claims which are unrelated to the Bonds or actions taken with respect to the Bonds and which have arisen in the normal course of operating the District. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. In the opinion of the District, there currently are no claims or actions pending which could have a material adverse effect on 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 Jones Hall LLP, as Bond Counsel and Disclosure Counsel to the District, Norton Rose Fulbright US LLP, Los Angeles, California, as counsel to the Underwriter, and Isom Advisors, a Division of Urban Futures, Inc., as Municipal Advisor to the District, is contingent upon issuance of the Bonds.

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 Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in Pittsburgh, Pennsylvania.

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.

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EXECUTION

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

MORAGA ELEMENTARY SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

DISTRICT GENERAL AND FINANCIAL INFORMATION

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

GENERAL INFORMATION ABOUT THE DISTRICT

General Information

The District was established as an elementary school district in 1927. The District’s boundaries include almost all of the territory of the Town of Moraga, a suburban incorporated town of approximately 10 square miles (the “**Town**”) in the County of Contra Costa (the “**County**”), and also includes small portions of the City of Orinda and unincorporated regions of the County. The District operates three elementary schools (TK-5) and one middle school (6-8). Enrollment in the District for the 2026-27 academic year is budgeted for approximately 1,810 students. The District benefits from strong local funding sources including two voter-approved parcel taxes, and an active education foundation for fundraising for its educational purposes. For demographic information regarding the Town and the County, see APPENDIX C hereto.

Administration

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

GOVERNING BOARD Moraga Elementary School District

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Larry Jacobs	President	December 2026
Martha White	Vice President	December 2026
Kristin Kraetsch	Member	December 2026
Stephanie Stoan	Member	December 2028
Lee Hays	Member	December 2028

Superintendent and Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Julie Parks, Ed.D., is currently serving as the Superintendent and Chris Reddam is the Assistant Superintendent of Business Services.

Recent Enrollment and ADA Trends

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

ANNUAL ENROLLMENT AND ADA Fiscal Years 2017-18 through 2026-27 Moraga Elementary School District

Fiscal Year	Enrollment	% Change	ADA*	% Change
2017-18	1,832	--%	1,795	--%
2018-19	1,851	1.0	1,814	1.1
2019-20¥	1,855	0.2	1,808	(0.3)
2020-21	1,769	(4.6)	1,808	0.0
2021-22	1,724	(2.5)	1,690	(6.5)
2022-23	1,735	0.6	1,682	(0.5)
2023-24	1,775	2.3	1,730	2.9
2024-25	1,805	1.7	1,760	1.7
2025-26 ⁽¹⁾	1,783	(1.2)	1,764	0.2
2026-27 ⁽²⁾	1,810	1.5	1,675	(5.0)

¥ COVID-19 pandemic commenced in approximately March 2020 during this fiscal year.

*Represents ADA for State education funding purposes, not actual ADA. The fiscal year 2022-23 State budget permitted school districts, on an on-going basis, to use the greater of the current year or prior year ADA or an average of the three prior years' ADA for purposes of calculating LCFF funding entitlement.

(1) Unaudited Actuals.

(2) Adopted Budget.

Source: California Department of Education; Moraga Elementary School District.

Employee Relations

The District has 109 certificated full-time equivalent (“**FTE**”) employees, 63 classified FTE employees, and 17 management/supervisor/confidential FTE employees.

BARGAINING UNITS Moraga Elementary School District

Employee Group	Employee Type Represented	Current Contract Expiration Date*
Moraga Teachers Association (“MTA”)	Certificated	June 30, 2026
CSEA - Moraga Chapter 403	Classified	June 30, 2026

*For expired contract, parties continue to perform pursuant to expired terms, pending formal extension and renewal. Negotiations for contract renewal are underway and characterized as amicable.

Source: Moraga Elementary School District.

Salaries are settled with both units through fiscal year 2025-26. Negotiations for fiscal year 2026-27 are underway and settlement is expected in the near future.

Insurance

The District participates in three joint ventures under joint powers authorities (“**JPA**s”), the Contra Costa County Schools Insurance Group for workers’ compensation and health insurance; the Contra Costa and Solano Counties School District’s Self-Insurance Authority for property and liability insurance; and the Schools Self-Insurance of Contra Costa County for dental and vision coverage. The District’s policies include standard coverage for cyber incidents.

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

See “APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2025.”

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

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

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

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

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 65% 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 fiscal year 2012-13 level, unadjusted for changes in ADA or cost of living adjustments. Funding levels used in the LCFF entitlement calculations for fiscal year 2026-27 are set forth in the following table.

**Fiscal Year 2026-27 Base Grant Funding* Under LCFF
by Grade Span**

Entitlement Factor	TK-3	4-6	7-8	9-12
A. 2025-26 Base Grant per ADA	\$10,256	\$10,411	\$10,719	\$12,423
B. 2026-27 Statutory COLA (A x 2.87%)	\$294	\$299	\$308	\$357
C. Additional LCFF Investment of 1.44%	\$148	\$150	\$154	\$179
D. 2026-27 Base Grants before Grade Span Adjustments (A+B+C)	\$10,698	\$10,860	\$11,181	\$12,959
E. Grade Span Adjustments (TK-3: D x 10.4%; 9-12: D x 2.6%)	\$1,113	n/a	n/a	\$337
F. 2026-27 Adjusted Base Grants per ADA (D+E)	\$11,811	\$10,860	\$11,181	\$13,296

*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 \$5,704 times the school district's current year TK ADA.

Source: California Department of Education.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in

proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

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

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

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all 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 Christy White, Inc., San Diego, California, and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District at Moraga Elementary School District, 1540 School Street, Moraga, California 94566; telephone (925) 376-5943. The District has not requested, and the auditor has not provided, any review or update of such financial statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District may impose a charge for copying, mailing and handling.

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

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

	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24	Audited 2024-25
Revenues					
LCFF Sources	\$15,457,600	\$16,295,644	\$18,168,951	\$19,354,442	\$19,959,598
Federal revenues	1,100,836	865,962	749,046	480,262	467,448
Other State Revenues	2,783,591	2,741,821	3,726,241	2,644,110	2,605,434
Other local revenues	5,494,338	5,909,385	6,434,119	6,526,942	7,525,475
Total revenues	24,836,365	25,812,812	29,078,357	29,005,756	30,557,955
Expenditures					
Instruction	15,833,014	16,196,469	17,727,762	18,549,058	19,311,641
Instruction-Related Services:					
Supervision of instruction	721,141	1,138,607	1,298,273	1,444,669	1,452,879
Instructional library, media and technology	712,121	494,994	277,901	305,648	283,551
School site administration	1,620,667	1,710,021	1,801,975	1,884,034	1,995,920
Pupil Services:					
Home-to-school transportation	61,990	141,558	155,805	173,640	421,670
Food services	--	--	99,691	--	--
All other pupil services	1,350,444	1,564,695	1,404,576	1,724,391	1,544,930
Administration:					
Data processing	456,579	503,550	576,038	555,535	503,007
All other administration	1,575,565	1,514,884	1,704,465	1,775,600	1,785,029
Plant Services	2,178,628	2,292,171	2,460,921	2,652,563	2,826,301
Facility acquisition and construction	--	26,167	23,205	--	6,815
Ancillary services	15,968	38,980	41,717	44,939	49,010
Community services	34,586	24,397	13,507	204,095	91,412
Transfers to other agencies	--	--	--	--	68,204
Debt service - principal	--	165,219	218,104	231,978	246,461
Debt service - Interest and other	--	177,550	168,021	162,797	157,242
Total expenditures	24,560,703	25,989,262	27,971,961	29,708,947	30,744,071
Excess of revenues over/(under) Expenditures	275,662	(176,450)	1,106,396	(703,191)	(186,117)
Other Financing Sources (Uses)					
Operating transfers in	--	--	350,001	--	--
Operating transfers out	(5,000)	(33,817)	--	--	--
Total other financing sources (Uses)	(5,000)	(33,817)	350,001	--	--
Net change in fund balance	270,662	(210,267)	1,456,397	(703,191)	(186,117)
Fund balance, July 1	6,853,627	7,124,289	6,914,022	8,370,419	7,667,228
Fund balance, June 30	\$7,124,289	\$6,914,022	\$8,370,419	\$7,667,228	\$7,481,111

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

Source: Moraga Elementary School District - Audited Financial Statements.

District Budget and Interim Financial Reporting

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Contra Costa 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 August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the district with recommendations for revision. The district is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, 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 Budget Approval/Disapproval and Certification History. In the past five fiscal years, the County Superintendent has approved each of the District's adopted budgets, and the District has certified each of its interim reports as positive during said period.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 1540 School Street, Moraga, California 94556. The District may impose charges for copying, mailing and handling.

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General Fund for Fiscal Years 2025-26 and 2026-27. The following table shows a summary of the general fund for fiscal years 2025-26 and 2026-27 (unaudited actuals and adopted budget).

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE⁽¹⁾
Fiscal Years 2025-26 and 2026-27
(Unaudited Actuals and Adopted Budget)
Moraga Elementary School District

<u>Revenues</u>	Unaudited Actuals 2025-26	Adopted Budget 2026-27
LCFF Revenues	\$20,856,156	\$21,171,979
Federal Revenues	469,313	468,725
Other State Revenues	3,486,225	2,977,775
Other Local Revenues	7,490,499	7,153,478
Total Revenues	32,302,193	31,771,957
<u>Expenditures</u>		
Certificated Salaries	12,878,569	12,939,906
Classified Salaries	4,603,752	4,447,692
Employee Benefits	8,196,453	8,883,099
Books and Supplies	968,394	375,379
Contract Services & Operating Exp.	4,759,003	4,430,406
Capital Outlay	165,954	--
Other Outgo (excluding indirect costs)	652,602	422,431
Other Outgo – Transfers of Indirect Costs	(138,161)	(100,000)
Total Expenditures	32,086,565	31,398,913
Excess of Revenues Over/(Under) Expenditures	215,628	373,044
<u>Other Financing Sources (Uses)</u>		
Operating transfers in	--	--
Operating transfers out	--	--
Total Other Financing Sources (Uses)	--	--
Net change in fund balance	215,628	373,044
Fund Balance, July 1	6,398,828	6,614,456
Fund Balance, June 30	\$6,614,456	\$6,987,500

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

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. State law requires that school districts maintain available reserves at certain levels ranging between 1% to 5% of total expenditures and other financing uses, based on the school district's ADA. Based on the District's ADA, the applicable required reserve is 3%. In addition, the District has a Board policy of maintaining a reserve of at least 4% of expenditures, which exceeds the State requirement. The District currently maintains an unrestricted reserve which meets its 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. When applicable, the reserve

cap requires that a school district's adopted or revised budget shall not contain a combined assigned or unassigned ending general fund balance of more than 10% of those funds. The applicability of the reserve cap is based on the balance in the State's Public School System Stabilization Account and is triggered in a fiscal year when the balance is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserve cap. The reserve cap was triggered in fiscal year 2026-27.

Attendance - Revenue Limit and LCFF Funding

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

LCFF FUNDING TRENDS Fiscal Years 2022-23 through 2026-27 Moraga Elementary School District

Fiscal Year	ADA*	Total LCFF Funding
2022-23	1,682	\$18,168,951
2023-24	1,730	19,354,442
2024-25	1,760	19,959,598
2025-26 ⁽¹⁾	1,764	20,856,156
2026-27 ⁽²⁾	1,675	21,171,979

*ADA for funding purposes.

(1) Unaudited Actuals.

(2) Adopted Budget.

Source: California Department of Education; Moraga Elementary School District.

Unduplicated Pupil Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. Concentration grant funding is available for districts with unduplicated counts above 55%. The District's percentage of unduplicated students is approximately 7% and, as such, is not eligible for concentration grant funding.

Revenue Sources

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

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

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

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

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

In January 2025, the federal government announced possible cuts to federal funding for educational agencies. President Trump has also signed an executive order aimed at terminating the United States Department of Education. In a move which some pundits claim effectively terminates the United States Department of Education, the Supreme Court granted the Trump administration's request to temporarily pause an order by a lower federal judge that would have required the Department of Education to reinstate nearly 1,400 employees who were fired by President Trump's executive order. Furthermore, on July 1, 2025, President Trump announced that the administration would withhold \$6.2 billion in grants already allocated to school districts to support English learners, \$811 million of which was allocated for California schools. 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 California schools. 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 substantial 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. Lottery revenues generally comprise approximately 2% of general fund revenues. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over fiscal year 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 - State Funding of Education" below.

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

In addition, another source of local revenues is two voter-approved parcel taxes. In May 2004, the qualified voters in the District approved by a two-third affirmative vote an annual parcel tax in the amount of \$325 per parcel (the “**Measure K Parcel Tax**”), which has no expiration date. In March 2020, the qualified voters in the District approved by a two-third affirmative vote an annual parcel tax in the amount of \$192 per parcel (the “**Measure M Parcel Tax**”), which renewed an expired parcel tax, and has no expiration date. Annual revenues generated by the parcel taxes are approximately \$1.9 million per year for the Measure K Parcel Tax and \$1.2 million per year for the Measure M Parcel Tax.

On June 2, 2026, District voters approved a \$295 per parcel tax for seven years, expected to generate approximately \$1.7 million annually. The proceeds will support salaries and District programs.

Finally, the District’s Moraga Education Foundation, a non-profit charitable organization, provides significant additional local revenues, providing approximately \$1.85 million in local funding to the District annually.

District Retirement Systems

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

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

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

Assembly Bill 1469 was adopted as part of the State’s fiscal year 2014-15 budget (“**AB 1469**”), aimed at fully funding the unfunded actuarial obligation of STRS with respect to service credited to member of STRS prior to July 1, 2014, within 32 years, by increasing contribution rates of members, K-14 school district employers, and the State. Under AB 1469, employer

contributions were proposed to steadily increase over seven years. However, several modifications to the schedule were undertaken in connection with State budgets. Contribution rates for the past several years are summarized pursuant to the following schedule:

STRS EMPLOYER CONTRIBUTION RATES
Effective Dates of July 1, 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: STRS.

The State also continues to contribute to STRS, and its contribution rate in fiscal year 2025-26 was 8.328% and is 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
Moraga Elementary School District
Fiscal Years 2021-22 through 2026-27

Fiscal Year	Amount
2021-22	\$1,730,183
2022-23	2,135,721
2023-24	2,327,278
2024-25	2,364,619
2025-26 ⁽¹⁾	3,606,969
2026-27 ⁽²⁾	4,072,881

(1) Unaudited Actuals. Includes State on behalf contributions. Prior years are net of State contributions.

(2) Adopted Budget. Includes State on behalf contributions. Prior years are net of State contributions.

Source: Moraga Elementary School District.

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately \$75.0 billion, based on a market value of assets basis, 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	26.810
2026-27	26.400

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

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

**PERS CONTRIBUTIONS
Moraga Elementary School District
Fiscal Years 2021-22 through 2026-27**

Fiscal Year	Amount
2021-22	\$892,750
2022-23	1,014,577
2023-24	1,236,602
2024-25	1,274,324
2025-26 ⁽¹⁾	1,068,879
2026-27 ⁽²⁾	1,104,494

(1) Unaudited Actuals.

(2) Adopted Budget

Source: Moraga Elementary School District.

PERS continues to have an unfunded liability which was approximately \$35.7 billion, based on a market value of assets, 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 PEPPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPPRA, 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 9 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

Plan Description. The District's other post-employment benefits ("OPEB") plan, the Moraga School District Retiree Benefit Plan (the "**Plan**"), is a single employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. As of the June 30, 2024 valuation date, membership of the Plan consists of 23 active plan members. In fiscal year 2024-25, the District contributed \$4,800 to the Plan, all of which was used for current premiums.

Actuarial Assumptions and Other Inputs. The District's total OPEB liability of \$20,062 was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: discount rate 5.20%, inflation 2.50%, salary increases 2.75%, and healthcare cost trend rates of 4.00%.

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
Moraga Elementary School District
Period June 30, 2024 through June 30, 2025

	Total OPEB Liability
Service Cost	\$1,081
Interest on the total OPEB liability	862
Changes of assumptions	(863)
Benefit payments	(4,800)
Net changes	(3,720)
Total OPEB liability-beginning	23,782
Total OPEB liability-end	\$20,062

Source: Moraga Elementary School District.

OPEB Expense. For the year ended June 30, 2025, the District recognized an OPEB expense of \$13,781.

For more information regarding the District's OPEB, including benefits provided, eligibility and further assumptions used in its most recent actuarial study, see Note 8 of Appendix B to the Official Statement.

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Existing Debt Obligations

General Obligation Bonds. The District has issued general obligation bonds pursuant to voter approval received in 2016. The following table summarizes the District's outstanding general obligation bond indebtedness.

MORAGA ELEMENTARY SCHOOL DISTRICT Summary of Outstanding General Obligation Bonds

Issue Date	Original Principal Amount	Name of Issue	Final Maturity (August 1)	Amount Outstanding Oct. 1, 2026
04/06/2017	\$12,000,000	General Obligation Bonds, Election of 2016, Series A	2042	\$9,835,000
10/16/2019	12,000,000	General Obligation Bonds, Election of 2016, Series B	2044	9,240,000
09/30/2020	9,000,000	General Obligation Bonds, Election of 2016, Series C	2044	7,480,000
10/16/2024	18,000,000	General Obligation Bonds, Election of 2024, Series A	2054	14,495,000
Totals	\$51,000,000	--	--	\$41,050,000

Source: Moraga Elementary School District.

Energy Loan. On January 20, 2021, the District entered into an agreement with Bank of America Public Capital Corp in the amount of \$7,344,996 to fund energy projects at various school sites. The term of the agreement commenced January 1, 2021, and ends January 20, 2041, with an interest rate of 2.358% per annum.

The following table shows, per the District's June 30, 2025 financial statements, the District's future payments:

MORAGA ELEMENTARY SCHOOL DISTRICT Energy Loan Payable

Year Ending June 30	Payment
2026	\$412,918
2027	422,430
2028	432,250
2029	442,387
2030	452,853
2031-2035	2,407,552
2036-2040	2,751,405
2041-2042	593,165
Total Minimum Payments	7,914,960
Less amount representing interest	(1,431,726)
Present value of minimum payments	\$6,483,234

Source: Moraga Elementary School District.

Compensated Absences. The District accrues accumulated unpaid vacation, sick leave and associated employee-related costs. The District at June 30, 2025, had an outstanding accrued balance of unpaid vacation, sick leave, and associated employee related costs of \$3,263,557.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the Contra Costa County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies, which may impose limitations beyond those required by the Government Code. See APPENDIX G hereto for a copy of the County's investment policy and recent investment report.

Effect of State Budget on Revenues

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

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

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STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

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

State Budgeting for Education Generally

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

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

The Budget Process

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

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

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

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

Available Public Resources

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

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

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

The 2026-27 State Budget

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 fiscal year 2025-26 (\$226.8 billion in fiscal year 2026-27 compared to \$245.8 billion in fiscal year 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 fiscal year 2025-26 (\$251.5 billion in fiscal year 2026-27 compared to \$245.3 billion in fiscal year 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 fiscal year 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 fiscal years 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 fiscal year 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:

Proposition 98 Minimum Guarantee. 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 fiscal year 2024-25, \$125.3 billion for fiscal year 2025-26, and \$128.1 billion for fiscal year 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 fiscal year 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 fiscal year 2024-25.

Proposition 98 Rainy Day Fund. 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 fiscal year 2025-26, bringing the fund's final balance to \$9.2 billion. The \$9.2 billion balance triggers school district reserve caps beginning in fiscal year 2026-27.

Rebench for Non-Local Educational Agency State Preschool Program. 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.

Local Control Funding Formula. 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.

Special Education. 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.

Student Support and Professional Development Discretionary Block Grant. 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.

Paid Pregnancy Disability Leave. 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 fiscal year 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 fiscal year 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 2026-27 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.

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CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIII A of the California Constitution

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

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

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

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

Article XIII B of the California Constitution

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

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

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

Article 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 XIID of the California Constitution

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

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

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

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

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

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (the “**Accountability Act**”). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became

effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

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

Proposition 111

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

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

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

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

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there

are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

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

Proposition 39

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

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (a) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (b) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (c) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond

funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for an elementary school district or high school district), or \$25 (for a community college district), per \$100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

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

Proposition 1A and Proposition 22

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

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

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

Proposition 30 and Proposition 55

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

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

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

California Senate Bill 222

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

Proposition 19

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

Proposition 2 (2024)

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

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

will award funds to technical education and charter schools through an application process, and charter schools must be deemed financially sound before project approval.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 22, 26, 30, 39 and 2 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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APPENDIX B

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

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MORAGA SCHOOL DISTRICT

**AUDIT REPORT
JUNE 30, 2025**

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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Moraga School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter***Change in Accounting Principle***

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

Responsibilities of Management for the Financial Statements

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

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 Moraga 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 judgement made by a reasonable user of the financial statements.

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

- Exercise professional judgement 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 Moraga 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Moraga School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025 on our consideration of the Moraga 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 Moraga School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Moraga School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is fluid and cursive.

San Diego, California
December 1, 2025

MORAGA SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

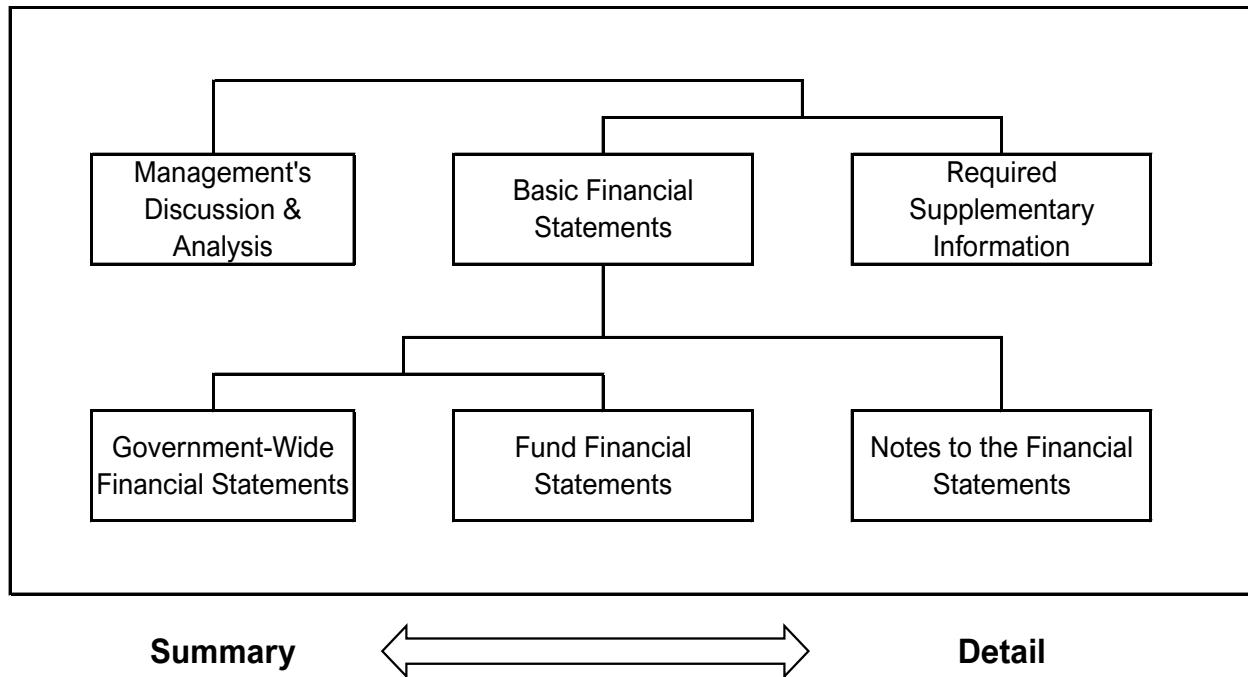
Our discussion and analysis of Moraga School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$5,221,684 at June 30, 2025. This was an increase of \$1,524,523, after restatement.
- Overall revenues were \$36,384,192 which exceeded expenses of \$34,859,669.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**MORAGA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

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

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

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

Government-Wide Statements

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

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

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

**MORAGA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$5,221,684 at June 30, 2025, as reflected in the table below. Of this amount, \$(19,065,207) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2025	2024	Net Change
ASSETS			
Current and other assets	\$ 38,424,045	\$ 16,910,465	\$ 21,513,580
Capital assets	42,229,322	43,493,156	(1,263,834)
Total Assets	80,653,367	60,403,621	20,249,746
DEFERRED OUTFLOWS OF RESOURCES	7,480,542	8,373,055	(892,513)
LIABILITIES			
Current liabilities	4,672,545	1,669,394	3,003,151
Long-term liabilities	76,309,696	58,715,183	17,594,513
Total Liabilities	80,982,241	60,384,577	20,597,664
DEFERRED INFLOWS OF RESOURCES	1,929,984	1,601,915	328,069
NET POSITION			
Net investment in capital assets	10,822,007	7,105,870	3,716,137
Restricted	13,464,884	9,891,694	3,573,190
Unrestricted	(19,065,207)	(10,207,380)	(8,857,827)
Total Net Position	\$ 5,221,684	\$ 6,790,184	\$ (1,568,500)

**MORAGA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2025	2024	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 427,226	\$ 205,404	\$ 221,822
Operating grants and contributions	3,685,041	3,858,774	(173,733)
Capital grants and contributions	250,009	5,879,240	(5,629,231)
General revenues			
Property taxes	20,412,272	18,190,212	2,222,060
Unrestricted federal and state aid	6,364,725	6,188,817	175,908
Other	5,244,919	3,838,085	1,406,834
Total Revenues	36,384,192	38,160,532	(1,776,340)
EXPENSES			
Instruction	18,515,128	18,663,955	(148,827)
Instruction-related services	3,634,390	3,650,486	(16,096)
Pupil services	3,108,775	3,079,469	29,306
General administration	2,568,076	2,749,498	(181,422)
Plant services	3,214,814	2,794,295	420,519
Ancillary and community services	1,800,982	1,676,437	124,545
Debt service	1,794,140	1,362,717	431,423
Other outgo	223,364	-	223,364
Total Expenses	34,859,669	33,976,857	882,812
Change in net position	1,524,523	4,183,675	(2,659,152)
Net Position - Beginning, as Restated*	3,697,161	2,606,509	1,090,652
Net Position - Ending	\$ 5,221,684	\$ 6,790,184	\$ (1,568,500)

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

The cost of all our governmental activities this year was \$34,859,669 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$20,412,272 the remaining portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**MORAGA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

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

	Net Cost of Services	
	2025	2024
Instruction	\$ 16,555,255	\$ 11,160,476
Instruction-related services	3,482,408	3,473,863
Pupil services	1,224,760	1,217,608
General administration	2,521,099	2,549,727
Plant services	3,053,628	2,794,047
Ancillary and community services	1,660,871	1,475,001
Debt service	1,794,140	1,362,717
Transfers to other agencies	205,232	-
Total	\$ 30,497,393	\$ 24,033,439

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$37,856,372, which is more than last year's ending fund balance of \$16,397,758. The District's General Fund had \$186,117 less in operating revenues than expenditures for the year ended June 30, 2025. The District's Building Fund had \$455,249 less in operating revenues than expenditures for the year ended June 30, 2025. The District's County Schools Facilities Fund had \$285,112 more in operating revenues than expenditures for the year ended June 30, 2025. The District's Bond Interest Redemption Fund had \$1,553,598 more in operating revenues than expenditures for the year ended June 30, 2025.

CURRENT YEAR BUDGET 2024-2025

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

**MORAGA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2024-2025, the District had invested \$42,229,322 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS			
Land	\$ 2,639,887	\$ 2,639,887	\$ -
Construction in progress	305,369	-	305,369
Land improvements	6,568,719	6,538,557	30,162
Buildings & improvements	60,187,348	59,997,885	189,463
Furniture & equipment	813,003	771,431	41,572
Less: Accumulated depreciation	(28,285,004)	(26,454,604)	(1,830,400)
Total	\$ 42,229,322	\$ 43,493,156	\$ (1,263,834)

Long-Term Liabilities

At year-end, the District had \$76,309,696 in long-term Liabilities, an increase of 23.46% from last year, after restatement - as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2025	2024	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 49,143,589	\$ 29,849,114	\$ 19,294,475
Energy Loan	6,483,234	6,729,695	(246,461)
Compensated absences*	3,263,557	3,149,322	114,235
Total OPEB liability	20,062	23,782	(3,720)
Net pension liability	20,721,267	22,784,360	(2,063,093)
Less: current portion of long-term liabilities	(3,322,013)	(728,067)	(2,593,946)
Total	\$ 76,309,696	\$ 61,808,206	\$ 14,501,490

*Compensated Absences for 2024 was restated in order to record the District's compensated absences in accordance with GASB Statement No. 101 which supersedes GASB Statement No. 16 for the year ended June 30, 2025.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

Long-Term Declining Enrollment

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

**MORAGA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Revenue Uncertainties

- **Status of Proposition 98:** The 2025–26 State Budget sets the Proposition 98 guarantee at \$114.6 billion, slightly below earlier projections. To maintain K–12 funding commitments amid weaker tax receipts, the State relied on reserve drawdowns, internal borrowing, and limited deferrals. The outlook remains fragile since Proposition 98 revenues are highly sensitive to income-tax and capital-gains fluctuations. A market slowdown could trigger future adjustments. The Legislative Analyst's Office urges districts to budget cautiously and preserve flexibility given ongoing volatility.
- **Federal Funding Uncertainties:** Federal funding for K–12 education remains uncertain heading into 2025–26. Several large federal programs—including Title I, Title II, IDEA, and after-school and enrichment grants—face potential reductions or delays under current federal budget proposals and continuing appropriations negotiations. The U.S. Department of Education has also paused or delayed disbursement of certain previously approved formula and competitive grants, creating short-term cash-flow and planning challenges for districts. Analyses by nonpartisan agencies such as the Congressional Budget Office and the Learning Policy Institute note that up to \$5–6 billion in K-12 formula funds nationwide remain at risk of reduction or deferral if congressional appropriations are not finalized. While districts are expected to continue receiving baseline allocations during temporary funding resolutions, long-term federal support levels for education could decline modestly in real terms, requiring districts to plan for possible funding interruptions or reductions in future years.

Pension Liabilities and Employer Rates

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

Economic and Market Conditions

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

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

Summary

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Moraga School District, Business Office, 1540 School Street, Moraga, California 94556.

MORAGA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 36,593,353
Accounts receivable	1,786,389
Prepaid expenses	44,303
Capital assets:	
Capital assets, not depreciated	2,945,256
Capital assets, net of accumulated depreciation	39,284,066
Total Assets	<u>80,653,367</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	7,464,669
Deferred outflows related to OPEB	15,873
Total Deferred Outflows of Resources	<u>7,480,542</u>
 LIABILITIES	
Accrued liabilities	1,350,532
Long-term liabilities, current portion	3,322,013
Long-term liabilities, non-current portion	76,309,696
Total Liabilities	<u>80,982,241</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,818,453
Deferred inflows related to OPEB	111,531
Total Deferred Inflows of Resources	<u>1,929,984</u>
 NET POSITION	
Net investment in capital assets	10,822,007
Restricted:	
Capital projects	6,644,493
Debt service	3,511,384
Educational programs	2,676,980
Food service	609,163
Associated student body	22,864
Unrestricted	(19,065,207)
Total Net Position	<u>\$ 5,221,684</u>

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

**MORAGA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 18,515,128	\$ 295,359	\$ 1,414,505	\$ 250,009	\$ (16,555,255)
Instruction-related services					
Instructional supervision and administration	1,348,955	49,105	81,479	-	(1,218,371)
Instructional library, media, and technology	328,502	1,312	20,086	-	(307,104)
School site administration	1,956,933	-	-	-	(1,956,933)
Pupil services					
Home-to-school transportation	434,800	26,508	306,082	-	(102,210)
Food services	1,237,719	-	1,267,633	-	29,914
All other pupil services	1,436,256	29,082	254,710	-	(1,152,464)
General administration					
Centralized data processing	534,130	-	-	-	(534,130)
All other general administration	2,033,946	1,686	45,291	-	(1,986,969)
Plant services	3,214,814	18,597	142,589	-	(3,053,628)
Ancillary services	72,706	-	11,953	-	(60,753)
Community services	1,728,276	15	128,143	-	(1,600,118)
Interest on long-term debt	1,794,140	-	-	-	(1,794,140)
Other outgo	223,364	5,562	12,570	-	(205,232)
Total Governmental Activities	\$ 34,859,669	\$ 427,226	\$ 3,685,041	\$ 250,009	(30,497,393)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					14,075,578
Property taxes, levied for debt service					3,177,332
Property taxes, levied for other specific purposes					3,159,362
Federal and state aid not restricted for specific purposes					6,364,725
Interest and investment earnings					986,086
Miscellaneous					4,258,833
Subtotal, General Revenue					32,021,916
CHANGE IN NET POSITION					1,524,523
Net Position - Beginning, as Restated					3,697,161
Net Position - Ending					\$ 5,221,684

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

**MORAGA SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 6,145,517	\$ 17,779,018	\$ 6,125,287	\$ 4,294,243	\$ 2,249,288	\$ 36,593,353
Accounts receivable	1,787,057	-	-	-	(668)	1,786,389
Prepaid expenditures	44,303	-	-	-	-	44,303
Total Assets	\$ 7,976,877	\$ 17,779,018	\$ 6,125,287	\$ 4,294,243	\$ 2,248,620	\$ 38,424,045
LIABILITIES						
Accrued liabilities	\$ 495,766	\$ 42,744	\$ -	\$ -	\$ 29,163	\$ 567,673
Total Liabilities	495,766	42,744	-	-	29,163	567,673
FUND BALANCES						
Nonspendable	73,003	-	-	-	-	73,003
Restricted	1,608,756	17,736,274	6,125,287	4,294,243	2,219,457	31,984,017
Assigned	330,000	-	-	-	-	330,000
Unassigned	5,469,352	-	-	-	-	5,469,352
Total Fund Balances	7,481,111	17,736,274	6,125,287	4,294,243	2,219,457	37,856,372
Total Liabilities and Fund Balances	\$ 7,976,877	\$ 17,779,018	\$ 6,125,287	\$ 4,294,243	\$ 2,248,620	\$ 38,424,045

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

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

Total Fund Balance - Governmental Funds \$ 37,856,372

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

Capital assets:

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

Capital assets	\$ 70,514,326	
Accumulated depreciation	<u>(28,285,004)</u>	42,229,322

Unmatured interest on long-term debt:

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

(782,859)

Long-term liabilities:

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

Total general obligation bonds	\$ 49,143,589	
Energy Loan	6,483,234	
Compensated absences	3,263,557	
Total OPEB liability	20,062	
Net pension liability	<u>20,721,267</u>	(79,631,709)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 7,464,669	
Deferred inflows of resources related to pensions	<u>(1,818,453)</u>	5,646,216

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 15,873	
Deferred inflows of resources related to OPEB	<u>(111,531)</u>	(95,658)

Total Net Position - Governmental Activities	<u><u>\$ 5,221,684</u></u>
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**MORAGA SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 19,959,598	\$ -	\$ -	\$ -	\$ -	\$ 19,959,598
Federal sources	467,448	-	-	-	186,075	653,523
Other state sources	2,605,434	-	-	12,328	1,072,526	3,690,288
Other local sources	7,525,475	466,422	285,112	3,287,508	2,191,926	13,756,443
Total Revenues	30,557,955	466,422	285,112	3,299,836	3,450,527	38,059,852
EXPENDITURES						
Current						
Instruction	19,311,641	-	-	-	-	19,311,641
Instruction-related services						
Instructional supervision and administration	1,452,879	-	-	-	-	1,452,879
Instructional library, media, and technology	283,551	-	-	-	-	283,551
School site administration	1,995,920	-	-	-	-	1,995,920
Pupil services						
Home-to-school transportation	421,670	-	-	-	-	421,670
Food services	-	-	-	-	1,230,303	1,230,303
All other pupil services	1,544,930	-	-	-	-	1,544,930
General administration						
Centralized data processing	503,007	-	-	-	-	503,007
All other general administration	1,785,029	-	-	-	160,136	1,945,165
Plant services	2,826,301	15,145	-	-	-	2,841,446
Facilities acquisition and construction	6,815	751,366	-	-	-	758,181
Ancillary services	49,010	-	-	-	19,992	69,002
Community services	91,412	-	-	-	1,536,880	1,628,292
Transfers to other agencies	68,204	-	-	-	-	68,204
Debt service						
Principal	246,461	-	-	380,000	-	626,461
Interest and other	157,242	155,160	-	1,366,238	-	1,678,640
Total Expenditures	30,744,072	921,671	-	1,746,238	2,947,311	36,359,292
Excess (Deficiency) of Revenues Over Expenditures	(186,117)	(455,249)	285,112	1,553,598	503,216	1,700,560
Other Financing Sources (Uses)						
Other sources	-	18,000,000	-	1,758,054	-	19,758,054
Net Financing Sources (Uses)	-	18,000,000	-	1,758,054	-	19,758,054
NET CHANGE IN FUND BALANCE	(186,117)	17,544,751	285,112	3,311,652	503,216	21,458,614
Fund Balance - Beginning	7,667,228	191,523	5,840,175	982,591	1,716,241	16,397,758
Fund Balance - Ending	\$ 7,481,111	\$ 17,736,274	\$ 6,125,287	\$ 4,294,243	\$ 2,219,457	\$ 37,856,372

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

MORAGA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds \$ 21,458,614

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

Capital outlay:

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

Expenditures for capital outlay:	\$ 566,566	
Depreciation expense:	<u>(1,830,400)</u>	(1,263,834)

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:

626,461

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:

(19,758,054)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

(354,239)

Compensated absences:

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

(114,235)

Postemployment benefits other than pensions (OPEB):

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

18,581

Pensions:

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

827,650

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:

83,579

Change in Net Position of Governmental Activities	<u>\$ 1,524,523</u>
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**MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

B. Component Units

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

C. Basis of Presentation

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

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

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

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Major Governmental Funds

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

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

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

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

Non-Major Governmental Funds

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

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

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by trust funds).

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

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

D. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements

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

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

Governmental Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions

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

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

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

Unearned Revenue

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

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

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

Inventories

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

Capital Assets

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	25 to 50 years
Furniture and Equipment	5 to 10 years
Vehicles	8 years

Interfund Balances

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

Compensated Absences

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Compensated Absences (continued)

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

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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

Premiums and Discounts

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

Deferred Outflows/Deferred Inflows of Resources

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

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Pensions

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

Fund Balance

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

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

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

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

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

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

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

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

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

I. Property Tax

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has implemented this Statement as of June 30, 2025.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The District has implemented this Statement as of June 30, 2025.

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

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement is effective for periods beginning after June 15, 2025. The District has not yet determined the impact on the financial statements.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities
Investment in county treasury	\$ 36,560,626
Fair value adjustment	(23,585)
Cash on hand and in banks	24,385
Cash in revolving fund	28,700
Local Agency Investment Fund (LAIF)	3,227
Total	\$ 36,593,353

B. Policies and Practices

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

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

Local Agency Investment Fund (LAIF) – The District is considered to be a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District’s investment in the pool is reported in the accompanying financial statement at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the LAIF, which is recorded on the amortized cost basis.

C. General Authorizations

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations (continued)

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$36,537,041. The average weighted maturity for this pool is 277 days. Investments consist of amounts on deposit with the Local Agency Investment Fund with a fair value of \$3,227.

E. Credit Risk

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

F. Custodial Credit Risk – Deposits

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

G. Fair Value

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

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

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

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

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

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

	<u>Uncategorized</u>
Investment in county treasury	\$ 36,537,041
Local Agency Investment Fund (LAIF)	<u>3,227</u>
Total	<u>\$ 36,540,268</u>

NOTE 3 – ACCOUNTS RECEIVABLE

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

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Governmental Activities</u>
Federal Government			
Categorical aid	\$ 795,611	\$ 12	\$ 795,623
State Government			
Apportionment	556,913	-	556,913
Categorical aid	185,894	-	185,894
Lottery	99,132	-	99,132
Local Government			
Other local sources	149,507	(680)	148,827
Total	<u>\$ 1,787,057</u>	<u>\$ (668)</u>	<u>\$ 1,786,389</u>

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,639,887	\$ -	\$ -	\$ 2,639,887
Construction in progress	-	305,369	-	305,369
Total capital assets not being depreciated	2,639,887	305,369	-	2,945,256
Capital assets being depreciated				
Land improvements	6,538,557	30,162	-	6,568,719
Buildings & improvements	59,997,885	189,463	-	60,187,348
Furniture & equipment	771,431	41,572	-	813,003
Total capital assets being depreciated	67,307,873	261,197	-	67,569,070
Less: Accumulated depreciation				
Land improvements	5,407,858	114,586	-	5,522,444
Buildings & improvements	20,401,614	1,701,620	-	22,103,234
Furniture & equipment	645,132	14,194	-	659,326
Total accumulated depreciation	26,454,604	1,830,400	-	28,285,004
Total capital assets being depreciated, net	40,853,269	(1,569,203)	-	39,284,066
Governmental Activities				
Capital Assets, net	\$ 43,493,156	\$ (1,263,834)	\$ -	\$ 42,229,322

Depreciation expense was charged to various government functions as follows:

Governmental Activities	
Instruction	\$ 1,214,125
Instructional supervision and administration	47,331
Instructional library, media, and technology	38,567
School site administration	126,385
Home-to-school transportation	13,130
Food services	2,027
All other pupil services	51,972
Centralized data processing	19,745
All other general administration	112,394
Plant services	138,552
Ancillary services	3,704
Community services	62,468
Total	<u>\$ 1,830,400</u>

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 5 – ACCRUED LIABILITIES

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

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	\$ 75,045	\$ -	\$ 29,163	\$ -	\$ 104,208
Construction	-	42,744	-	-	42,744
Vendors payable	420,721	-	-	-	420,721
Unmatured interest	-	-	-	782,859	782,859
Total	\$ 495,766	\$ 42,744	\$ 29,163	\$ 782,859	\$ 1,350,532

NOTE 6 – LONG-TERM LIABILITIES

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

	Restated Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 27,890,000	\$ 18,000,000	\$ 380,000	\$ 45,510,000	\$ 2,145,000
Unamortized premium	1,959,114	1,758,054	83,579	3,633,589	101,606
Total general obligation bonds	29,849,114	19,758,054	463,579	49,143,589	2,246,606
Energy Loan	6,729,695	-	246,461	6,483,234	813,831
Compensated absences*	3,149,322	114,235	-	3,263,557	261,576
Total OPEB liability	23,782	-	3,720	20,062	-
Net pension liability	22,784,360	-	2,063,093	20,721,267	-
Total	\$ 62,536,273	\$ 19,872,289	\$ 2,776,853	\$ 79,631,709	\$ 3,322,013

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

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for the energy loan are made in the General Fund.

A. General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2024	Additions	Deductions	Bonds Outstanding June 30, 2025
Election 2016, Series A	3/22/2017	8/1/2042	3.00 - 4.00%	12,000,000	10,505,000	\$ -	195,000	\$ 10,310,000
Election 2016, Series B	10/16/2019	8/1/2040	3.00 - 4.00%	12,000,000	9,645,000	-	115,000	9,530,000
Election 2016, Series C	9/16/2020	8/1/2044	0.20 - 4.00%	9,000,000	7,740,000	-	70,000	7,670,000
Election 2024, Series A	10/2/2024	8/1/2054	5.00%	18,000,000	-	18,000,000	-	18,000,000
					\$ 27,890,000	\$ 18,000,000	\$ 380,000	\$ 45,510,000

At an election held on November 8, 2016, voters provided the District with the ability to issue up to \$33,000,000 of General Obligation Bonds. The bonds were approved to finance the repair, renovation and/or construction of school facilities. In March 2017, the District issued \$12,000,000 of 2016 Series A general obligation bonds with interest rates ranging from 3.00% to 4.00% and are due in annual installments through August 2042.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds (continued)

The annual requirements to amortize the 2016 Series A bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 225,000	\$ 386,538	\$ 611,538
2027	250,000	377,538	627,538
2028	280,000	367,538	647,538
2029	315,000	356,338	671,338
2030	350,000	343,738	693,738
2031 - 2035	2,355,000	1,515,625	3,870,625
2036 - 2040	3,600,000	994,213	4,594,213
2041 - 2043	2,935,000	225,375	3,160,375
Total	\$ 10,310,000	\$ 4,566,903	\$ 14,876,903

In October 2019, the District issued \$12,000,000 of 2016 Series B general obligation bonds with interest rates ranging from 3.00% to 4.00% and are due in annual installments through August 2044. The annual requirements to amortize the 2016 Series B bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 135,000	\$ 320,150	\$ 455,150
2027	155,000	314,750	469,750
2028	180,000	308,550	488,550
2029	205,000	301,350	506,350
2030	230,000	293,150	523,150
2031 - 2035	1,585,000	1,314,700	2,899,700
2036 - 2040	2,430,000	1,020,200	3,450,200
2041	4,610,000	519,200	5,129,200
Total	\$ 9,530,000	\$ 4,392,050	\$ 13,922,050

In September 2020, the District issued \$9,000,000 of 2016 Series C general obligation bonds with interest rates ranging from 0.20% to 4.00% and are due in annual installments through August 2044. The annual requirements to amortize the 2016 Series C bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 85,000	\$ 306,800	\$ 391,800
2027	105,000	303,400	408,400
2028	125,000	299,200	424,200
2029	145,000	294,200	439,200
2030	165,000	288,400	453,400
2031 - 2035	1,190,000	1,324,400	2,514,400
2036 - 2040	1,955,000	1,029,000	2,984,000
2041 - 2045	3,900,000	542,000	4,442,000
Total	\$ 7,670,000	\$ 4,387,400	\$ 12,057,400

In October 2024, the District issued \$18,000,000 of 2024 Series A general obligation bonds with interest rate of 5.00% and are due in annual installments through August 2044. The annual requirements to amortize the 2016 Series B bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	1,700,000	712,500	2,412,500
2027	1,805,000	815,000	2,620,000
2028	-	724,750	724,750
2029	-	724,750	724,750
2030	-	724,750	724,750
2031 - 2035	110,000	3,621,750	3,731,750
2036 - 2040	945,000	3,523,500	4,468,500
2041 - 2045	2,285,000	3,163,500	5,448,500
2046 - 2050	4,205,000	2,414,000	6,619,000
2051 - 2055	6,950,000	1,107,500	8,057,500
Total	\$ 18,000,000	\$ 17,532,000	\$ 35,532,000

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (continued)

B. Energy Loan

On January 20, 2021, the Moraga School District (District) entered into an agreement with Bank of America Public Capital Corp (Corporation) in the amount of \$7,344,996 to fund energy projects at various school sites. The term of the agreement commenced January 1, 2021, and ends January 20, 2041, with an interest rate of 2.358% per annum.

<u>Year Ended June 30,</u>	<u>Payment</u>
2026	\$ 412,918
2027	422,430
2028	432,250
2029	442,387
2030	452,853
2031-2035	2,407,552
2036-2040	2,751,405
2041-2042	593,165
Total Minimum Payments	7,914,960
Less amount representing interest	(1,431,726)
Present value of minimum payments	<u>\$ 6,483,234</u>

C. Compensated Absences

Beginning total unpaid employee compensated absences was \$3,149,322 and increased by a net amount of \$114,235 during the year ended June 30, 2025. The ending compensated absences at June 30, 2025 amounted to \$3,263,557. This amount is included as part of long-term liabilities in the government-wide financial statements

D. Other Postemployment Benefits

The District's beginning total OPEB liability was \$23,782 and decreased by \$3,720 during the year ended June 30, 2025. The ending total OPEB liability at June 30, 2025 was \$20,062. See Note 8 for additional information regarding the total OPEB liability.

E. Net Pension Liability

The District's beginning net pension liability was \$22,784,360 and decreased by \$2,063,093 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was \$20,721,267 See Note 9 for additional information regarding the net pension liability.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 7 – FUND BALANCES

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

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	\$ 28,700	\$ -	\$ -	\$ -	\$ -	\$ 28,700
Prepaid expenditures	44,303	-	-	-	-	44,303
Total non-spendable	73,003	-	-	-	-	73,003
Restricted						
Educational programs	1,608,756	-	-	-	1,068,224	2,676,980
Food service	-	-	-	-	609,163	609,163
Associated student body	-	-	-	-	22,864	22,864
Capital projects	-	17,736,274	6,125,287	-	519,206	24,380,767
Debt service	-	-	-	4,294,243	-	4,294,243
Total restricted	1,608,756	17,736,274	6,125,287	4,294,243	2,219,457	31,984,017
Assigned						
Universal TK	100,000	-	-	-	-	100,000
IT Replacement	130,000	-	-	-	-	130,000
Litigation	100,000	-	-	-	-	100,000
Total assigned	330,000	-	-	-	-	330,000
Unassigned	5,469,352	-	-	-	-	5,469,352
Total	\$ 7,481,111	\$ 17,736,274	\$ 6,125,287	\$ 4,294,243	\$ 2,219,457	\$ 37,856,372

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

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

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

B. Benefits Provided

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

	<u>Number of participants</u>
Inactive employees receiving benefits	2
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	23
Total number of participants**	25

*Information not provided

**As of the June 30, 2024 valuation date

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

C. Contributions

For the measurement period, the District contributed \$4,800 to the Plan, all of which was used for current premiums. There is no actuarially determined contribution, nor any contribution requirement established by statute or contract. The District's contribution is currently based on a projected pay as-you-go funding method, that is, benefits are payable when due.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Certificated</u>
Benefit types provided	Medical, dental and vision
Duration of Benefits	36 months but not beyond age 65
Required Service	10 years in the last 15 years prior to retirement
Minimum Age	50
Dependent Coverage	No
District Contribution %	100%
District Cap	\$200 per month

E. Total OPEB Liability

The Moraga School District's total OPEB liability of \$20,062 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that June 30, 2024.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:

Inflation	2.50%
Salary increases	2.75%
Discount rate	5.20%
Healthcare cost trend rate	4.00%

Non-economic assumptions:

Mortality:

Classified	2021 CalPERS Active Mortality for Miscellaneous Employees Table
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Retirement rates:

Classified	Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for School Employees
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MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

F. Actuarial Assumptions and Other Inputs (continued)

Non-economic assumptions (continued):

The actuarial assumptions used in the June 30, 2024 valuation were based on a review of plan experience during the period July 1, 2022 to June 30, 2024.

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

G. Changes in Total OPEB Liability

	<u>June 30, 2025</u>
Total OPEB Liability	
Service cost	\$ 1,081
Interest on total OPEB liability	862
Changes of assumptions	(863)
Benefits payments	(4,800)
Net change in total OPEB liability	(3,720)
Total OPEB liability - beginning	23,782
Total OPEB liability - ending	<u>\$ 20,062</u>
 Covered-employee payroll	 \$ 4,158,929
 District's total OPEB liability as a percentage of covered-employee payroll	 0.48%

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

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

	1% Decrease	Valuation Discount Rate	1% Increase
	(4.20%)	(5.20%)	(6.20%)
Total OPEB liability	\$ 20,803	\$ 20,062	\$ 19,842

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

The District's retiree health benefit is a fixed dollar amount and is not expected to increase along with increases in healthcare costs, the trend rate assumption doesn't have an impact on the measured liability.

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

For the year ended June 30, 2025, the Moraga School District recognized OPEB expense of \$13,781. At June 30, 2025, the Moraga School District reported deferred outflows and deferred inflow of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,401	\$ 108,210
Changes in assumptions	1,472	3,321
Total	<u>\$ 15,873</u>	<u>\$ 111,531</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 1,955	\$ 17,679
2027	1,955	17,679
2028	1,955	17,679
2029	1,955	17,679
2030	1,953	17,679
Thereafter	6,100	23,136
Total	<u>\$ 15,873</u>	<u>\$ 111,531</u>

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS

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

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalSTRS Pension	\$ 12,277,710	\$ 4,963,960	\$ 1,533,080	\$ 1,320,870
CalPERS Pension	8,443,557	2,500,709	285,373	1,490,423
Total	\$ 20,721,267	\$ 7,464,669	\$ 1,818,453	\$ 2,811,293

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, CA 95851-0275.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2025, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$2,364,619 for the year ended June 30, 2025.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,137,449 to CalSTRS.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	12,277,710
State's proportionate share of the net pension liability associated with the District		5,633,142
Total	\$	17,910,852

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.018 percent, which was an decrease of 0.001 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$1,320,870. In addition, the District recognized pension expense and revenue of \$(538,211) for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 49,540
Differences between expected and actual experience	1,388,767	536,897
Changes in assumptions	53,745	838,525
Changes in proportion and differences between District contributions and proportionate share of contributions	1,156,829	108,118
District contributions subsequent to the measurement date	2,364,619	-
Total	\$ 4,963,960	\$ 1,533,080

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

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

The \$2,364,619 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 574,253	\$ 1,203,979
2027	567,097	(659,349)
2028	485,014	388,486
2029	485,011	320,091
2030	334,927	139,663
2031	153,039	140,210
Total	<u>\$ 2,599,341</u>	<u>\$ 1,533,080</u>

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2021 series tables adjusted to fit CalSTRS experience.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

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

*Real return is net of assumed 2.75% inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 21,838,029	\$ 12,277,710	\$ 4,294,447

Pension Plan Fiduciary Net Position

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

Benefits Provided

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

Contributions

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2025 was 27.05% of annual payroll. Contributions to the plan from the District were \$1,274,324 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$8,443,557 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.024 percent, which was a decrease of 0.001 from its proportion measured as of June 30, 2023.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2025, the District recognized pension expense of \$1,490,423. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 327,983	\$ -
Differences between expected and actual experience	707,869	60,430
Changes in assumptions	186,631	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,902	224,943
District contributions subsequent to the measurement date	1,274,324	-
Total	<u>\$ 2,500,709</u>	<u>\$ 285,373</u>

The \$1,274,324 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 473,725	\$ 232,709
2027	773,852	52,664
2028	82,588	-
2029	(103,780)	-
Total	<u>\$ 1,226,385</u>	<u>\$ 285,373</u>

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.54%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	<u>100.0%</u>	

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

Discount Rate

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 12,542,975	\$ 8,443,557	\$ 5,057,112

Pension Plan Fiduciary Net Position

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2025.

C. Construction Commitments

As of June 30, 2025, the District did not have commitments with respect to unfinished capital projects.

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in three joint ventures under joint powers authorities (JPAs), the Contra Costa County Schools Insurance Group (CCCSIG) for workers' compensation and health insurance; the Contra Costa and Solano Counties School District's Self-Insurance Authority for property and liability insurance; and the Schools Self-Insurance of Contra Costa County (SSICCC) for dental and vision coverage. 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 have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 12 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2025, total deferred outflows related to pensions was \$7,464,669 and total deferred inflows related to pensions was \$1,818,453.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 9. At June 30, 2025, total deferred outflows related to other postemployment benefits was \$15,873 and total deferred inflows related to other postemployment benefits was \$111,531.

NOTE 13 – PARCEL TAXES

The Moraga School District has two existing school parcel taxes: Measure M (\$207/parcel) and Measure K (\$325/parcel). The tax was passed to maintain the high quality of Moraga Schools; continue funding for effective math, science, music and arts program; maintain manageable class sizes, keep schools safe and well maintained, keep school libraries open, keep classroom technically up to date; and attract and retain the best qualified teachers. Revenue of \$3,129,349 and expenditures of \$3,129,349 for the Measure M & K parcel tax for the year ended June 30, 2025 are included in these audited financial statements.

NOTE 14 – RESTATEMENT OF NET POSITION

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

MORAGA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 14 – RESTATEMENT OF NET POSITION (continued)

The cumulative effect of applying GASB 101 required a restatement of the beginning net position, as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ 6,790,184
Restatement	(3,093,023)
Net Position - Beginning, as Restated	<u>\$ 3,697,161</u>

NOTE 15 – SUBSEQUENT EVENTS

General Obligation Bonds

On September 10, 2024, the District issued \$52,000,000 of General Obligation Election 2024 Series A Bonds to finance the renovation, construction, and improvement of school facilities. Interest on bonds is payable on each February 1 and August 1 until maturity, commencing February 1, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 19,630,178	\$ 19,810,895	\$ 19,959,598	\$ 148,703
Federal sources	461,720	461,722	467,448	5,726
Other state sources	2,501,650	2,825,004	2,827,556	2,552
Other local sources	6,059,630	6,286,630	7,475,100	1,188,470
Total Revenues	28,653,178	29,384,251	30,729,702	1,345,451
EXPENDITURES				
Certificated salaries	12,613,870	13,008,398	12,972,349	36,049
Classified salaries	4,487,648	4,534,945	4,493,176	41,769
Employee benefits	8,364,463	8,416,711	8,261,646	155,065
Books and supplies	521,540	648,621	517,628	130,993
Services and other operating expenditures	3,671,683	3,987,967	4,373,344	(385,377)
Capital outlay	-	5,780	5,780	-
Other outgo				
Excluding transfers of indirect costs	403,704	403,704	471,907	(68,203)
Transfers of indirect costs	(70,000)	(102,043)	(129,636)	27,593
Total Expenditures	29,992,908	30,904,083	30,966,194	(62,111)
NET CHANGE IN FUND BALANCE	(1,339,730)	(1,519,832)	(236,492)	1,283,340
Fund Balance - Beginning	7,376,735	6,635,320	6,635,320	-
Fund Balance - Ending	\$ 6,037,005	\$ 5,115,488	\$ 6,398,828	\$ 1,283,340

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

- The amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

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

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability								
Service cost	\$ 1,081	\$ 966	\$ 960	\$ 2,460	\$ 2,394	\$ 20,862	\$ 19,512	\$ 18,990
Interest on total OPEB liability	862	396	341	504	456	6,985	6,139	6,034
Difference between expected and actual experience	-	17,751	-	(14,904)	-	(194,094)	-	-
Changes of assumptions	(863)	(903)	(78)	(750)	38	(2,429)	3,386	-
Benefits payments	(4,800)	(4,800)	-	(558)	-	(1,922)	(9,124)	(8,773)
Net change in total OPEB liability	(3,720)	13,410	1,223	(13,248)	2,888	(170,598)	19,913	16,251
Total OPEB liability - beginning	23,782	10,372	9,149	22,397	19,509	190,107	170,194	153,943
Total OPEB liability - ending	\$ 20,062	\$ 23,782	\$ 10,372	\$ 9,149	\$ 22,397	\$ 19,509	\$ 190,107	\$ 170,194
 Covered-employee payroll	 \$ 4,158,929	 \$ 4,247,376	 \$ 3,948,862	 \$ 3,805,616	 \$ 2,520,956	 \$ 2,811,448	 \$ 2,871,455	 \$ 2,871,455
 District's total OPEB liability as a percentage of covered-employee payroll	 0.48%	 0.56%	 0.26%	 0.24%	 0.89%	 0.69%	 6.62%	 5.93%

See accompanying notes to required supplementary information.

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

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability	0.018%	0.019%	0.017%	0.018%	0.018%	0.018%	0.017%	0.017%	0.018%	0.019%
District's proportionate share of the net pension liability	\$ 12,277,710	\$ 14,442,484	\$ 12,001,184	\$ 8,124,710	\$ 17,486,521	\$ 15,861,952	\$ 15,644,617	\$ 15,694,758	\$ 14,479,186	\$ 8,129,877
State's proportionate share of the net pension liability associated with the District	5,633,142	6,919,926	6,010,228	4,088,124	9,014,231	8,653,823	8,957,319	9,284,962	8,173,860	4,809,606
Total	<u>\$ 17,910,852</u>	<u>\$ 21,362,410</u>	<u>\$ 18,011,412</u>	<u>\$ 12,212,834</u>	<u>\$ 26,500,752</u>	<u>\$ 24,515,775</u>	<u>\$ 24,601,936</u>	<u>\$ 24,979,720</u>	<u>\$ 22,653,046</u>	<u>\$ 12,939,483</u>
District's covered payroll	\$ 12,061,202	\$ 11,100,250	\$ 10,095,364	\$ 9,668,794	\$ 9,865,757	\$ 9,422,934	\$ 9,178,346	\$ 8,978,474	\$ 8,928,258	\$ 8,526,262
District's proportionate share of the net pension liability as a percentage of its covered payroll	101.80%	130.11%	118.88%	84.03%	177.24%	168.33%	170.45%	174.80%	162.17%	95.35%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.00%	74.00%

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

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
District's proportion of the net pension liability	0.024%	0.023%	0.025%	0.025%	0.025%	0.024%	0.025%	0.026%	0.026%	0.032%
District's proportionate share of the net pension liability	\$ 8,443,557	\$ 8,341,876	\$ 8,672,225	\$ 5,118,214	\$ 7,724,032	\$ 6,971,510	\$ 6,565,009	\$ 6,298,260	\$ 5,199,672	\$ 4,666,960
District's covered payroll	\$ 4,645,186	\$ 4,063,150	\$ 3,899,941	\$ 3,521,020	\$ 3,665,127	\$ 2,849,101	\$ 2,871,455	\$ 3,326,872	\$ 3,199,642	\$ 3,032,701
District's proportionate share of the net pension liability as a percentage of its covered payroll	181.77%	205.31%	222.37%	145.36%	210.74%	244.69%	228.63%	189.31%	162.51%	153.89%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	71.87%	73.90%

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

**MORAGA SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025**

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	\$ 2,364,619	\$ 2,327,278	\$ 2,135,721	\$ 1,730,183	\$ 1,609,307	\$ 1,678,955	\$ 1,534,054	\$ 1,324,435	\$ 1,129,492	\$ 956,602
Contributions in relation to the contractually required contribution*	(2,364,619)	(2,327,278)	(2,135,721)	(1,730,183)	(1,609,307)	(1,678,955)	(1,534,054)	(1,324,435)	(1,129,492)	(956,602)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,463,659	\$ 12,061,202	\$ 11,100,250	\$ 10,095,364	\$ 9,668,794	\$ 9,865,757	\$ 9,422,934	\$ 9,178,346	\$ 8,978,474	\$ 8,928,258
Contributions as a percentage of covered payroll	18.97%	19.30%	19.24%	17.14%	16.64%	17.02%	16.28%	14.43%	12.58%	10.71%

*Amounts do not include on-behalf contributions

**MORAGA SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 1,274,324	\$ 1,236,602	\$ 1,014,577	\$ 892,750	\$ 747,842	\$ 719,634	\$ 600,107	\$ 516,648	\$ 462,036	\$ 377,701
Contributions in relation to the contractually required contribution*	(1,274,324)	(1,236,602)	(1,014,577)	(892,750)	(747,842)	(719,634)	(600,107)	(516,648)	(462,036)	(377,701)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,732,037	\$ 4,645,186	\$ 4,063,150	\$ 3,899,941	\$ 3,521,020	\$ 3,665,127	\$ 2,849,101	\$ 2,871,455	\$ 3,326,872	\$ 3,199,642
Contributions as a percentage of covered payroll	26.93%	26.62%	24.97%	22.89%	21.24%	19.63%	21.06%	17.99%	13.89%	11.80%

*Amounts do not include on-behalf contributions

**MORAGA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Changes in Total OPEB Liability and Related Ratios

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

Changes in Benefit Terms

There were no changes in benefit terms since the prior measurement date.

Changes in Assumptions

The discount rate assumption changed from 3.93% to 5.20% since the prior measurement date.

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

Schedule of District Contributions

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

MORAGA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Services and other operating expenditures	\$ 3,987,967	\$ 4,373,344	\$ 385,377
Other outgo			
Excluding transfers of indirect costs	\$ 403,704	\$ 471,907	\$ 68,203
Transfers of indirect costs	\$ (102,043)	\$ (129,636)	\$ (27,593)

SUPPLEMENTARY INFORMATION

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

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	766.94	768.89
Extended Year Special Education	1.97	1.97
Special Education - Nonpublic Schools	1.85	1.83
Total TK/K through Third	<u>770.76</u>	<u>772.69</u>
Fourth through Sixth		
Regular ADA	556.44	557.04
Extended Year Special Education	0.89	0.89
Special Education - Nonpublic Schools	0.91	0.93
Extended Year Special Education - Nonpublic Schools	0.07	0.07
Total Fourth through Sixth	<u>558.31</u>	<u>558.93</u>
Seventh through Eighth		
Regular ADA	429.72	429.49
Extended Year Special Education	0.18	0.18
Special Education - Nonpublic Schools	0.87	0.89
Extended Year Special Education - Nonpublic Schools	0.04	0.04
Total Seventh through Eighth	<u>430.81</u>	<u>430.60</u>
TOTAL SCHOOL DISTRICT	<u>1,759.88</u>	<u>1,762.22</u>

**MORAGA SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025**

Grade Level	Minutes Requirement	2024-25 Actual	Number of Days	Status
		Instructional Minutes		
Kindergarten	36,000	58,175	180	Complied
Grade 1	50,400	55,715	180	Complied
Grade 2	50,400	55,715	180	Complied
Grade 3	50,400	57,045	180	Complied
Grade 4	54,000	57,045	180	Complied
Grade 5	54,000	57,045	180	Complied
Grade 6	54,000	57,655	180	Complied
Grade 7	54,000	57,655	180	Complied
Grade 8	54,000	57,655	180	Complied

See accompanying notes to supplementary information.

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

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

	2026 (Budget)	2025	2024	2023
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 30,656,280	\$ 30,729,702	\$ 28,967,532	\$ 29,394,970
Expenditures And Other Financing Uses	32,564,961	30,966,194	29,708,947	27,971,961
Net change in Fund Balance	\$ (1,908,681)	\$ (236,492)	\$ (741,415)	\$ 1,423,009
Ending Fund Balance	\$ 4,490,147	\$ 6,398,828	\$ 6,635,320	\$ 7,376,735
Available Reserves*	\$ 2,708,053	\$ 5,469,352	\$ 5,280,766	\$ 4,465,374
Available Reserves As A Percentage Of Outgo	8.32%	17.66%	17.78%	15.96%
Long-term Liabilities	\$ 76,309,696	\$ 79,631,709	\$ 59,443,250	\$ 57,972,497
Average Daily Attendance At P-2	1,760	1,760	1,730	1,681

The General Fund ending fund balance has decreased by \$977,907 over the past two years. The fiscal year 2025-26 budget projects a further decrease of \$1,908,681. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in each of the past three years and anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term obligations have increased by \$21,659,212 over the past two years.

Average daily attendance has increased by 79 ADA over the past two years. No change in ADA is anticipated during the 2025-26 fiscal year.

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

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54.

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

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2025, annual financial and budget report fund balance	\$ 6,398,828	\$ 1,082,283
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	1,082,283	(1,082,283)
Net adjustments and reclassifications	1,082,283	(1,082,283)
June 30, 2025, audited financial statement fund balance	<u>\$ 7,481,111</u>	<u>\$ -</u>

**MORAGA SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
ASSETS						
Cash and investments	\$ 22,864	\$ 1,097,937	\$ 609,281	\$ 455,587	\$ 63,619	\$ 2,249,288
Accounts receivable	-	(680)	12	-	-	(668)
Total Assets	\$ 22,864	\$ 1,097,257	\$ 609,293	\$ 455,587	\$ 63,619	\$ 2,248,620
LIABILITIES						
Accrued liabilities	\$ -	\$ 29,033	\$ 130	\$ -	\$ -	\$ 29,163
Total Liabilities	-	29,033	130	-	-	29,163
FUND BALANCES						
Restricted	22,864	1,068,224	609,163	455,587	63,619	2,219,457
Total Fund Balances	22,864	1,068,224	609,163	455,587	63,619	2,219,457
Total Liabilities and Fund Balances	\$ 22,864	\$ 1,097,257	\$ 609,293	\$ 455,587	\$ 63,619	\$ 2,248,620

See accompanying notes to supplementary information.

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

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
REVENUES						
Federal sources	\$ -	\$ -	\$ 186,075	\$ -	\$ -	\$ 186,075
Other state sources	-	25	1,072,501	-	-	1,072,526
Other local sources	11,954	2,100,735	26,546	49,730	2,961	2,191,926
Total Revenues	11,954	2,100,760	1,285,122	49,730	2,961	3,450,527
EXPENDITURES						
Current						
Pupil services						
Food services	-	-	1,230,303	-	-	1,230,303
General administration						
All other general administration	-	116,493	13,143	30,500	-	160,136
Ancillary services	19,992	-	-	-	-	19,992
Community services	-	1,536,880	-	-	-	1,536,880
Total Expenditures	19,992	1,653,373	1,243,446	30,500	-	2,947,311
NET CHANGE IN FUND BALANCE	(8,038)	447,387	41,676	19,230	2,961	503,216
Fund Balance - Beginning	30,902	620,837	567,487	436,357	60,658	1,716,241
Fund Balance - Ending	\$ 22,864	\$ 1,068,224	\$ 609,163	\$ 455,587	\$ 63,619	\$ 2,219,457

See accompanying notes to supplementary information.

**MORAGA SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Combining Statements – Non-Major Funds

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

OTHER INFORMATION

**MORAGA SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2025**

The Moraga School District was established in 1864 and is comprised of an area of approximately 7 square miles located in Contra Costa County. There were no changes in the boundaries of the District during the current year. The District operates three elementary schools and one intermediate school.

GOVERNING BOARD

Member	Office	Term Expires
Martha White	President	2026
Kristin Kraetsch	Vice President	2026
Lee Hays	Member	2028
Stephanie Stoen	Member	2028
Larry Jacobs	Member	2026

DISTRICT ADMINISTRATORS

Julie Parks
Superintendent

Sana Ahmed
Assistant Superintendent of Business Services

OTHER INDEPENDENT AUDITORS' REPORTS

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

Governing Board
Moraga School District
Moraga, 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 Moraga School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Moraga School District's basic financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
December 1, 2025

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

Governing Board
Moraga School District
Moraga, California

Report on State Compliance***Opinion on State Compliance***

We have audited Moraga School District's compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Moraga School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2025.

In our opinion, Moraga School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2025.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Moraga School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Moraga School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Moraga School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of Moraga School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Moraga School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Moraga School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Yes
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Auditor's Responsibilities for the Audit of State Compliance (continued)

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
 Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

The term "Not Applicable" is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of State Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control Over Compliance (continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
December 1, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

The District was not subject to Uniform Guidance Single Audit for the year ended June 30, 2025 because federal award expenditures did not exceed \$750,000.

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2024-25 Guide for Annual Audits of California K-12 Local Education Agencies ?	No
Type of auditors' report issued on compliance for state programs:	Unmodified

**MORAGA SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

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

**MORAGA SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

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

**MORAGA SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

There were no findings or questioned costs for the year ended June 30, 2024.

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APPENDIX C

GENERAL INFORMATION ABOUT THE TOWN OF MORAGA AND CONTRA COSTA COUNTY

*The following information concerning the Town of Moraga (the “**Town**”) and Contra Costa County (the “**County**”) is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the Town, the County, the State of California (the “**State**”) or any of its political subdivisions, and neither the Town, the County, the State nor any of its political subdivisions is liable therefor.*

General Information

The Town. The Town, located in the County, approximately 22 miles east of San Francisco, encompasses an area of approximately 9.5 square miles and has a population of approximately 16,662. The Town is predominately residential in nature with clusters of community-serving retail and commercial spaces.

The County. The District is located in the County, one of the nine counties in the San Francisco-Oakland Bay Area. Situated northeast of San Francisco, the County is bounded by San Francisco and San Pablo Bays, the Sacramento River Delta, and by Alameda County on the south. Ranges of hills effectively divide the County into three distinct regions. The western portion, with its access to water, contains much of the County’s heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region. The County has extensive and varied transportation facilities-ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco.

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Population

The following table lists population estimates for the County for the last five calendar years, as of January 1.

CONTRA COSTA COUNTY
Population Estimates
Calendar Years 2022 through 2026 as of January 1

Area	2022	2023	2024	2025	2026
Antioch	115,487	116,439	117,696	118,756	118,440
Brentwood	64,668	64,879	65,689	66,332	66,070
Clayton	10,886	10,756	10,835	10,827	10,759
Concord	123,424	122,247	123,034	123,075	122,494
Danville	43,390	42,994	43,155	43,250	43,190
El Cerrito	25,938	25,702	26,241	26,280	26,166
Hercules	26,057	26,381	26,445	26,413	26,323
Lafayette	25,191	25,065	25,282	25,380	25,321
Martinez	36,873	36,527	36,733	36,774	36,521
Moraga	17,139	16,968	17,030	16,760	16,662
Oakley	44,495	45,172	46,321	47,100	47,039
Orinda	19,479	19,353	19,463	19,494	19,412
Pinole	18,635	18,416	18,477	18,468	18,891
Pittsburg	75,169	75,202	76,139	76,922	76,484
Pleasant Hill	33,889	33,523	33,636	33,646	33,853
Richmond	114,895	113,765	114,257	114,415	113,695
San Pablo	31,685	31,323	31,488	31,664	31,468
San Ramon	84,112	83,290	83,705	84,173	84,220
Walnut Creek	70,015	69,636	70,722	70,736	70,288
Balance Of County	176,808	175,090	176,712	177,041	176,595
Total County	1,158,235	1,152,728	1,163,060	1,167,506	1,163,891

Source: State Department of Finance estimates (as of January 1).

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Employment and Industry

The District is part of the Oakland-Fremont-Berkeley ("MD"), which is comprised of Alameda and Contra Costa Counties. The unemployment rate in the Oakland-Fremont-Berkeley MD was 4.5 percent in June 2026, up from a revised 3.9 percent in May 2026, and below the year-ago estimate of 4.9 percent. This compares with an unadjusted unemployment rate of 5.2 percent for California and 4.4 percent for the nation during the same period. The unemployment rate was 4.4 percent in Alameda County, and 4.5 percent in Contra Costa County.

The table below lists employment by industry group for the years 2021 through 2025.

OAKLAND-FREMONT-BERKELEY MD
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
Calendar Years 2021 through 2025
(March 2025 Benchmark)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Civilian Labor Force ⁽¹⁾⁽²⁾	1,417,100	1,434,900	1,451,300	1,455,300	1,459,600
Employment	1,332,800	1,387,700	1,395,500	1,390,400	1,391,000
Unemployment	84,300	47,100	55,700	64,800	68,600
Unemployment Rate	5.9%	3.3%	3.8%	4.5%	4.7%
<u>Wage and Salary Employment:</u> ⁽³⁾					
Agriculture	1,700	1,900	1,800	1,500	1,300
Mining and Logging	200	300	300	300	300
Construction	74,300	75,600	75,700	74,100	71,000
Manufacturing	41,100	41,500	41,200	40,400	40,100
Wholesale Trade	105,300	106,200	105,300	103,200	101,900
Retail Trade	47,100	51,700	52,200	52,000	50,900
Transportation, Warehousing, Utilities	24,700	25,000	25,100	24,800	24,500
Information	34,800	33,600	31,100	28,800	27,300
Finance and Insurance	17,200	18,400	18,500	18,100	17,600
Real Estate and Rental and Leasing	190,900	194,800	188,300	186,400	183,300
Professional and Business Services	198,500	205,800	216,800	229,700	241,000
Educational and Health Services	92,500	108,300	111,700	111,000	110,500
Leisure and Hospitality	35,600	39,200	41,500	43,000	43,800
Other Services	13,400	13,100	13,200	13,300	12,700
Federal Government	35,900	33,100	34,500	36,600	36,300
State Government	111,800	115,200	118,000	123,100	126,100
Local Government	1,700	1,900	1,800	1,500	1,300
Total all Industries	1,130,900	1,176,000	1,186,300	1,190,200	1,187,000

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Largest Employers

The table below lists the major employers in the County as of August 2026, listed alphabetically.

CONTRA COSTA COUNTY Major Employers (Listed Alphabetically) August 2026

Employer Name	Location	Industry
Bart	Richmond	Transit Lines
Bio-Rad Laboratories Inc	Hercules	Physicians & Surgeons Equip & Supls-Mfrs
C & H Sugar	Crockett	Sugar Refiners (mfrs)
Chevron Global Downstream LLC	San Ramon	Management Services
Contra Costa County Health Svc	Martinez	Government Offices-County
Crash Champions Collision	Concord	Automobile Body-Repairing & Painting
East Bay Times	Walnut Creek	Newspapers (publishers/Mfrs)
Fresenius Manufacturing	Concord	Physicians & Surgeons Equip & Supls-Mfrs
Home & Hospital Program	Concord	Educational Service-Business
John Muir Health Concord Med	Concord	Hospitals
Kaiser Permanente Antioch Med	Antioch	Hospitals
Kaiser Permanente Martinez Med	Martinez	Clinics
Kaiser Permanente Walnut Creek	Walnut Creek	Hospitals
La Raza Market	Richmond	Grocers-Retail
Los Medanos College	Pittsburg	Junior-Community College-Tech Institutes
Macias Gini & O'Connell LLP	Walnut Creek	Accountants
Martinez Arts Outpatient Clnic	Martinez	Physicians & Surgeons
Martinez Refining Co LLC	Martinez	Crude Oil-Petroleum Refineries
Nordstrom	Walnut Creek	Department Stores
Oakley Union School District	Oakley	School Districts
Phillips 66	Rodeo	Service Stations-Gasoline & Oil
Phillips 66 Sn Francisco Rfnry	Rodeo	Crude Oil-Petroleum Refineries
Robert Half	San Ramon	Employment Agencies & Opportunities
San Ramon Regional Medical Ctr	San Ramon	Hospitals
Sutter Delta Medical Ctr	Antioch	Hospitals

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2026 2nd Edition.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the estimated total effective buying income and estimated median household effective buying income for the Town of Moraga, Contra Costa County, the State and the United States for the period 2023 through 2027.

**TOWN OF MORAGA, CONTRA COSTA COUNTY,
STATE OF CALIFORNIA, AND UNITED STATES
Estimated Effective Buying Income
2023 through 2027**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2023	Town of Moraga	\$1,181,018	\$145,664
	Contra Costa County	57,205,397	98,536
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	Town of Moraga	\$1,178,905	\$154,732
	Contra Costa County	57,949,909	101,689
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	Town of Moraga	\$1,193,759	\$162,711
	Contra Costa County	58,695,221	103,380
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	Town of Moraga	\$1,294,780	\$182,538
	Contra Costa County	64,568,804	113,062
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433
2027	Town of Moraga	\$1,322,485	\$187,749
	Contra Costa County	64,889,310	112,089
	California	1,777,381,182	91,733
	United States	14,288,950,563	76,807

Source: Claritas, LLC.

Commercial Activity

A summary of historic taxable sales within the Town during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2026 in the Town were reported to be \$23,932,182, a 1.4% increase from the total taxable sales of \$23,601,384 reported during the first quarter of calendar year 2025.

TOWN OF MORAGA
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2021 through 2025
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2021	188	\$86,297	329	\$97,653
2022	199	95,575	349	107,929
2023	183	93,519	325	107,627
2024	178	92,306	321	105,174
2025	171	91,580	319	104,504

Source: State Department of Tax and Fee Administration.

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2026 in the County were reported to be \$5,099,633,549, a 1.6% decrease from the total taxable sales of \$5,180,257,572 reported during the first quarter of calendar year 2025.

CONTRA COSTA COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2021 through 2025
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2021	15,000	\$14,956,873	26,049	\$21,057,354
2022	15,240	15,790,210	26,633	22,521,022
2023	15,036	15,572,256	26,351	22,294,562
2024	15,185	15,677,469	26,776	22,091,501
2025	15,198	15,703,473	27,158	22,016,566

Source: State Department of Tax and Fee Administration.

APPENDIX D
FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Governing Board
Moraga Elementary School District
1540 School Street
Moraga, California 94556

OPINION: \$_____ Moraga Elementary School District
 (Contra Costa County, California)
 General Obligation Bonds, Election of 2024, Series B

Members of the Governing Board:

We have acted as bond counsel to the Moraga Elementary School District (the "District") in connection with the issuance by the District of \$_____ principal amount of Moraga Elementary School District (Contra Costa County, California) General Obligation Bonds, Election of 2024, Series B, 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. 27-16 adopted by the Governing Board of the District (the "Board") on September 8, 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 and executed by the District and are valid and binding general obligations of the District.
4. The Board of Supervisors of the County of Contra Costa is obligated to levy *ad valorem* property taxes for the payment of the Bonds and the interest thereon upon all property within the District which is subject to taxation by the District, without limitation as to rate or amount.

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 paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code 1986 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.

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

\$ _____
MORAGA ELEMENTARY SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds
Election of 2024, Series B

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Moraga Elementary 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 Governing Board of the District on September 8, 2026 (the “Bond Resolution”). The Bank of New York Mellon Trust Company, N.A., is initially acting as paying agent for the Bonds (the “Paying Agent”).

The District hereby covenants and agrees as follows:

Section 1. Purpose of 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 2, 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 30th).

“*Dissemination Agent*” means Isom Advisors, a Division of Urban Futures Inc., or any subsequent third-party dissemination agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Bonds.

“Paying Agent” means The Bank of New York Mellon Trust Company, N.A., or any successor thereto.

“Participating Underwriter” means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2027 with the report for the 2025-26 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District’s Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not

available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information with respect to the most recently completed fiscal year or, if available at the time of filing, the then-current fiscal year:

- (i) total assessed value of taxable property in the District;
- (ii) the top twenty secured property taxpayers and their respective secured property assessed values;
- (iii) property tax levies, collections and delinquencies, but only if the District's general obligation bond collections are not included on the County's Teeter Plan; and
- (iv) the District's most recently approved Budget or interim report, which is 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) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material.
- (15) Incurrence of a financial obligation 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, 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 under the Bond Resolution.

(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 5 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(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the 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(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the 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: _____, 2026

**MORAGA ELEMENTARY 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. "DTC will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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APPENDIX G

**CONTRA COSTA COUNTY INVESTMENT POLICY
AND INVESTMENT REPORT**

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CONTRA COSTA COUNTY TREASURER'S ANNUAL INVESTMENT POLICY

FISCAL YEAR 2026-2027

**APPROVED BY THE BOARD OF SUPERVISORS
IN APRIL 2026**

The Contra Costa County Treasurer will annually present to both the Board of Supervisors (Board) and the Treasury Oversight Committee (Committee) a statement of investment policy, which the Board shall review and approve at a public meeting. Any changes in the policy shall also be reviewed and approved by the Board at a public meeting (Gov't Code §53646(a)(1)).

**OFFICE OF COUNTY TREASURER-TAX COLLECTOR
625 COURTS STREET, ROOM 100
MARTINEZ, CALIFORNIA 94553**

**California Municipal
Treasurers Association**



Investment Policy Certification

Issued on 4/24/2019



Contra Costa County

The California Municipal Treasurers Association certifies that the investment policy of the Contra Costa County complies with the current State statutes governing the investment practices of local government entities located within the State of California.



President

April 24, 2019

Date

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CONTRA COSTA COUNTY

TREASURER'S ANNUAL INVESTMENT POLICY

1.0 PURPOSE

The purpose of this Investment Policy (Policy) is to establish cash management and investment guidelines of surplus funds entrusted to the care of the Contra Costa County Treasurer's Office (Treasurer's Office) in accordance with applicable sections of California Government Code. All portfolio activities will be judged by the standards of the Policy and its ranking of investment objectives.

2.0 SCOPE

This Policy applies to all and only funds over which the Treasurer's Office has been granted fiduciary responsibility and direct control for their management. The funds covered by this Policy are accounted for and incorporated in the Contra Costa County Annual Comprehensive Financial Report (ACFR) and include but not limited to: Government Funds (e.g. general fund, special revenue funds, debt service funds, capital project funds, and permanent fund), Proprietary Funds (e.g. enterprise funds and internal service funds), and various Trust Funds.

3.0 PARTICIPANTS

This Policy restricts deposits to those agencies mandated by California Government Code as treasury deposits. However, subject to the consent of the Treasurer's Office and in accordance with section 53684, exemptions may be granted to non-mandatory depositing agencies, if it is determined that the additional deposit provides a benefit to the investment pool as a whole while not creating unmanageable liquidity risk.

4.0 IMPLEMENTATION

In order to provide direction to those responsible for management of surplus funds, the County Treasurer has established this Policy and presented it to the Treasury Oversight Committee and the Board of Supervisors, and has made it available to the legislative body of local agencies that participates in the County Treasurer's investment program.

The Policy explains investable funds; authorized instruments; credit quality required; maximum maturities and concentrations; collateral requirements; qualifications of brokers/dealers and financial institutions doing business with, or on behalf of, the County; limits on gifts and honoraria; the reporting requirements; the Treasury Oversight Committee; the manner of apportioning interest earnings and appropriating investment costs; and the criteria to request withdrawal of funds.

5.0 OBJECTIVES

Gov't Code §53600.5: When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.

5.1 Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and market risk.

5.1.a *Credit Risk*

The Treasurer will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

1. Limiting investments to the safest type of securities
2. Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers with which the Treasurer's Office will do business.
3. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

5.1.b Market Risk

The Treasurer's Office will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

5.2 Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. A portion of the portfolio also may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

5.3 Yield: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities may be sold prior to maturity when deemed prudent and necessary. Reasons of selling include but are not limited to:

1. A security with declining credit may be sold early to minimize loss of principal.
2. A security swap would improve the quality, yield, or target duration in the portfolio.
3. Liquidity needs of the portfolio require that the security be sold.
4. Portfolio rebalancing would bring the portfolio back into compliance.

Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

5.4 Public Trust: All investments will be in conformance with state law and county ordinances and policies. The investment of public funds is a task that must maintain the public trust.

6.0 GENERAL STRATEGY

6.1 Buy and Hold: The Treasurer will generally use the passive investment strategy known as BUY AND HOLD whereas securities are purchased with the intent of holding them to maturity. Interest income and the reinvestment of interest income usually are the only sources of return in the portfolio.

The investment program will focus on purchasing securities that will limit or reduce the potential default risk and ensure the reliability of cash flows from interest income. Generally, purchases will be laddered throughout the portfolio in order to meet the liquidity needs and reduce reinvestment risk.

7.0 STANDARD OF CARE

The following policies are designed in accordance with Government Code to provide transparency to the investment program while enhancing portfolio controls:

7.1 Prudent Investor Standard

The standard of prudence to be used by the designated representative shall be subject to the “prudent investor” standard and shall be applied in the context of managing the overall portfolio. “Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part to an overall strategy, investments may be acquired as authorized by law.” (Gov’t Code §53600.3.)

For the investment of county funds in a county treasury, Government Code Section 27000.3 establishes the board of supervisors as a fiduciary that is subject to the prudent investor standard unless it delegates its investment duties to the county treasurer. For local agency funds invested in the county treasury pool, the county treasurer serves as a fiduciary and is subject to the prudent investor standard.

7.2 Ethics and Conflicts of Interest

Investment officials shall refrain from personal business activity that could conflict with proper execution and management of the Policy and investment program, or which could impair their ability to make impartial decisions. Please refer to the Contra Costa County Treasurer-Tax Collector’s Conflict of Interest Code for further explanation of the prohibited activities, and their enforcements and exceptions.

7.3 Limits on Honoraria, Gifts, and Gratuities

In accordance with California Government Code Section 27133(d), this Policy establishes limits for the Director of Finance; individuals responsible for management of the portfolios; and members of the Investment Group and Review Group who direct individual investment decisions, select individual investment advisors and brokers/dealers, and conduct day-to-day investment trading activity. The limits also apply to members of the Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of \$50 in a calendar year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual may receive aggregate gifts, honoraria, and gratuities in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation is \$630 for the period January 1, 2025, to December 31, 2026. Any violation must be reported to the State Fair Political Practices Commission.

7.4 Delegation of Authority

- 7.4.a** Subject to Section 53607, the board of supervisors may, by ordinance, delegate to the county treasurer the authority to invest or reinvest the funds of the county and the funds of other depositors in the county treasury, pursuant to Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5. The county treasurer shall thereafter assume full responsibility for those transactions until the board of supervisors either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided in Section 53607 (Gov't Code §27000.1). For local agency funds invested in the county treasury pool, the county treasurer serves as a fiduciary and is subject to the prudent investor standard.
- 7.4.b** Responsibility for the operation of the investment program is hereby delegated to the County Treasurer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures include references to the following: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the County Treasurer.

7.5 Treasury Oversight Committee

In compliance with a Board Order of the Contra Costa County Board of Supervisors, the County Contra Costa County Treasury Oversight Committee was established in November 6 of 1995. The intent of the Committee is to allow local agencies, including school districts, as well as the public, to participate in reviewing the policies that guide the investment of public funds. The mandate for the existence of the Committee was suspended in 2004 by the State of California; however, the Committee serves an important function and the Treasurer's Office has elected to continue the program.

- 7.5.a** The Committee shall annually review and monitor the County's Investment Policy.
- 7.5.b** The Committee shall cause an annual audit to determine the County Treasurer's compliance with the Investment Policy and all investment funds in the county Treasury.

8.0 SAFEKEEPING AND CUSTODY

- 8.1 Delivery vs. Payment:** All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the County Treasurer's safekeeping institution prior to the release of funds.
- 8.2 Third-party Safekeeping:** Securities will be held by an independent third-party safekeeping institution selected by the County Treasurer. All securities will be evidenced by safekeeping receipts in the County's name or in a name designated by the County Treasurer. The safekeeping institution shall annually provide a copy of its most recent report on internal controls - Service Organization Control Reports (formerly 70, or SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011.)
- 8.2.a** A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered or non-registered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisors, consultants or managers using the agency's funds, by book entry, physical delivery or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book-entry account may be used for book-entry delivery. For purposes of this section, "counterparty" means the other party to the transaction. A

counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term of remaining maturity at the time of the investment, no investment shall be made in any security other than a security underlying a repurchase or reverse repurchase agreement authorized by this section.

8.2.b In compliance with this section, the securities of Contra Costa County and its agencies shall be in safekeeping at The Bank of New York Trust Company, N. A., a counterparty bank's trust department or as defined in the debt indenture and contract.

8.3 Internal Controls: The County Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Treasurer are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in an investment procedures manual that shall be reviewed and updated periodically by the County Treasurer.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgements by management.

As part of the internal controls, the investment portfolio managed by the County Treasurer shall be audited annually by both internal and external auditors.

9.0 AUTHORIZED BROKERS/DEALERS AND FINANCIAL INSTITUTIONS

9.1 All transactions initiated on behalf of the Pooled Investment Fund and Contra Costa County shall be executed only through one of the following:

1. Government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York;
2. Banks and financial institutions that directly issue their own securities which have been placed on the Approved List of Brokers/Dealers and Financial Institutions;
3. Brokers/dealers in the State of California approved by the County Treasurer based on the reputation and expertise of the company and individuals employed.

Brokers/dealers and financial institutions which have exceeded the political contribution limits as contained in Rule G-37 of the Municipal Securities Rulemaking Board within a four-year period to the County Treasurer or a member of the governing board of a local agency or any candidate for those offices, are prohibited from the Approval List of Brokers/Dealers and Financial Institutions.

9.2 Qualifications: All financial institutions and brokers/dealers who desire to become qualified for investment transactions must complete Contra Costa County Treasurer's Office Broker/Dealer Due Diligence Questionnaire which can be obtained at www.cctax.us. An annual review of the approved brokers/dealers will be conducted by the Treasurer's Office. The Treasurer's Office may request additional documents from the brokers/dealers during the annual review. A brokers/dealer may be deleted from the Approved Brokers list without cause and without prior notification.

9.3 List of Approved Financial Institutions, Security Brokers and Dealers

A list will be maintained of financial institutions authorized to provide investment services. In addition, a list also will be maintained of approved security brokers/dealers selected for creditworthiness and qualifications stated in section 9.2. However, the County Treasury will not

be limited to the financial institutions and brokers/dealers on the list. Others will be included as long as conditions for authorized financial institutions and brokers/dealers set forth in this Policy are met. Additionally, deletions and additions are based on the maintenance of required credit quality as rated by a nationally recognized statistical-rating organization (NRSRO) or reliable financial sources.

10.0 SUITABLE AND AUTHORIZED INVESTMENTS

10.1 Authorized Investment Types: (Gov't Code §53600 et seq.) The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in the investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage and/or rating limitation for a particular category of investment, that percentage and/or rating are applicable only at the date of purchase. 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, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

- 10.1.a Bonds issued by the local agencies**, including bonds payable solely out of the revenues from a revenue-producing property, owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.
- 10.1.b 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.
- 10.1.c Registered state warrants or treasury notes or bonds of this state**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency or authority of the state.
- 10.1.d Registered treasury notes or bonds of any of the other 49 states** in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
- 10.1.e Bonds, notes, warrants or other evidences of indebtedness of any local agency within this state**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency, or by a department, board, agency or authority of the local agency.
- 10.1.f 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.

10.1.g Banker's acceptances otherwise known as bills of exchange or time drafts drawn on and accepted by a commercial bank. Purchases of banker's acceptances may not exceed 180 days' maturity or 40 percent of the agency's money that may be invested pursuant to this section. However, no more than 30 percent of the agency's money may be invested in banker's acceptances of any one commercial bank pursuant to this section. This subdivision does not preclude a municipal utility district from investing any money in its treasury in any manner authorized by the Municipal Utility District Act (Division 6, commencing with Section 11501, of the Public Utilities Code).

10.1.h Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

1. The entity meets the following criteria:
 - A. Is organized and operating in the United States as a general corporation.
 - B. Has total assets in excess of five hundred million dollars (\$500,000,000).
 - C. Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a nationally recognized statistical-rating organization (NRSRO).
2. The entity meets the following criteria:
 - A. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - B. Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
 - C. Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

Eligible commercial paper shall have a maximum maturity of 397 days or less. Local agencies, other than counties or a city and county, that have less than one hundred million dollars (\$100,000,000) of investment assets under management, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county, that have one hundred million dollars (\$100,000,000) or more of investment assets under management may invest no more than 40 percent of their moneys in eligible commercial paper. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635:

- i. Not more than 40 percent of the local agency's money may be invested in eligible commercial paper.
- ii. Not more than 10 percent of the total assets of the investments held by a local agency may be invested in any one issuer's commercial paper.

10.1.i Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a savings association or federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the agency's

money that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposits do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the money are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or any person with investment decision making authority in the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

10.1.j Repurchase and reverse repurchase agreements

1. Investments in *repurchase agreements* or *reverse repurchase agreements* of any securities authorized by this section, provided that the agreements are subject to this subdivision, including the delivery requirements specified in this section, and that a signed Master Repurchase Agreement is on file in the Treasurer's Office for all financial institutions that enter into a repurchase agreement with Contra Costa County.
2. Investments in repurchase agreements may be made on any investment authorized in this section when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.
3. Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:
 - A. The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.
 - B. The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.
 - C. The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.
 - D. Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

4. Prior approval of the governing body; only with primary dealers:
 - A. Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.
 - B. For purposes of this policy, "significant banking relationship" means any of the following activities of a bank:
 - i. Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.
 - ii. Financing of a local agency's activities.
 - iii. Acceptance of a local agency's securities or funds as deposits.
5. Definitions and terms of repos, securities and securities lending:
 - A. "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.
 - B. "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.
 - C. "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.
 - D. "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.
 - E. For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.
 - F. For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

10.1.k Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its

equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

10.1.l Shares of beneficial interest

1. Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.
2. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).
3. If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:
 - A. Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.
 - B. Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), (q), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).
4. If investment is in shares issued pursuant to paragraph (2), the company shall have met the following criteria:
 - A. Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.
 - B. Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).
5. The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 percent of the agency's money that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

10.1.m Moneys held by a trustee or fiscal agent and pledged to the payment of security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are not specific

statutory provision, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

10.1.n Notes, bonds, or other obligations that are at all times secured by a valid first-priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

10.1.o Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond. Securities eligible for investment under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by a NRSRO and have a maximum remaining maturity of 5 years or less. Purchase of securities authorized by this subdivision shall not exceed 20 percent of the agency’s surplus money that may be invested pursuant to this section.

10.1.p Shares of beneficial interest issued by a joint power authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (n), (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing shares shall have retained an investment adviser that meets all of the following criteria:

1. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
2. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (n), (q), inclusive.
3. The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

10.1.q United States dollars denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent better by an NRSRO and shall not exceed 30 percent of the agency’s moneys that may be invested pursuant to this section.

11.0 RESTRICTIONS AND PROHIBITIONS

11.1 Restrictions set by the Treasurer

11.1.a All investments purchased by the Treasurer’s Office shall be of investment grade. The minimum credit rating of purchased investments shall be as defined by Government Code 53600 et. seq.

11.1.b All legal securities issued by a tobacco-related company are prohibited. A tobacco-related company is defined as 1) an entity that makes smoking products from tobacco used in cigarettes, cigars and/or snuff, or for smoking in pipes or 2) a company that has total

revenues of 15 percent or more from the sale of such tobacco products. The tobacco-related issuers restricted from any investment are Alliance One, Altria Group, Inc., Auri Inc., British American Tobacco PLC, Imperial Tobacco Group PLC, Kirin International Holding Inc., Lorillard, Philip Morris International, Reynolds American, Inc., Schweitzer-Mauduit International Inc., Smokefree Innotec Inc., Star Scientific Inc., Universal Corp., and Vector Group, Ltd. The Treasury staff will update the list of tobacco-related companies when necessary.

- 11.1.c** Debt instruments issued by the following fossil fuel companies are prohibited from being invested directly by the Treasury Pool managed by Treasurer's Office: Chevron, Exxon Mobil, Total Energies SE, BP PLC, Marathon Petroleum, Shell PLC, Valero Energy Corporation, Phillips 66. The Treasurer's Office will update the list of fossil fuel companies when necessary.
- 11.1.d** Financial futures or financial option contracts will each be approved on a per trade basis by the County Treasurer.
- 11.1.e** Reverse repurchase agreements will be used strictly for the purpose of supplementing income with a limit of 10 percent of the total portfolio with prior approval of the Treasurer.
- 11.1.f** SBA loans require prior approval from the Treasurer in every transaction.
- 11.1.g** Securities purchased through brokers will be held in safekeeping at The Bank of New York Trust Company, N.A. or as designated by the specific contract(s) for government securities and tri-party repurchase agreements.
- 11.1.h** Swaps and Trades will each be approved on a per-trade basis by Treasurer or Assistant Treasurer.

11.2 Prohibitions by Government Code (§53601.6)

- 11.2.a** A local agency shall not invest any funds pursuant to this Article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips.
- 11.2.b** (1) Except as provided in paragraph (2), a local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero-interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.) that are authorized for investment pursuant to subdivision (l) of Section 53601.

(2) Notwithstanding the prohibition in paragraph (1), a local agency may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. A local agency may hold these instruments until their maturity dates.
- 11.2.c** This section shall remain in effect only until January 1, 2031, and as of that date is repealed.
- 11.2.d** A local agency shall not invest any funds pursuant to this Article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips.

11.2.e A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero-interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.) that are authorized for investment pursuant to subdivision (l) of Section 53601.

11.2.f This section shall become operative on January 1, 2031.

12.0 INVESTMENT PARAMETERS

12.1 Diversification: Investments shall be diversified to minimize the risk of loss and to maximize the rate of return by:

1. Limiting investment to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
2. Limiting investment in securities that have higher credit risks,
3. Investing in securities with varying maturities, and
4. Continuously investing a portion of the portfolio in readily available funds such as investment pools, money market funds, or repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

12.2 Maximum Maturities: To the extent possible, the County Treasurer shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Treasurer will not directly invest in securities maturing more than five (5) years from the date of purchase (specifically the settlement date) or in accordance with state and local statutes and ordinances. The Treasurer shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as LAIF, money market funds, or overnight products to ensure that appropriate liquidity is maintained to meet ongoing obligations.

12.3 Exception to Maximum Maturity: In accordance with Government Code, the County Treasurer retains the right to petition the Board of Supervisors for approval to invest in securities with a final maturity in excess of five years. The Board of Supervisors adoption of any resolution allowing maturities beyond five years shall be considered an allowed modification to this policy and any investments made in accordance with the modification shall be allowable under this policy.

12.4 Investment Criteria¹: All limitations set forth in this Policy are applicable only at the time of purchase. The County Treasurer has the full discretion to rebalance the portfolio when it is out of compliance owing to various reasons, such as market fluctuation.

¹ The rating requirement for each investment type is referenced in the relevant sections of California Government Code.

INVESTMENT TYPE	MAXIMUM % of PORTFOLIO	MAXIMUM MATURITY	MAXIMUM % of ISSUE	OTHER RESTRICTIONS
Bonds issued by local agencies	100%	5 years	100%	
U.S. Treasury Obligations	100%	5 years	100%	
Registered State Warrants, and CA Treasury Notes and bonds	100%	5 years	100%	
Registered Treasury Notes or Bonds of any of the other 49 state in addition to CA	100%	5 years	100%	
Bonds and Notes issued by other local agencies in California	100%	5 years	100%	
Obligations of U.S. Agencies or government sponsored enterprises	100%	5 years	100%	
Bankers Acceptances) Domestic: (\$5B min. assets)	40%	180 days	30% Aggregate	
Foreign: (\$5B min. assets)	40%	180 days	5% Aggregate	
Commercial paper	40%	270 days or less	10% Aggregate	No more than 10 % of the local agency's money may be invested in the commercial paper of any single issuer.
Negotiable Certificates of Deposit (\$5 billion minimum assets)	30%	5 years	10% Aggregate	
Repurchase Agreements secured by U.S. Treasury or agency obligation (102% collateral)	100%	1 year	See limitations for Treasuries and Agencies above	Generally limited to Wells Fargo Bank, Bank of America or other institutions with whom the County treasury has executed tri-party agreements. Collateral will be held by a third party to the transaction that may include the trust department of particular banks. Collateral will be only securities that comply with Government Code
Reverse Repurchase Agreements and Securities Lending Agreements	20%	92 days	See limitations for Treasuries and Agencies above	
Corporate bonds, Medium Term Notes & Covered	30%	5 years	10% Aggregate	No more than 10 % of the local agency's money may be invested in the medium-term notes of any single issuer.
Shares of beneficial interest issued by diversified mgt. companies	20%	N/A	10% Aggregate	
Moneys held by a trustee or fiscal agent	20%	N/A		
Collateralized Notes, Bonds, Time Deposits, or other obligations	15%	5 years	5% Aggregate	Collateralized by the eligible securities at a percentage specified in Government Code
Mrtg Backed Securities/CMO's:	20%	5 Years	5% Aggregate	<u>No</u> Inverse Floaters
Asset Backed Securities	20%	5 Years		<u>No</u> Range Notes
				<u>No</u> Interest only strips derived from a pool of mortgages
Joint Powers Authority (JPA)	As limited by JPA	N/A	As limited by JPA	
Supranational obligations	30%	5 Years	100%	Rated "AA" or better by an NRSRO
Local Agency Investment Fund (LAIF)	As Limited	N/A	As limited by	

INVESTMENT TYPE	MAXIMUM % of PORTFOLIO	MAXIMUM MATURITY	MAXIMUM % of ISSUE	OTHER RESTRICTIONS
	by LAIF		LAIF	

13.0 EXTERNALLY MANAGED INVESTMENT POOLS, MUTUAL FUNDS AND SEPARATE ACCOUNTS

The County Treasurer may invest a portion of the investment pool assets in investment pools, mutual funds, and separate account investment funds managed by the external investment managers. A thorough due diligence shall be conducted on the external investment managers and the pool/funds prior to investing, and on a continual basis.

14.0 PORTFOLIO MANAGEMENT ACTIVITY

14.1 Passive Portfolio Management:

(See Section 6.0., General Strategy)

14.2 Purchase of Investment Securities:

Investment Securities will be purchased in the most cost effective and efficient manner by using a competitive bidding process. However, the investment securities may or may not carry the highest coupon or yield at the time of purchase after taking into consideration the various limitations of the Investment Policy and risks.

ESG investments may be considered so long as such investments achieve equivalent safety, liquidity, and yield compared to other investment opportunities.

14.3 Reviewing and Monitoring of the Portfolio:

The portfolio is closely monitored on a regular basis for compliance purposes. Both monthly and quarterly reports will review portfolio investments to ensure they are kept track of in a timely manner. The reports will also monitor the County Treasurer's investment practices and the results of such practices.

14.4 Portfolio Adjustments:

Certain actions may be taken if the portfolio becomes out of compliance. For instance, should a concentration limitation be exceeded due to an incident such as a fluctuation in portfolio size, the affected securities may be held to maturity to avoid losses; however, the County Treasurer may choose to rebalance the portfolio earlier to bring it back into compliance if the portfolio will not suffer any losses for selling the investment prior to maturity.

14.5 Performance Standards:

The investment portfolio will be managed in accordance with the parameters specified within this Policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks, such as 6-month US Treasury Bill, Fed Funds Rates Index, may be referenced for comparison purposes. However, the benchmarks may change as appropriate based on the duration of the investment pool and/or cash flow requirements.

15.0 REPORTING

15.1 Methodology: The County Treasurer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner which will allow the County Treasurer to ascertain

whether investment activities during the reporting period have conformed to the investment policy. The report shall be provided to the Chief Administrative Officer, the County Auditor, the Board of Supervisors, Treasury Oversight Committee and any pool participants [Government Code 27133(e), and 53646(b)]. The report will include the following:

1. The type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and money held by the County Treasurer.
2. A description of any of the local agency's funds, investments, or programs that are under the management of contracted parties, including lending programs.
3. A current market value as of the date of the report of all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, and the source of this same valuation.
4. A statement that the portfolio is in compliance with the investment policy, or the manner in which the portfolio is not in compliance.
5. A statement denoting the ability of the County Treasurer to meet its pool's expenditure requirements for the next six months, or an explanation as to why sufficient money may not be available.
6. Listing of individual securities by type and maturity date held at the end of the reporting period.
 - A. PLEDGE REPORT: Any securities that are pledged or loaned for any purpose shall be reported in the Quarterly Investment Report. The transaction details will be provided, including purpose, beginning and termination dates and all parties to the contract. The security descriptions as to type, name, maturity date, coupon rate, CUSIP and other material information will be included.
 - B. REVERSE REPURCHASE AGREEMENTS REPORT: All reverse repurchase agreements entered into, whether active or inactive by the end of each quarter, shall be reported in the Treasurer's Quarterly Investment Report.
7. Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity.
8. Average maturity and duration of portfolio on investments as well as the yield to maturity of the portfolio as compared to applicable benchmarks.
9. Percentage of the total portfolio which each type of investment represents.
10. Whatever additional information or data may be required by the legislative body of the local agency.

15.2 Marking to Market: The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that a review of the investment portfolio, in terms of value and price volatility, has been performed on a regular basis.

16.0 COMPENSATION

In accordance with Government Code §§27013 and 53684, the County Treasurer will charge all pool participants for administrative and overhead costs. Costs include, but are not limited to, employee salaries and benefits, portfolio management, bank and custodial fees, software maintenance fees and other indirect costs incurred from handling and managing funds. In addition, when applicable, the costs associated with the Treasury Oversight provisions of

Government Code §§ 27130-27137 shall be included as administrative costs. Costs will be deducted from interest earnings on the pool prior to apportioning and payment of interest. The County Treasurer shall annually prepare a proposed budget providing a detailed itemization of all estimated costs which comprise the administrative fee charged in accordance with Government Code §27013. The administrative fee will be subject to change. Fees will be deducted from interest earnings.

16.1 Deduction of Costs: At the discretion of the County Treasurer, the County Treasurer may deduct actual administrative costs and may make any adjustments from the interest earnings and apportions the remaining earnings to all participants based on the positive average daily balance (Government Code 53684(b)).

16.2 Directed Investments Costs: At the discretion of the County Treasurer, the County Treasurer may deduct from interest earnings the actual administrative costs of such directed investments (Government Code §27013).

17.0 CALCULATING AND APPORTIONING POOL EARNINGS

The Investment Pool Fund is comprised of monies from multiple units of the County, agencies, school districts and special districts. Each entity has unique cash flow demands, which dictate the type of investments the Treasurer's Office may purchase. To ensure parity among the pool members when apportioning interest earnings, the following procedures have been developed:

1. Interest is apportioned on at least a quarterly basis in accordance with Government Code §53684.
2. Interest is apportioned to pool participants based on the participant's average daily fund balance and the total average daily balance of deposits in the investment pool.
3. Interest is calculated on a cash basis for all investments in the County Treasurer's investment pool and reported to the Auditor-Controller for distribution into the funds of the participants.
4. Interest earned on the directed investments is credited to pool participants on a cash basis. Administrative costs are determined annually by the County Treasurer based on actual administrative and overhead costs incurred in the previous year.
5. The negative average daily fund balance will be charged interest at the rate of interest that is being apportioned.

18.0 DEPOSITS AND WITHDRAWALS IN THE TREASURY

18.1 Deposit by Voluntary Participants

Following are the terms and conditions for depositing funds for investment purposes by voluntary participants, i.e. entities that are not legally required to deposit their funds in the County Treasury.

18.1.a Resolution by the County Board of Supervisors authorizing the acceptance of outside participants by the County Treasury.

18.1.b Resolution by the legislative or governing body of the local agency (voluntary participant) authorizing the investment of funds pursuant to Government Code 53684.

18.2 Withdrawal Request

The Treasurer's Office has established the Withdrawal of Funds Policy for all Treasury Investment Pool participants who seek to withdraw funds from the County Treasury Investment Pool for various purposes. In accordance with California State Government Code Section 27136, all participants having funds on deposit in the Pool and seeking to withdraw their funds, shall first submit a formal written request to the County Treasurer. The County Treasurer shall evaluate the

withdrawal proposals of all Pool participants upon receipt of the written requests. The evaluation process may take up to 30 days. The County Treasurer reserves the right to reject any request for withdrawal if it is in the Treasurer's opinion after thorough evaluation, that the withdrawal will violate applicable laws and/or governing documents, compromise Treasurer's fiduciary responsibility, adversely impact the stability of the Pool, or harm the interests of any Pool Participant. Such rejection shall prevent the withdrawal of the funds.

Typically, participants make withdrawals for the following two reasons: a) regular operations and b) investing or depositing funds outside the Pool in accordance with California State Government Code Section 27136 (a). The County Treasurer seeks to honor all written withdrawal requests for regular operating purposes that are approved by the County Auditor-Controller's Office in a timely fashion. However, the County Treasurer recognizes that occasionally the Pool participants may request large amounts in withdrawals to cover unexpected operational needs. To accommodate such withdrawals and allow for adequate time for adjustments to the liquidity position of the Pool, the County Treasurer expects all Pool Participants to submit their written requests within the following timeframes:

- i) Withdrawals of Up to \$1 million – prior to 8:00 a.m. for same day disbursement
- ii) Withdrawals of between \$1 million to \$10 million – 1 business day in advance of disbursement
- iii) Withdrawals of more than \$10 million – 3 business day in advance of disbursement

Withdrawals of investment deposits from the County Treasury Investment Pool by any Pool participant shall coincide with investment maturities and/or authorized sale of securities by authorized personnel of the Pool Participant. Except for funds in the California State Local Agency Investment Fund, a five-business-days notification may be required when authorized sale of securities is involved. In the event that the Treasurer must liquidate investments in order to honor the withdrawal request, the Participant who requests the withdrawal shall be subject to all expenses associated with the liquidation, including, but not limited to loss of principal and interest income, withdrawal penalties, and associated fees.

To maintain full fiduciary responsibility for investment and administration of the Pool, the County Treasurer shall NOT permit statutory participants to withdraw funds from and subsequently deposit the funds outside the Pool for the purpose of investments without prior approval of the County Treasurer. As permitted by the Government Code Section 53635, upon request the County Treasurer may enter into an investment agreement with a third-party investment manager on behalf of statutory participants. However, the funds shall remain in the Pool during the entire agreement period under the care of the custodian bank retained by the County Treasurer.

Voluntary participants may withdraw funds from and subsequently deposit the funds outside the Pool for investment purposes upon the County Treasurer's approval. However, such withdrawals shall be made for the entire amount of the participant's funds deposited in the Pool. Upon completion of such withdrawals, the voluntary participants will no longer be able to participate in the Pool or receive further services from the County Treasurer's Office. NO partial withdrawals from the Pool for investment purposes are permitted.

Please refer to the Withdrawal of Funds Policy, which is maintained as a separate document, for detailed guidelines and procedures.

19.0 TEMPORARY BORROWING OF POOL FUNDS

Section 6 of Article XVI of the California Constitution provides in part that "the treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations

incurred for maintenance purposes by city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office."

The County Auditor-Controller and the County Treasurer shall make a temporary transfer of funds to the requesting agency, not to exceed 85% of the amount of money which will accrue to the agency during the fiscal year, provided that the amount of such transfer has been determined by the County Auditor-Controller to be transferable under the constitutional and statutory provisions cited in Article XVI and has been certified by the County Treasurer-Tax Collector to be available. Such temporary transfer of funds shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year.

20.0 INVESTMENT OF BOND PROCEEDS

The County Treasurer shall invest bond proceeds using the standards of this Investment Policy. The bond proceeds will be invested in securities permitted by the bond documents. If the bond documents are silent, the bond proceeds will be invested in securities permitted by this Policy.

21.0 BUSINESS CONTINUITY PLAN

The Contra Costa County Treasurer's Business Continuity Plan includes critical phone numbers and addresses of key personnel as well as active bankers and brokers/dealers. Laptops, tablets, smart phones, and other equivalent electronic devices shall be issued to key personnel for communicating between staff, bank and brokers/dealers. Copies of the plan shall be distributed to the treasury staff: the Assistant County Treasurer, the Treasurer's Investment Officer, the Treasurer's Investment Operations Analyst, the Accountant, and the Accounting Technician. The treasury staff shall interact with one another by home phone, cell phone, or e-mail to decide an alternate location from which to conduct daily operations.

In the event treasury staff is unable to conduct normal business operations, the custodial bank will automatically sweep all uninvested cash into an interest-bearing account at the end of the business day. Until normal business operations have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this investment policy.

22.0 POLICY CONSIDERATIONS

22.1 Exemption

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

22.2 Amendments

This policy shall be reviewed on an annual basis. Any changes must be approved by the County Treasurer and any other appropriate authority.

APPROVED BROKERS

Alamo Capital
Brean Capital, LLC
California Arbitrage Management Program
Daiwa Capital Markets America Inc.
Falcon Square Capital
JP Morgan Securities LLC
Mischler Financial Group
Moreton Capital Markets LLC
Public Financial Management, Incorporated
RBC Capital Markets, LLC
Stifel, Nicolaus & Company, Inc.
TD Securities (USA) LLC
UBS Financial Services, Inc.
US Bancorp Advisors
Wells Fargo Securities

Note: The County Treasury will not be limited to the above list. Others will be included as long as all conditions for authorized brokers and/or dealers set forth in this policy are met. Additionally, deletions and additions are based on many factors including the quality of services provided by the broker/dealers. The County Treasury reserves the right to delete an Approved Broker without cause and without prior notice.

APPROVED ISSUERS

American Honda Finance	Procter & Gamble Co
Apple Inc	Rabobank Nederland New York
Australia & New Zealand Banking Group	Royal Bank of Canada
Bank of America	Societe Generale NA
Bank of Montreal	Standard Chartered Bank
Bank of Nova Scotia	State Street Bank and Trust Co
Berkshire Hathaway	Svenska Handelsbanken AB
BNP Paribas	Toronto-Dominion Bank
Cisco Systems Inc	Toyota Motor Credit Corp
Citigroup	UBS Financial
Coca-Cola Co.	U.S. Bancorp
Commonwealth of Bank of Australia	Walmart
Credit Agricole SA	Walt Disney Company
Deere & Company	Wells Fargo Bank
Deutsche Bank Financial LLC	Westpac Banking Corp
Prudential	Westamerica Bank
General Electric Co	
General Electric Capital Corp	
HSBC Bank USA	
Intel Corp	
JP Morgan Chase & Co	
Johnson & Johnson	
Koch Industries, Inc.	
McDonald's Corporation	
MicroSoft Corp	
MUFG Bank	
National Australia Bank	
Nestle Capital Corp	
Nordea Bank AB	
Oracle Corp	
Pepsico Inc	
PNC Bank NA	

Note: The County Treasury may or may not invest in the Approved Issuers and will not be limited to the above list in making investments. Other issuers may be considered as the County Treasury performs additional due diligence on each investment decision. The list does not reflect the actual portfolio holdings managed by the County Treasury.

APPROVED PRIMARY DEALERS

ASL Capital Markets Inc.
Bank of Montreal, Chicago Branch
Bank of Nova Scotia, New York Agency
BNP Paribas Securities Corp.
Barclays Capital Inc.
BofA Securities, Inc.
Cantor Fitzgerald & Co.
Citigroup Global Markets, Inc.
Daiwa Capital Markets America Inc.
Deutsche Bank Securities Inc.
Goldman, Sachs & Co. LLC
HSBC Securities (USA) Inc.
Jefferies LLC
J.P. Morgan Securities Inc.
Mizuho Securities USA Inc.
Morgan Stanley & Co. LLC
MUFG Securities Americas Inc.
NatWest Markets Securities Inc.
Nomura Securities International, Inc.
RBC Capital Markets, LLC
Santander US Capital Markets LLC
SMBC Nikko Securities America, Inc.
Societe Generale, New York Branch
TD Securities (USA) LLC
UBS Securities LLC.
Wells Fargo Securities, LLC

Note: The above list consists of primary dealers that serve as trading counterparties of the Federal Reserve Bank of New York in its implementation of monetary policy. These primary dealers are required to participate in all auctions of U.S. government debt. Treasury Staff will perform additional due diligence on each investment decision, and hence, may or may not use the primary dealers listed above.

CONFLICT OF INTEREST CODE

For the

TREASURER-TAX COLLECTOR'S OFFICE

This Conflict of Interest Code is promulgated under the authority of the Political Reform Act, Government Code §81000, et seq., which requires all state and local government agencies to adopt and promulgate conflict of interest codes. Section 18730 of Title 2, Division 6 of the California Code of Regulations, as adopted by the Fair Political Practices Commission (FPPC) contains the terms of a standard conflict of interest code, which may be incorporated by reference and may be amended by the FPPC after public notice and hearings to conform to amendments in the Political Reform Act.

Therefore, the terms of Section 18730 of Title 2, Division 6 of the California Code of Regulations and any amendments to it duly adopted by the FPPC are hereby incorporated by reference and, along with the below stated Disclosure Categories, constitute the Conflict of Interest Code of the Treasurer-Tax Collector's Office of Contra Costa County.

Employees in the designated positions below shall file a Statement of Economic Interest (Form 700) with the Executive Secretary, designated as the filing officer, who will make the statements available for public inspection and reproduction. (California Government Code §81008) Upon receipt of the statements for the Treasurer-Tax Collector and positions that manage public investments, the Filing Officer will make and retain copies and forward the originals to the Contra Costa County Clerk-Recorder- Elections Department. (Government Code § 87500)

DESIGNATED POSITIONS

CLASS/JOB CODE TITLE	ASSIGNED CATEGORY
County Treasurer-Tax Collector*	1
Assistant County Treasurer	1
Treasurer's Investment Officer*	1
Treasurer' Investment Operations Analyst	1
Assistant County Tax-Collector	1
Tax Operations Supervisor	1
Executive Secretary – Exempt	2
Treasurer Oversight Committee members	2
Consultants**	1

* Pursuant to Government Code section 87314, the individuals occupying these designated positions are required to file a Form 700-Statement of Economic Interests as a public official who manages public investments within the meaning of Government Code Section 87200.

** The Treasurer-Tax Collector will determine in writing whether a consultant is hired to perform a range of duties that requires the consultant to comply with the disclosure requirements. The written determination is a public record and the Filing Officer will retain the determination for public inspection.

DISCLOSURE CATEGORIES

General Rule

An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee by virtue of the employee's position.

1. Designated Employees in Category "1" must report:

- a. All investments, interests in real property, and income, and any business entity in which the employee is a director, officer, partner, trustee, employee, or hold any position in management. Financial interests are reportable only if located within Contra Costa County or if the business entity is doing business or planning to do business in the County (and such plans are known by the designated employee) or has done business within the County at any time during the two years prior to the filing of the statement.
- b. Investments in any business entity, and income from any source and status as a director, officer, partner, trustee, employee, or hold of a position of management in any business entity, which has within the last two years contracted or foreseeably may contract with Contra Costa County, or with any special district or other public agency within the County, to provide services, supplies, materials, machinery or equipment to such County, district, or public agency.

2. Designated Employees in Category "2" must report:

Investments in any business entity, income from any source and status as a director, officer, partner, trustee, employee or holder of a position of management in any business entity, which has within the last two years contracted, or foreseeably may contract, with Contra Costa County to provide services, supplies, materials, machinery or equipment to the Office the Treasurer-Tax Collector.

GLOSSARY OF TERMS

ACCRUED INTEREST The accumulated interest due on a bond as of the last interest payment made by the issuer.

AGENCY A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

AMORTIZATION The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

AVERAGE LIFE The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

BANKERS ACCEPTANCES A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank “accepts” such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. The commercial bank assumes primary liability once the draft is accepted.

BASIS POINT A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of one percent of yield. For example, if interest rates increase from 8.25% to 8.50%, the difference is referred to as a 25-basis-point increase.

BENCHMARK A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio’s investment.

BID The indicated price at which a buyer is willing to purchase a security or commodity.

BLUE SKY LAWS Common term for state securities law, which vary from state to state. Generally refers to provision related to prohibitions against fraud, dealer and broker regulations and securities registration.

BOND A bond is essentially a loan made by an investor to a division of the government, a government agency or a corporation. The bond is a promissory note to repay the loan in full at the end of a fixed time period. The date on which the principal must be repaid is called the maturity date or maturity. In addition, the issuer of the bond, that is the agency or corporation receiving the loan proceeds and issuing the promissory note, agrees to make regular payments of interest at a rate initially stated on the bond. Bonds are rated according to many factors, including cost, degree of risk and rate of income.

BOOK VALUE Refers to value of a held security as carried in the records of an investor. May differ from current market value of the security.

BROKER/DEALER Any person engaged in the business of effecting transaction in securities in this state for the account of others or for her/his own account. Broker/dealer also includes a person engaged in the regular business of issuing or guaranteeing options with regard to securities not of her/his own issue.

CALLABLE BOND A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CALL PRICE The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for the loss of income and ownership.

CALL RISK The risk to the bondholder that a bond may be redeemed prior to maturity.

CASH SALE/PURCHASE A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

CERTIFICATES OF DEPOSIT (CD) Certificates issued against funds deposited in a commercial bank for a definite period of time and earning a specified rate of return. They are issued in two forms, negotiable and non-negotiable.

CLEAN UP CALL An action of a debt instrument issuer requiring early redemption of the instrument to reduce its own administrative expenses. This normally occurs when the principal outstanding is significantly reduced to a small amount, e.g., less than 10% of the original issue.

COLLATERALIZATION Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

COMMERCIAL PAPER Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

CONVEXITY A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

COUPON RATE The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

CREDIT QUALITY The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

CREDIT RISK The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CURRENT YIELD (CURRENT RETURN) A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

CUSIP NUMBERS CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

DELIVERY VERSUS PAYMENT (DVP) A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

DERIVATIVE SECURITY Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

DISCOUNT The amount by which the par value of a security exceeds the price paid for the security.

DIVERSIFICATION A process of investing assets among a range of security types by sector, maturity, and quality rating.

DURATION A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

EARNINGS APPORTIONMENT The quarterly interest distribution of the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

ESG INVESTING Also known as “socially responsible investing,” “impact investing,” and “sustainable investing” refers to investing which prioritizes optimal environmental, social, and governance (ESG) factors or outcomes.

FAIR VALUE The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL FUNDS (FED FUNDS) Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

FEDERAL FUNDS RATE Interest rate charged by one institution lending federal funds to the other.

FEDERAL OPEN MARKET COMMITTEE (FOMC) This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FIDUCIARY An individual who holds something in trust for another and bears liability for its safekeeping.

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA) FINRA is an independent, nongovernmental organization that writes and enforces the rules governing registered brokers and broker-dealer firms in the United States. Its stated mission is “to safeguard the investing public against fraud and bad practices.” FINRA regulates the trading of equities, corporate bonds, securities futures, and options.

Unless a firm is regulated by a different self-regulatory organization, it is required to be a FINRA member firm to do business.

FLOATING RATE NOTE A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g., Treasury bills, LIBOR, etc.).

FUTURES Commodities and other investments sold to be delivered at a future date.

GOVERNMENT SECURITIES An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See “Treasury Bills, Notes and Bonds.”

INTEREST RATE See “Coupon Rate.”

INTERNAL CONTROLS An internal control structure is designed to ensure that the assets of the Treasurer’s Investment Pool are protected from loss, theft, or misuse, and to provide reasonable assurance that this objective is met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Internal controls should address the following points:

1. Control of collusion—Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. Separation of transaction authority from accounting and record keeping—By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. Custodial safekeeping—Securities purchased from a bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. Avoidance of physical delivery securities—Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. Clear delegation of authority to subordinate staff members—Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. Written confirmation of transactions for investments and wire transfers—Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. Development of a wire transfer agreement with the lead bank and third-party custodian—The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

INVERSE FLOATERS An adjustable interest rate note keyed to various indices such as LIBOR, commercial paper, federal funds, treasuries and derivative structures. The defined interest rate formula is the opposite or inverse of these indices. Interest rates and pay dates may reset daily, weekly, monthly, quarterly, semi-annually or annually.

INVERTED YIELD CURVE A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

INVESTMENT COMPANY ACT OF 1940 Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

INVESTMENT POLICY A concise and clear statement of the objectives and parameters formulated by the investor or investment manager for a portfolio of investment securities.

INVESTMENT-GRADE OBLIGATIONS An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

LIQUIDITY Usually refers to the ability to convert assets (such as investments) into cash.

LOCAL AGENCY INVESTMENT FUND (LAIF) The State of California investment pool in which money of local agencies is pooled as a method for managing and investing local funds.

MAKE WHOLE CALL A type of call provision on a bond allowing the borrower to pay off remaining debt early. The borrower has to make a lump sum payment derived from a formula based on the net present value of future coupon payments that will not be paid because of the call.

MARK TO MARKET Valuing the inventory of held securities at its current market value.

MARKET RISK The risk that the value of a security will rise or decline as a result of changes in market conditions.

MARKET VALUE Price at which a security can be traded in the current market.

MASTER REPURCHASE AGREEMENT A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transaction. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY The date upon which the principal of a security becomes due and payable to the holder.

MEDIUM-TERM NOTES (MTNS) Corporate debt obligations continuously offered in a broad range of maturities. MTNs were created to bridge the gap between commercial paper and corporate bonds. The key characteristic of MTNs is that they are issued on a continuous basis.

MONEY MARKET INSTRUMENTS Private and government obligations of one year or less.

MONEY MARKET MUTUAL FUNDS Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, banker's acceptances, repos and federal funds).

MUTUAL FUND An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

MUTUAL FUND STATISTICAL SERVICES Companies that track and rate mutual funds, e.g., IBC/Donohue, Lipper Analytical Services and Morningstar.

NEGOTIABLE CERTIFICATES OF DEPOSIT May be sold by one holder to another prior to maturity. This is possible because the issuing bank agrees to pay the amount of the deposit plus interest earned to the bearer of the certificate at maturity.

NET ASSET VALUE The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below)

$$[(\text{Total assets}) - (\text{Liabilities})] / (\text{Number of shares outstanding})$$

NO LOAD FUND A mutual fund which does not levy a sales charge on the purchase of its shares.

NOMINAL YIELD The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

NON-NEGOTIABLE CERTIFICATES OF DEPOSIT For public funds, these certificates are collateralized and are not money market instruments since they cannot be traded in the secondary market. They are issued on a fixed-maturity basis and often pay higher interest rates than are permissible on other savings or time-deposit accounts.

OFFER The price of a security at which a person is willing to sell.

OPTION A contract that provides the right, but not the obligation, to buy or to sell a specific amount of a specific security within a predetermined time period. A call option provides the right to buy the underlying security. A put option provides the right to sell the underlying security. The seller of the contracts is called the writer.

PAR Face value of principal value of a bond, typically \$1,000 per bond.

PAR VALUE The stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

POSITIVE YIELD CURVE A chart formation that illustrates short-term securities having lower yields than long-term securities.

PREMIUM The amount by which the price paid for a security exceeds par value, generally representing the difference between the nominal interest rate and the actual or effective return to the investor.

PRIME RATE A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

PRINCIPAL The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

PROSPECTUS A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

PRUDENT PERSON RULE An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

RANGE NOTES A security whose rate of return is pegged to an index. The note defines the interest rate minimum or floor and the interest rate maximum or cap. An example of an index may be federal funds. The adjustable rate of interest is determined within the defined range of the funds.

RATE OF RETURN The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond and the current income return.

REINVESTMENT RISK The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

REPURCHASE AGREEMENT OR RP OR REPO An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the RPs when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO) An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the

securities at a specified price or at a specified later date.

RULE 2A-7 OF THE INVESTMENT COMPANY ACT Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

SAFEKEEPING Holding of assets (e.g., securities) by a financial institution.

SECURITIES LENDING A transaction wherein the Treasurer's Pool transfers its securities to a broker/dealer or other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

SERIAL BOND A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

SETTLEMENT DATE The date used in price and interest computations, usually the date of delivery.

SINKING FUND Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

SLUGS An acronym for State and Local Government Series. SLUGS are special United States Government securities sold by the Secretary of the Treasury to states, municipalities and other local government bodies through individual subscription agreements. The interest rates and maturities of SLUGS are arranged to comply with arbitrage restrictions imposed under Section 103 of the Internal Revenue Code. SLUGS are most commonly used for deposit in escrow in connection with the issuance of refunding bonds.

STRIPS US Treasury acronym for "separate trading of registered interest and principal of securities." Certain registered Treasury securities can be divided into separate interest and principal components, which may then be traded as separate entities.

SUPRANATIONAL Supranational is an international organization, or union, whereby member states transcend national boundaries or interests to share in the decision-making and vote on issues pertaining to the wider grouping. Examples of supranational are International Bank for Reconstruction and Development, International Finance Corporation, European Union, and World Trade Organization.

SWAP Generally refers to an exchange of securities, with essentially the same par value, but may vary in coupon rate, type of instrument, name of issuer and number of days to maturity. The purpose of the SWAP may be to enhance yield, to shorten the maturity or any benefit deemed by the contracting parties.

TERM BONDS Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

TOTAL RETURN The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period: (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

TREASURY SECURITIES Debt obligations of the United States Government sold by the Treasury Department in the form of bills, notes and bonds:

1. **Bills** Short-term obligations that mature in one year or less and are sold at a discount in lieu of paying periodic interest.
2. **Notes** Interest-bearing obligations that mature between one year and 10 years.
3. **Bonds** Interest-bearing long-term obligations that generally mature in 10 years or more.

UNIFORM NET CAPITAL RULE SEC Rule 15C3-1 outlining capital requirements for brokers/dealers.

U.S. AGENCY OBLIGATIONS Federal agency or United States government-sponsored enterprise obligations, participants, or other instruments. The obligations are issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

U.S. TREASURY OBLIGATIONS Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

VOLATILITY A degree of fluctuation in the price and valuation of securities.

“VOLATILITY RISK” RATING A rating system to clearly indicate the level of volatility and other non-credit risks associated with securities and certain bond funds. The ratings for bond funds range from those that have extremely low sensitivity to changing market conditions and offer the greatest stability of the returns (“S1+” by S&P) to those that are highly sensitive with currently identifiable market volatility risk (“S6” by S&P).

WEIGHTED AVERAGE MATURITY (WAM) The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

WHEN ISSUED (WI) A conditional transaction in which an authorized new security has not been issued. All “when issued” transactions are settled when the actual security is issued.

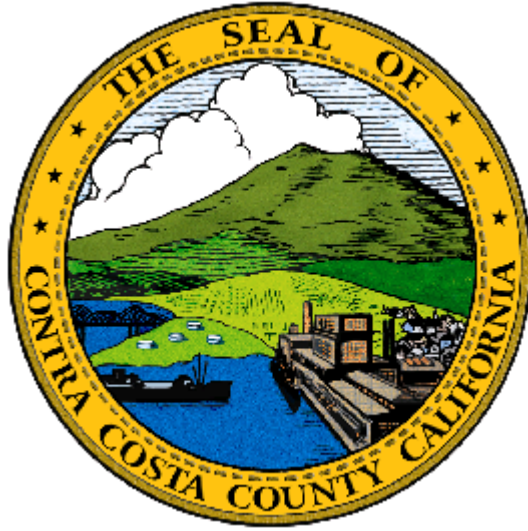
YIELD The current rate of return on an investment security generally expressed as a percentage of the security’s current price.

YIELD-TO-CALL (YTC) The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

YIELD CURVE A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

YIELD-TO-MATURITY The rate of return yielded by a debt security held to maturity when both interest payments and the investor’s potential capital gain or loss are included in the calculation of return.

ZERO-COUPON SECURITY A security that makes no periodic interest payments but instead is sold at a discount from its face value.



CONTRA COSTA COUNTY
TREASURER'S QUARTERLY INVESTMENT REPORT
AS OF JUNE 30, 2026

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EXECUTIVE SUMMARY

- The Treasurer's investment portfolio is in compliance with Government Code 53600 et. seq..
- The Treasurer's investment portfolio is in compliance with the Treasurer's current investment policy.
- The Treasurer's investment portfolio has no securities lending, reverse repurchase agreements or derivatives.
- As of 6/30/26, the fair value of the Treasurer's investment portfolio was 99.81% of the cost. More than 77 percent of the portfolio or over \$5.4 billion will mature in less than a year. Historical activities combined with future cash flow projections indicate that the County should be able to meet its cash flow needs for the next six months.
- Treasurer's Investment Portfolio Characteristics

Par	\$6,986,872,542.52
Cost	\$6,966,176,936.64
Market Value ⁱ	\$6,952,944,356.65
Weighted Yield to Maturity	3.91%
Weighted Average Days to Maturity	343 days
Weighted Duration	0.85 year

Notes:

1. All reporting information is unaudited but due diligence was utilized in its preparation. The information in this report may be updated and is subject to change without notice. Changes will be reflected in the next report.
2. There may be minor differences between the investment pool summary pages and the attached statements and exhibits from time to time. The variances are largely due to rounding errors, the timing difference in recording and/or posting transactions, interests, security values, etc.
3. All securities and amounts reported are denominated in U.S. Dollars.

ⁱ A rising rate market will produce unrealized losses in a fixed income portfolio. Mark-to-market losses in bond holdings are not realized losses, bonds are expected to mature at par. The opposite is true for a declining rate market.

CONTRA COSTA COUNTY INVESTMENT POOL

June 30, 2026

<u>TYPE</u>	<u>PAR VALUE</u>	<u>COST</u>	<u>FAIR VALUE</u> ⁵	<u>PERCENT OF TOTAL COST</u>
A. Investments Managed by Treasurer's Office				
1. U.S. Treasuries (STRIPS, Bills, Notes)	\$170,110,000.00	\$169,384,742.03	\$169,380,418.50	2.43%
2. U.S. Agencies				
Federal Home Loan Banks	516,835,000.00	514,943,735.28	513,141,441.75	7.39%
Federal National Mortgage Association	325,000,000.00	324,388,856.47	321,842,680.00	4.66%
Federal Farm Credit Banks	545,970,000.00	545,275,433.39	543,350,147.31	7.83%
Federal Home Loan Mortgage Corporation	125,000,000.00	124,857,543.39	123,615,610.00	1.79%
Subtotal	1,512,805,000.00	1,509,465,568.53	1,501,949,879.06	21.67%
3. Supranationals - International Government	701,107,000.00	699,029,729.56	695,753,982.49	10.03%
4. Money Market Instruments				
Commercial Paper	1,929,670,000.00	1,917,080,990.33	1,915,916,655.48	27.52%
Negotiable Certificates of Deposit	1,655,000,000.00	1,655,000,000.00	1,654,896,060.00	23.76%
Time Deposit	0.00	0.00	0.00	0.00%
Subtotal	3,584,670,000.00	3,572,080,990.33	3,570,812,715.48	51.28%
5. Corporate Notes	166,687,000.00	165,101,624.37	163,887,725.79	2.37%
TOTAL (Section A.)¹	6,135,379,000.00	6,115,062,654.82	6,101,784,721.32	87.78%
B. Investments Managed by Outside Contractors				
1. PFM	88,140,795.36	87,853,050.27	87,571,908.20	1.26%
2. Local Agency Investment Fund (LAIF) ³	190,756,496.98	190,756,496.98	190,756,496.98	2.74%
3. Allspring Global Investments	44,068,018.03	43,976,502.42	44,302,998.00 ²	0.63%
4. CAMP ³	356,060,476.37	356,060,476.37	356,060,476.37	5.11%
5. CalTRUST (Liquidity Fund) ³	100,000,000.00	100,000,000.00	100,000,000.00	1.44%
6. US Bank (Federated Tax Free Cash Fund) ³	25,554,362.68	25,554,362.68	25,554,362.68	0.37%
7. Other				
a. EBRCS Bond ^{3, 6}	228,788.67	228,788.67	228,788.67	0.00%
TOTAL (Section B.)	804,808,938.09	804,429,677.39	804,475,030.90	11.55%
C. Cash³	46,684,604.43	46,684,604.43	46,684,604.43	0.67%
GRAND TOTAL (FOR A , B, & C)	\$6,986,872,542.52	\$6,966,176,936.64	\$6,952,944,356.65	100.00%

Notes:

1. Excludes funds managed by PFM retained by Contra Costa School Insurance Group and Community College District.

2. Base Market Value plus Accrued Interest.

3. Par Value, Cost, and Fair Value reflect the account ending balance as of the quarter end.

4. Does not include the Futuris Public Entity Trust of the Contra Costa Community College District Retirement Board of Authority.

5. A rising rate market will produce unrealized losses in a fixed income portfolio. Mark-to-market losses in bond holdings are not realized losses, bonds are expected to mature at par. The opposite is true for a declining rate market.

6. East Bay Regional Communications System Authority Revenue Bond 2011 Series B maturing on June 1st 2027.

CONTRA COSTA COUNTY INVESTMENT POOL

June 30, 2026

CONTRA COSTA COUNTY INVESTMENT POOL - EARNING STATISTICS

	Fiscal Year To Date	Quarter To Date
Average Daily Balance (\$)	6,747,112,477.54	7,360,660,439.21
Interest Earnings (\$) ¹	264,353,273.25	70,611,477.87
Earned Income Yield	3.86%	3.80%

CONTRA COSTA COUNTY INVESTMENT POOL - PORTFOLIO STATISTICS

Investment Type	Par Value (\$)	Fair Value (\$)	YTM (%)	WAM (days)	Percentage of Portfolio
U.S. Treasury	170,110,000.00	169,380,418.50	3.87	42	2.44%
Agencies	1,512,805,000.00	1,501,949,879.06	4.00	981	21.60%
Commercial Paper	1,929,670,000.00	1,915,916,655.48	3.88	61	27.56%
NCD/YCD	1,655,000,000.00	1,654,896,060.00	3.93	78	23.80%
Corporate Notes	166,687,000.00	163,887,725.79	4.08	881	2.36%
Time Deposit	-	-	0.00	0	0.00%
Supranationals	701,107,000.00	695,753,982.49	3.89	593	10.01%
PFM	88,140,795.36	87,571,908.20	4.14	848	1.26%
LAIF	190,756,496.98	190,756,496.98	3.81	⁴ 1	2.74%
CAMP	356,060,476.37	356,060,476.37	3.77	⁵ 0	5.12%
CalTRUST (Liquidity)	100,000,000.00	100,000,000.00	3.74	⁶ 0	1.44%
Allspring Global Investments	44,068,018.03	44,302,998.00	3.92	401	0.64%
US Bank (Federated Tax Free)	25,554,362.68	25,554,362.68	2.52	0	0.37%
Misc. ⁷	228,788.67	228,788.67	N/A	N/A	0.00%
Cash	46,684,604.43	46,684,604.43	4.00	² 0	0.67%
Total Fund³	6,986,872,542.52	6,952,944,356.65	3.91	343	100.00%

1. The sum of the investment interest earnings from the following portfolios: investment pool managed by Treasury Staff, PFM, CAMP, LAIF, CalTRUST, Allspring, and US Bank.

2. Average Earning Allowance of WFB for this quarter.

3. Excludes the Futuris Public Entity Trust of the CCCCD Retirement Board of Authority.

4. PMIA Quarter to Date yield.

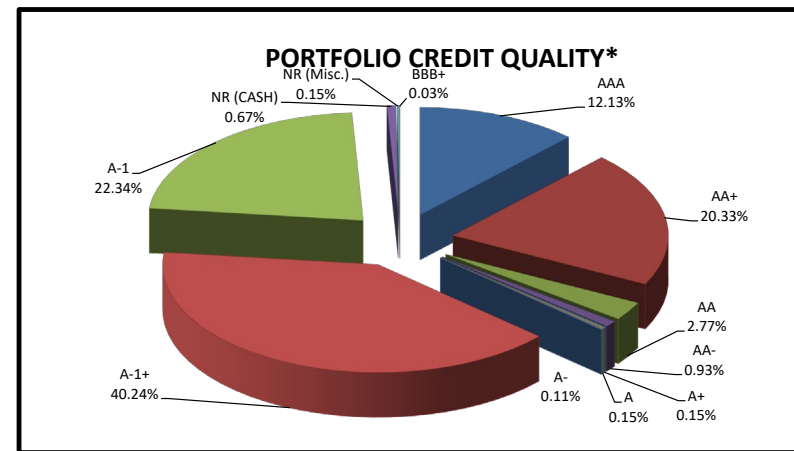
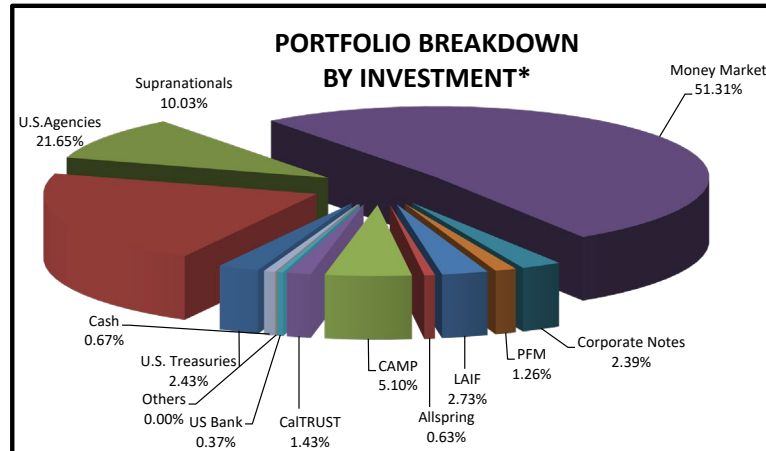
5. Distribution Yield as of the quarter end.

6. 30 Day SEC Yield as of the quarter end.

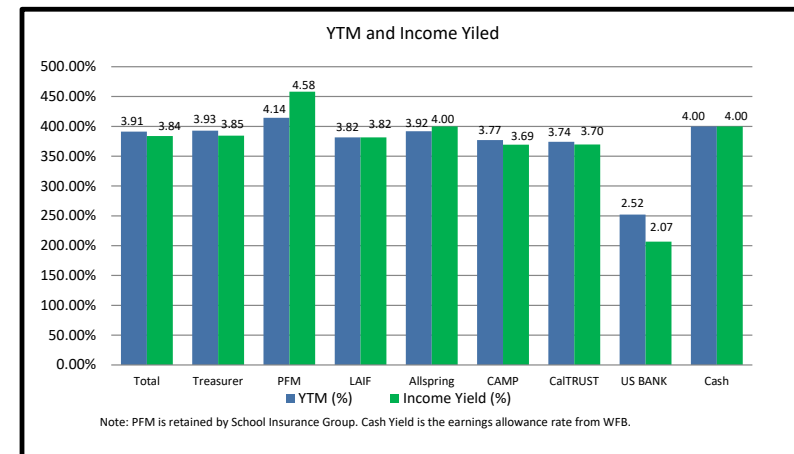
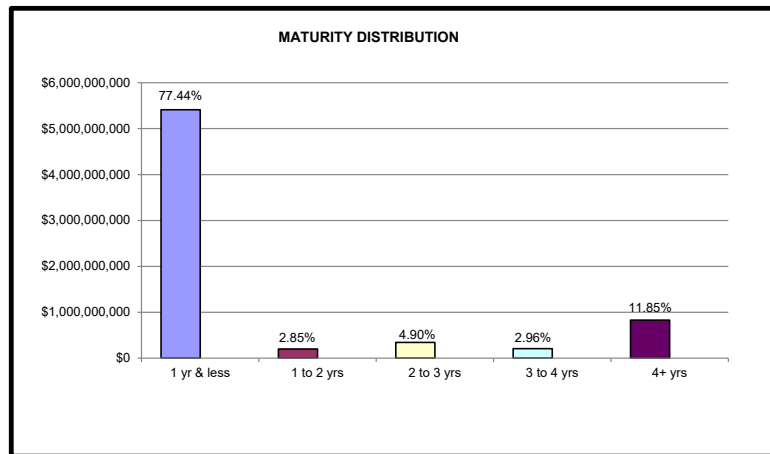
7. East Bay Regional Communications System Authority.

CONTRA COSTA COUNTY INVESTMENT POOL AT A GLANCE

June 30, 2026



*% is calculated based on the par value of the investments

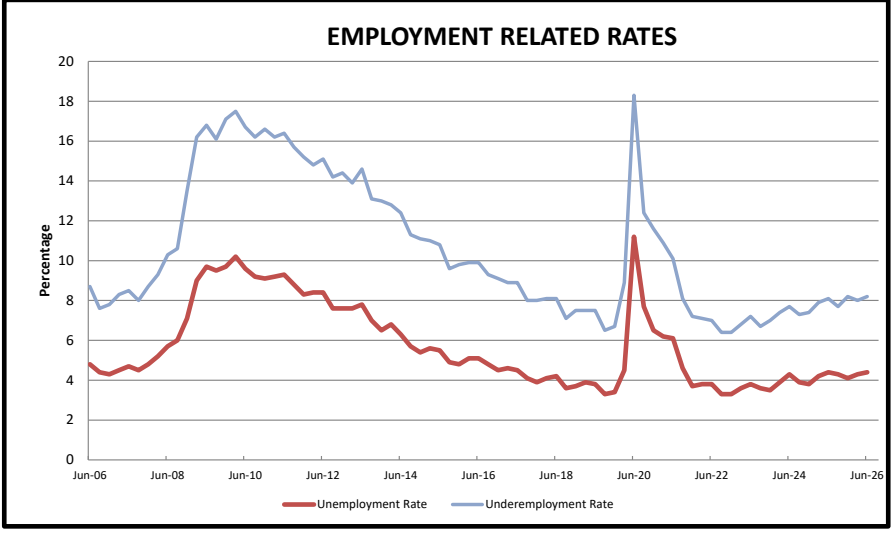
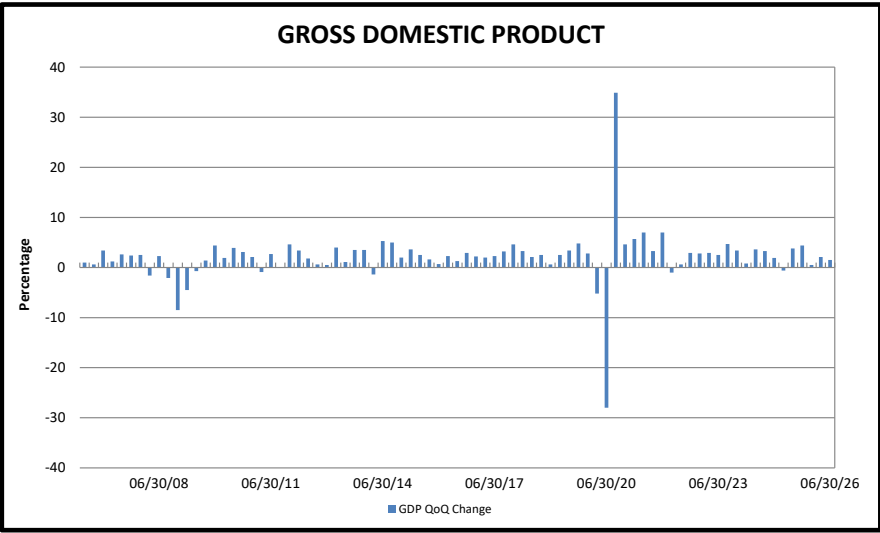
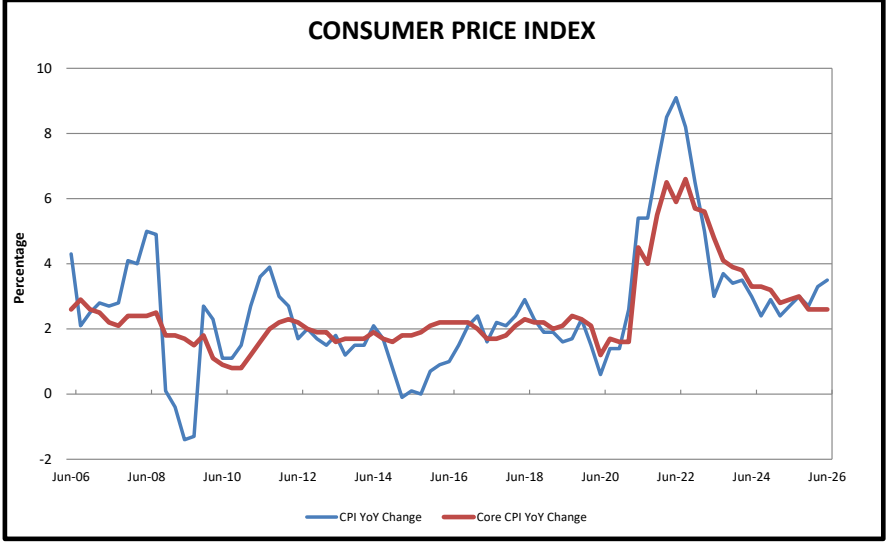
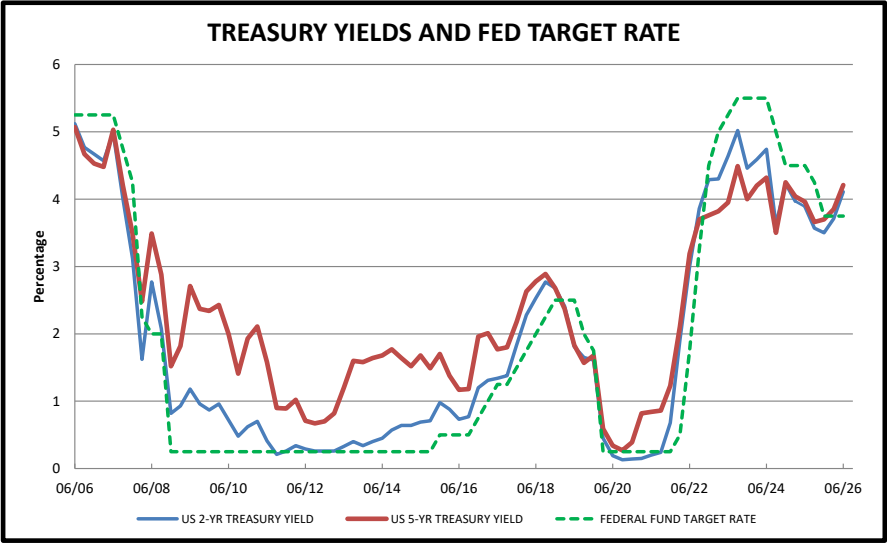


NOTES TO INVESTMENT PORTFOLIO SUMMARY AND AT A GLANCE:

1. All report information is unaudited but due diligence was utilized in its preparation. Information in the entire report is obtained at time of preparation hence may be amended after publishing and is subject to change without notice. Changes will be reflected in the next report.
2. There may be slight differences between the portfolio summary/at a glance pages and the attached statements from time to time. The variances are largely due to rounding, the timing difference in recording and/or posting transactions, interest rates, security values, etc.
3. All securities and amounts included in the portfolio are denominated in United States Dollars.
4. The Contra Costa County investment portfolio maintains Standard & Poor's highest credit quality rating of AAAf and lowest volatility of S1+. The portfolio consists of a large portion of short-term investments with credit rating of A-1/P-1 or better. The majority of the long-term investments in the portfolio are rated AA or better.
5. In accordance with Contra Costa County's Investment Policy, the Treasurer's Office has constructed a portfolio that safeguards the principal, meets the liquidity needs, and achieves a return. As a result, more than 77% of the portfolio will mature in less than a year with a weighted average maturity of 343 days.

MAJOR MARKET AND ECONOMIC DATA

AS OF JUNE 30, 2026



Note:
*All data provided by Bloomberg.

