

PRELIMINARY OFFICIAL STATEMENT DATED MAY 26, 2026

**NEW ISSUE -- FULL BOOK-ENTRY
BANK QUALIFIED**

**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. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$5,500,000*

**SHORELINE UNIFIED SCHOOL DISTRICT
(Marin and Sonoma Counties, California)
2026 Refunding General Obligation Bonds
(Bank Qualified)**

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 Shoreline Unified School District (the "District") of Marin and Sonoma Counties (together, the "Counties"), State of California (the "State") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on April 16, 2026 (the "Bond Resolution"). The Bonds are being issued for the purpose of refinancing certain maturities of the outstanding General Obligation Bonds Election of 2018, Series A (the "Prior Bonds") of the District and paying related costs of issuance. See "THE REFINANCING PLAN" and "THE BONDS – Authority for Issuance".

Security. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes. The Boards of Supervisors of the Counties have the power and are 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. 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 or earlier redemption, commencing August 1, 2026. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS."

MATURITY SCHEDULE
(see inside front cover)

Cover Page. 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. Certain matters will be passed on the Underwriter by Kutak Rock LLP, Denver, Colorado. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about June 16, 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*

SHORELINE UNIFIED SCHOOL DISTRICT (Marin and Sonoma Counties, California) 2026 Refunding General Obligation Bonds

Base CUSIP[†]: 825198

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 of the District nor the Underwriter takes any responsibility for the accuracy of such numbers.

SHORELINE UNIFIED SCHOOL DISTRICT
(Marin and Sonoma Counties, California)

BOARD OF TRUSTEES OF THE DISTRICT

Heidi Koenig, *President*
Thomas Tyson, *Vice President*
Stacey Lawson, *Clerk*
George Flores, *Board Representative*
Jane Healy, *Trustee*
Josie Lanker, *Trustee*
[Vacancy], *Trustee*

DISTRICT ADMINISTRATION

Matt Dunkle, *Superintendent*
Vina Reyes, *Interim Chief Business Official**

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

Eastshore Consulting LLC
Oakland, California

BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall LLP
San Mateo, California

UNDERWRITER'S COUNSEL

Kutak Rock LLP
Denver, Colorado

BOND REGISTRAR, TRANSFER AGENT, ESCROW AGENT AND PAYING AGENT

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

VERIFICATION AGENT

Causey Public Finance, LLC
Denver, Colorado

**The District is currently in the process of hiring a permanent Chief Business Official.*

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 as applied to the facts and circumstances of this transaction, 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 levels above those that 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 Counties, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

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

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- APPENDIX F - DTC and the Book-Entry System
- APPENDIX G - Marin County Investment Policy and Investment Report

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OFFICIAL STATEMENT

\$5,500,000*

SHORELINE UNIFIED SCHOOL DISTRICT

(Marin and Sonoma Counties, California)

2026 Refunding General Obligation Bonds

(Bank Qualified)

*The purpose of this Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale and delivery by the Shoreline Unified School District (the “**District**”) of Marin and Sonoma Counties (together, the “**Counties**”), State of California (the “**State**”) of its 2026 Refunding General Obligation Bonds in the aggregate principal amount of \$5,500,000* (the “**Bonds**”).*

INTRODUCTION

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

The District; Basic Aid Status. The District is located on the western coast of California in portions of both Marin and Sonoma Counties (together, the “**Counties**”), approximately 60 miles north of San Francisco and west of the City of Petaluma. With its western border along the winding, scenic coast traveled by Highway 1, the boundaries include approximately 400 square miles and include several State and County parks and other landmark towns, including the Point Reyes National Seashore, Nick’s Cove, Dillon’s Beach and Bodega Bay. Students attending the District’s schools come from small town and rural areas, from the mouth of the Russian River in the north to the Point Reyes National Seashore in the south. The District serves students in grades TK-12 and operates four elementary school sites and one comprehensive high school site. Enrollment in the District in fiscal year 2025-26 is approximately 418 students. The District’s total assessed value in fiscal year 2025-26 is \$3,573,947,353, of which approximately 54% is located in Marin County, and 46% in Sonoma County.

For purposes of education funding in the State, the District is a “**Basic Aid**” district (also referred to as a “**Community Supported District**”), meaning that the District’s share of local property taxes exceeds its funding entitlement under the State’s education funding formula, and as such, the District is entitled to keep local property taxes that exceed what the District would have received under the State’s funding formula. The result is a stable funding base that is less reliant than State-funded school districts on State budgets.

For more information regarding the District and its finances generally, see APPENDIX A and APPENDIX B attached hereto. See also APPENIDX C hereto for demographic and other information regarding the County of Marin.

* Preliminary; subject to change.

Purposes. The net proceeds of the Bonds will be used to refinance, on a current basis, certain maturities of the District's outstanding general obligation bonds, as more particularly identified herein, and to pay related costs of issuance. See "THE REFINANCING PLAN."

Authority for Issuance of the Bonds. The Bonds are being issued pursuant to applicable provisions of the Government Code of the State, being Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, commencing with Sections 53550 and 53580 of such Code (the "**Bond Law**"), and pursuant to a resolution adopted by the Board of Trustees of the District on April 16, 2026, (the "**Bond Resolution**"). The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, will act as the registrar, transfer agent, and paying agent for the Bonds (the "**Paying Agent**"). See "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* property taxes. The Boards of Supervisors of the Counties have the power and are 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.

Form of Bonds. The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be dated their date of original issuance and delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 principal amount, or any integral multiple of \$5,000, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("**DTC**"), and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described below. Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS –Description of the Bonds" and "– Book-Entry Only System," below and "APPENDIX F – DTC and the Book-Entry System."

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

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**"). Kutak Rock LLP, Denver, Colorado, is serving as Underwriter's counsel ("**Underwriter's Counsel**"). Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon issuance of the Bonds.

Tax Matters; Bank Qualified. 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 the State personal income taxes. The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a "financial

* Preliminary; subject to change.

institution” (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. 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 “CYBERSECURITY 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 herein and information concerning the Bonds are available from the Superintendent of the District, Shoreline Unified School District, 10 John Street, Tomales, California 94971; telephone (707) 878-2266. The District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to each of such documents, statutes and constitutional provisions.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE REFINANCING PLAN

The Prior Bonds

As described herein, the net proceeds of the Bonds will be used to refund certain maturities of the District's outstanding general obligation bonds, being certain maturities of the following bonds (the "Prior Bonds"):

- Shoreline Unified School District (Marin and Sonoma Counties, California) General Obligation Bonds Election of 2018, Series A, dated March 7, 2019, issued in the original aggregate principal amount of \$7,500,000.

The Refunded Bonds

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

SHORELINE UNIFIED SCHOOL DISTRICT Identification of Refunded Bonds*

Maturities Payable from Escrow	CUSIP†	Interest Rate	Principal Amount	Redemption Date	Redemption Price (%)
08/01/26**	825198 EK6	4.000%	\$120,000	08/01/26	100.0
08/01/27	825198 EL4	4.000	135,000	08/01/26	100.0
08/01/28	825198 EM2	4.000	155,000	08/01/26	100.0
08/01/29	825198 EN0	4.000	175,000	08/01/26	100.0
08/01/30	825198 EP5	4.000	195,000	08/01/26	100.0
08/01/31	825198 EQ3	4.000	215,000	08/01/26	100.0
08/01/32	825198 ER1	4.000	240,000	08/01/26	100.0
08/01/33	825198 ES9	4.000	260,000	08/01/26	100.0
08/01/34	825198 ET7	4.000	285,000	08/01/26	100.0
08/01/35	825198 EU4	5.000	315,000	08/01/26	100.0
08/01/36	825198 EV2	5.000	345,000	08/01/26	100.0
08/01/37	825198 EW0	5.000	380,000	08/01/26	100.0
08/01/38	825198 EX8	5.000	415,000	08/01/26	100.0
08/01/39	825198 EY6	5.000	455,000	08/01/26	100.0
08/01/41 T	825198 EZ3	5.000	1,030,000	08/01/26	100.0
08/01/43 T	825198 FA7	5.000	1,210,000	08/01/26	100.0
Total:	--		\$5,930,000	--	--

*Preliminary; subject to change.

**Not redeemed; paid upon maturity.

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

T: Term Bonds.

Deposits in Escrow Fund

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

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

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

SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Bonds
[Net] Original Issue Premium

Total Sources

Uses of Funds

Escrow 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, the Escrow Agent, the Verification Agent, and the rating agency.

THE BONDS

Authority for Issuance

The Bonds will be issued pursuant to the Bond Law and the Bond Resolution.

Description of the Bonds

The Bonds mature in the years and in the amounts and bear interest at the rates per annum all as set forth on the inside cover page hereof. Interest shall be computed based on a 360-day year of twelve 30-day months. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “Book-Entry Only System” below and “APPENDIX F – DTC AND THE BOOK-ENTRY 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 August 1, 2026 (each, an “**Interest Payment Date**”). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the 15th calendar day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2026, in which event it will bear interest from the date of delivery thereof identified on the cover page. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

Book-Entry Only System

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company (“**DTC**”). Purchasers of the Bonds (the “**Beneficial Owners**”) will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice. See “APPENDIX F - DTC AND THE BOOK-ENTRY SYSTEM.”

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

Optional Redemption*

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

Mandatory Sinking Fund Redemption*

The Bonds maturing on August 1, 20__ (the “**Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Bonds Maturing August 1, 20__

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

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 registration books maintained by the Paying Agent. Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds shall not accrue from and after the redemption date. Such notice may be a conditional notice of redemption which is subject to rescission as set forth below.

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

* Preliminary; subject to change.

Partial Redemption of Bonds

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 a new Bond or Bonds of like maturity and of authorized denominations equal in transfer amounts to the unredeemed portion of the Bond surrendered. Such partial redemption will be valid upon payment of the amount required to be paid to such Owner, and the Counties and the District will be released and discharged thereupon from all liability to the extent of such payment.

Registration, Transfer and Exchange of Bonds

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

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

Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Paying Agent will require the payment by the owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

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

Defeasance

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

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

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

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

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

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

As used in the foregoing defeasance provision and in the Bond Resolution, the term **“Federal Securities”** means: (a) any direct general non-callable obligations of the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America; (b) any obligations the timely payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America or which are secured by obligations described in the preceding clause (a); (c) the interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form; (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).

DEBT SERVICE SCHEDULES

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

**SHORELINE UNIFIED SCHOOL DISTRICT
Annual Debt Service Schedule
2026 Refunding General Obligation Bonds**

Period Ending August 1	Principal	Interest	Total
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
Total			

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Combined Debt Service Schedules. The following table shows the combined annual debt service schedules with respect to all of the District's outstanding general obligation bonds, including the Bonds, assuming no optional redemptions. See also Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations" for additional information.

**SHORELINE UNIFIED SCHOOL DISTRICT
Combined General Obligation Bonds Debt Service Schedule**

Period Ending August 1	2017 Refunding Bonds	Election of 2018, Series A Bonds*	Election of 2018, Series B Bonds	2020 Refunding Bonds	The Bonds	Aggregate Annual Debt Service
2026 ⁽¹⁾	\$584,780.00	\$398,700.00	\$616,100.00	\$228,800.00		
2027	582,580.00	408,900.00	632,100.00	--		
2028	579,780.00	423,500.00	647,100.00	--		
2029	578,855.00	437,300.00	661,100.00	--		
2030	576,517.50	450,300.00	679,100.00	--		
2031	577,837.50	462,500.00	700,900.00	--		
2032	577,987.50	478,900.00	716,300.00	--		
2033	577,177.50	489,300.00	740,500.00	--		
2034	580,640.00	503,900.00	758,100.00	--		
2035	578,200.00	522,500.00	774,300.00	--		
2036	--	536,750.00	794,100.00	--		
2037	--	554,500.00	812,300.00	--		
2038	--	570,500.00	833,900.00	--		
2039	--	589,750.00	853,700.00	--		
2040	--	607,000.00	876,700.00	--		
2041	--	622,250.00	902,700.00	--		
2042	--	640,500.00	929,300.00	--		
2043	--	661,500.00	949,400.00	--		
2044	--	--	1,653,150.00	--		
TOTAL	\$5,794,355.00	\$9,358,550.00	\$15,530,850.00	\$228,800.00		

* Expected to be refunded in full or in part with the Bonds described herein.

(1) Includes interest payments made on February 1, 2026.

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 Counties. The Counties are empowered and are 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 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" below.

Levy and Collection and Pledge of Taxes. The Counties will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the the Bonds, which is maintained by Marin 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 Counties in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

Statutory Lien on Ad Valorem Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2017, under State law, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the 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 lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the Counties 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.

At the time of bond issuance, under State law, school districts are required to project that the tax levy required to support bond amortization for bonds issued under the bond measure is not expected to exceed \$60 per \$100,000 assessed value (for unified school districts), which includes certain assumptions regarding assessed valuations.

Debt Service Fund

Marin County will establish the “Shoreline Unified School District 2026 Refunding General Obligation Bonds Debt Service Fund” (the “**Debt Service Fund**”) for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of Marin County. All taxes levied by the Counties, 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 Marin 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 Marin 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 Marin 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, Marin 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 an Obligation of the Counties

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

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PROPERTY TAXATION

Property Tax Collection Procedures

Generally. In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The “secured roll” is that part of the assessment roll containing state assessed public utilities’ property and real property, the taxes on which create a lien on such 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.

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, SB813 (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, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

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

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

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

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (“**SBE**”) and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as “unitary property”, a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and “operating nonunitary” property (which excludes nonunitary property of regulated railways) is allocated to the counties 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.

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Assessed Valuations

Assessed Valuation History. The following tables show a history of the District's assessed valuation.

SHORELINE UNIFIED SCHOOL DISTRICT Assessed Valuation Fiscal Year 2013-14 through Fiscal Year 2025-26

Assessed Valuation - Marin County Portion

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Percent Change</u>
2013-14	\$1,040,972,261	\$270,000	\$18,092,298	\$1,059,334,559	--%
2014-15	1,078,289,468	270,000	19,078,166	1,097,637,634	3.62
2015-16	1,141,156,066	270,000	20,419,081	1,161,845,147	5.85
2016-17	1,207,445,234	270,000	22,453,555	1,230,168,789	5.88
2017-18	1,268,317,683	270,000	22,833,257	1,291,420,940	4.98
2018-19	1,331,391,722	270,000	28,694,834	1,360,356,556	5.34
2019-20	1,406,193,131	270,000	28,237,586	1,434,700,717	5.47
2020-21	1,483,702,165	270,000	31,137,788	1,515,109,953	5.60
2021-22	1,555,928,461	270,000	32,761,138	1,588,959,599	4.87
2022-23	1,635,759,982	315,000	25,085,962	1,661,160,944	4.54
2023-24	1,730,069,844	315,000	29,924,179	1,760,309,023	5.97
2024-25	1,801,467,020	315,000	32,263,783	1,834,045,803	4.19
2025-26	1,883,564,784	360,000	37,098,619	1,921,023,403	4.74

Assessed Valuation - Sonoma County Portion

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Percent Change</u>
2013-14	\$829,954,049	\$0	\$14,241,719	\$844,195,768	--%
2014-15	877,084,067	0	16,408,241	893,492,308	5.84
2015-16	933,854,599	0	15,546,759	949,401,358	6.26
2016-17	989,857,647	0	15,812,229	1,005,669,876	5.93
2017-18	1,036,271,983	0	17,959,142	1,054,231,125	4.83
2018-19	1,102,468,055	0	19,473,804	1,121,941,859	6.42
2019-20	1,154,331,461	0	18,756,937	1,173,088,398	4.56
2020-21	1,197,143,710	0	18,631,803	1,215,775,513	3.64
2021-22	1,256,484,182	0	18,834,451	1,275,318,633	4.90
2022-23	1,363,889,156	0	19,447,295	1,383,336,451	8.47
2023-24	1,445,930,039	0	18,894,934	1,464,824,973	5.89
2024-25	1,522,538,276	0	17,759,051	1,540,297,327	5.15
2025-26	1,635,717,728	0	17,206,222	1,652,923,950	7.31

Assessed Valuation - Total District

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Percent Change</u>
2013-14	\$1,870,926,310	\$270,000	\$32,334,017	\$1,903,530,327	--%
2014-15	\$1,955,373,535	270,000	35,486,407	1,991,129,942	4.60
2015-16	2,075,010,665	270,000	35,965,840	2,111,246,505	6.03
2016-17	2,197,302,881	270,000	38,265,784	2,235,838,665	5.90
2017-18	2,304,589,666	270,000	40,792,399	2,345,652,065	4.91
2018-19	2,433,859,777	270,000	48,168,638	2,482,298,415	5.83
2019-20	2,560,524,592	270,000	46,994,523	2,607,789,115	5.06
2020-21	2,680,845,875	270,000	49,769,591	2,730,885,466	4.72
2021-22	2,812,412,643	270,000	51,595,589	2,864,278,232	4.88
2022-23	2,999,649,138	315,000	44,533,257	3,044,497,395	6.29
2023-24	3,175,999,883	315,000	48,819,113	3,225,133,996	5.93
2024-25	3,324,005,296	315,000	50,022,834	3,374,343,130	4.63
2025-26	3,519,282,512	360,000	54,304,841	3,573,947,353	5.92

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. General Considerations. 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, outbreaks of disease, 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 Sonoma County. Well known fires include the Kincadee (2019), Tubbs (2020) and Glass (2020) Fires. 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.

Future Conditions and Disasters Cannot be Predicted. The District cannot predict or make any representations regarding the effects that any natural or manmade disasters, including health disasters such as the COVID-19 pandemic, and the effects of climate change, and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

Assessed Valuation by Jurisdiction. The following table shows the most recent assessed valuation by jurisdiction in the District.

**SHORELINE UNIFIED SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2025-26**

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
Unincorporated Marin County	\$1,921,023,403	53.75%	\$30,594,909,546	6.28%
Unincorporated Sonoma County	<u>1,652,923,950</u>	<u>46.25</u>	\$51,320,835,232	3.22%
Total District	\$3,573,947,353	100.00%		
<u>Summary by County:</u>				
Marin County	\$1,921,023,403	53.75%	\$110,387,481,784	1.74%
Sonoma County	<u>1,652,923,950</u>	<u>46.25</u>	\$127,520,578,053	1.30%
Total District	\$3,573,947,353	100.00%		

Source: California Municipal Statistics, Inc.

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

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

	2025-26 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural/Vineyards	\$293,043,379	8.33%	544	10.12%
Commercial	132,751,194	3.77	125	2.33
Vacant Commercial	3,897,034	0.11	16	0.30
Hotel/Motel	26,796,426	0.76	8	0.15
Industrial/Winery	19,138,407	0.54	3	0.06
Vacant Industrial	203,660	0.01	1	0.02
Recreational	90,268	0.00	6	0.11
Government/Social/Institutional	3,225,749	0.09	467	8.69
Miscellaneous	<u>562,352</u>	<u>0.02</u>	<u>14</u>	<u>0.26</u>
Subtotal Non-Residential	\$479,708,469	13.63%	1,184	22.04%
Residential:				
Single Family Residence	\$2,835,057,787	80.56%	3,272	60.90%
Mobile Home	303,515	0.01	15	0.28
Mobile Home Park	3,242,151	0.09	2	0.04
2+ Residential Units/Apartments	97,548,834	2.77	118	2.20
Vacant Residential	<u>103,421,756</u>	<u>2.94</u>	<u>782</u>	<u>14.55</u>
Subtotal Residential	\$3,039,574,043	86.37%	4,189	77.96%
Total	\$3,519,282,512	100.00%	5,373	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 breakdown of assessed valuation of single-family homes on a per parcel basis.

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

Single Family Residential	No. of Parcels	2025-26 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
	3,272	\$2,835,057,787	\$866,460	\$768,671

2025-26 Assessed Valuation	No. of Parcels ⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$99,999	207	6.326%	6.326%	\$12,809,732	0.452%	0.452%
\$100,000 - \$199,999	207	6.326	12.653	30,876,317	1.089	1.541
\$200,000 - \$299,999	219	6.693	19.346	55,455,651	1.956	3.497
\$300,000 - \$399,999	215	6.571	25.917	75,412,042	2.660	6.157
\$400,000 - \$499,999	191	5.837	31.754	86,575,062	3.054	9.211
\$500,000 - \$599,999	223	6.815	38.570	122,349,129	4.316	13.526
\$600,000 - \$699,999	215	6.571	45.141	139,908,334	4.935	18.461
\$700,000 - \$799,999	226	6.907	52.048	169,038,876	5.962	24.424
\$800,000 - \$899,999	233	7.121	59.169	197,528,485	6.967	31.391
\$900,000 - \$999,999	205	6.265	65.434	195,079,734	6.881	38.272
\$1,000,000 - \$1,099,999	193	5.899	71.333	202,876,365	7.156	45.428
\$1,100,000 - \$1,199,999	172	5.257	76.589	197,124,339	6.953	52.381
\$1,200,000 - \$1,299,999	121	3.698	80.287	151,156,537	5.332	57.713
\$1,300,000 - \$1,399,999	98	2.995	83.282	131,991,352	4.656	62.368
\$1,400,000 - \$1,499,999	88	2.689	85.972	127,613,064	4.501	66.870
\$1,500,000 - \$1,599,999	74	2.262	88.233	114,439,081	4.037	70.906
\$1,600,000 - \$1,699,999	64	1.956	90.189	105,074,752	3.706	74.613
\$1,700,000 - \$1,799,999	57	1.742	91.932	99,800,621	3.520	78.133
\$1,800,000 - \$1,899,999	44	1.345	93.276	81,086,813	2.860	80.993
\$1,900,000 - \$1,999,999	37	1.131	94.407	72,224,038	2.548	83.540
\$2,000,000 and greater	183	5.593	100.000	466,637,463	16.460	100.000
	<u>3,272</u>	<u>100.000%</u>		<u>\$2,835,057,787</u>	<u>100.000%</u>	

(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 Appendix A under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution."

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

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values, adjusted for inflation, when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article 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 applicable 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.

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Typical Tax Rates

Below are historical typical tax rates in typical tax rate areas within the District for recent fiscal years.

SHORELINE UNIFIED SCHOOL DISTRICT Typical Tax Rates per \$100 of Assessed Valuation Fiscal Years 2021-22 through 2025-26

	2021-22	2022-23	2023-24	2024-25	2025-26
<u>Marin County – TRA 94-010⁽¹⁾</u>					
General Tax Rate	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Shoreline Joint Unified School District	.0393	.0447	.0371	.0398	.0229
Marin Community College District	.0275	.0258	.0245	.0237	.0242
Marin Healthcare District	.0218	.0207	.0197	.0152	.0182
Total Tax Rate	\$1.0886	\$1.0912	\$1.0813	\$1.0787	\$1.0653
<u>Sonoma County – TRA 57-011⁽²⁾</u>					
General Tax Rate	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Shoreline Joint Unified School District	.0393	.0447	.0371	.0398	.0229
Sonoma County CC District	.0370	.0350	.0335	.0305	.0295
Palm Drive Healthcare District	.0026	.0026	.0025	.0024	.0022
Warm Springs Dam-Russian River Project	.0070	.0070	.0070	.0070	.0070
Total Tax Rate	\$1.0859	\$1.0893	\$1.0801	\$1.0797	\$1.0616

(1) TRA 94-010 comprises 11.67% of the 2025-26 total assessed valuation of taxable property in the District.

(2) TRA 57-011 comprises 22.51% of the 2025-26 total assessed valuation of taxable property in the District.

Source: California Municipal Statistics, Inc.

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Tax Levies and Delinquencies

The following tables show the Marin County and Sonoma County portion of tax charges, collections and delinquencies for secured property in the District with respect to the District's levy for debt service on outstanding general obligation bonds.

SHORELINE UNIFIED SCHOOL DISTRICT Secured Tax Charges and Delinquencies Fiscal Years 2018-19 through 2024-25

Marin County Portion

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amount Delinquent June 30	% Delinquent June 30
2018-19	\$649,467.39	\$7,276.45	1.12%
2019-20	682,079.98	10,041.92	1.47
2020-21	760,075.82	10,253.48	1.35
2021-22	602,903.80	7,256.18	1.20
2022-23	730,723.20	9,420.47	1.29
2023-24	639,526.16	11,040.02	1.73
2024-25	716,732.83	15,462.65	2.16

Sonoma County Portion

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amount Delinquent June 30	% Delinquent June 30
2018-19	\$540,355.65	\$6,492.99	1.20%
2019-20	682,079.98	10,041.92	1.47
2020-21	615,144.92	4,079.87	0.66
2021-22	498,005.32	4,842.31	0.97
2022-23	610,618.84	9,920.57	1.62
2023-24	538,847.00	4,080.11	0.76
2024-25	622,878.89	7,097.52	1.14

(1) District's general obligation bond debt service levy only.

Source: California Municipal Statistics, Inc.

Teeter Plan; Property Tax Collections

The respective Boards of Supervisors of each of the Counties have 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 Plans, each entity levying property taxes in the Counties 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. Thus participating entities receive 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, Marin County includes both the general purpose secured property tax levy and the levy for general obligation bonds debt service in its Teeter Plan. Sonoma County only includes the general purpose levy, so general obligation bond debt service levies in Sonoma County are subject to delinquencies.

Other than as described in the preceding paragraph, 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 on the secured roll will not be dependent upon actual collections of the *ad valorem* property taxes by the Counties. Note that under the statute creating the Teeter Plan, the Boards of Supervisors

can under certain circumstances terminate the Teeter Plan in part or in its entirety and, in addition, the Boards 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 both of the Teeter Plans were terminated, the amount of revenues derived from the levy of secured property taxes in the District would depend upon actual collections, plus penalties and delinquencies, if any.

Top 20 Secured Property Taxpayers

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

SHORELINE UNIFIED SCHOOL DISTRICT Top Twenty Secured Property Taxpayers Fiscal Year 2025-26

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2025-26 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	BBHVS 1-7 LP	Residential Lots	\$43,381,857	1.23%
2.	Stephen W. Kistler	Vineyards/Winey	17,113,683	0.49
3.	Coubersan LLC	Vineyards	13,816,358	0.39
4.	Robert Bugatto Enterprises Inc.	Shopping Center & Restaurant	12,025,219	0.34
5.	Mankas Holdings LLC	Commercial Properties	11,291,168	0.32
6.	Eugene Bugatto Trust	Restaurant & Gas Station	10,450,677	0.30
7.	Olema House LP	Hotel	9,624,506	0.27
8.	NM Associates LLC	Residential	9,150,995	0.26
9.	Timothy C. Draper Trust	Residential	7,931,106	0.23
10.	Bodega Bay Associates	Hotel	7,678,042	0.22
11.	Carroll Ranch LLC	Residential	7,663,740	0.22
12.	23240 Highway I LLC	Restaurant & Cottages	7,426,709	0.21
13.	521 Bodega Owner LLC	Hotel	7,213,790	0.20
14.	Deborah Koons Garcia Trust	Residential	6,839,822	0.19
15.	George C. & Renate K. Lee Trust	Residential	6,815,195	0.19
16.	Steven P. Mahrt	Rural/Ranch	6,526,333	0.19
17.	James J. Chapman	Residential	6,460,022	0.18
18.	2999 Dillon Beach LLC	Rural/Ranch	6,459,281	0.18
19.	Robert Giacomini Dairy Inc.	Rural/Ranch	6,403,900	0.18
20.	Tino Qoroya	Residential	<u>5,677,420</u>	<u>0.16</u>
			\$209,949,823	5.97%

(1) 2025-26 Local Secured Assessed Valuation: \$3,519,282,512.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

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

SHORELINE UNIFIED SCHOOL DISTRICT⁽¹⁾ Statement of Direct and Overlapping Bonded Debt Dated as of April 1, 2026

2025-26 Assessed Valuation: \$3,573,947,353

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/26</u>
Marin Community College District	1.743%	\$9,057,238
Sonoma County Joint Community College District	1.287	3,940,665
Shoreline Joint Unified School District	100.000	21,870,000⁽¹⁾
Marin Healthcare District	2.079	9,583,566
Palm Drive Health Care District General Obligation Bonds	11.312	175,319
Palm Drive Health Care District Parcel Tax Obligations	11.312	833,777
Marin Emergency Radio Authority	1.740	458,664
Marin Co Marshall Community Wastewater Phase 2 Assessment District	100.000	<u>231,730</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$46,150,959
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Marin County General Fund Obligations	1.740%	\$1,153,011
Marin County Pension Obligation Bonds	1.740	259,956
Sonoma County General Fund Obligations	1.296	344,542
Sonoma County Pension Obligation Bonds	1.296	1,722,384
Sonoma County Office of Education Certificates of Participation	1.296	26,195
Marin Community College District General Fund Obligations	1.743	<u>172,942</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$3,679,030
COMBINED TOTAL DEBT		\$49,829,989⁽²⁾

Ratios to 2025-26 Assessed Valuation:

DIRECT DEBT (\$21,870,000)	0.61%
Total Direct and Overlapping Tax and Assessment Debt	1.29%
Combined Total Debt	1.39%

(1) Excludes the Bonds described herein but includes the Refunded Bonds. See “THE REFINANCING 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

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds, or may cause the Bonds to not be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

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

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

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner

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

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

Other Tax Considerations

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

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

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

Form of Opinion

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

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to (a) the sufficiency of the anticipated amount of proceeds of the Bonds and other funds available to pay, when due, the redemption price of the Refunded Bonds on the redemption date, together with accrued interest to such redemption date and (b) the “yields” on the amount of proceeds held and invested prior to redemption of the Refunded Bonds and on the Bonds considered by Bond Counsel in connection with the opinion rendered by Bond Counsel that the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended. See “THE REFINANCING PLAN.”

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

CERTAIN LEGAL MATTERS

Absence of Material 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 within the District or to collect other revenues or (iii) contests the District's ability to issue and retire 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. As of the date of this Official Statement, there currently are no claims or actions pending which could have a material adverse effect on the financial position or operations of the District, including no pending claims as a result of Assembly Bill 218 with respect to past childhood sexual abuse. 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, Eastshore Consulting LLC, Oakland, California as municipal advisor to the District, and Kutak Rock LLP, Denver, Colorado, as Underwriter's Counsel, is contingent upon issuance of the Bonds.

CYBERSECURITY 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 and/or fraud 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 District or other third-party systems related to the District for the purposes of misappropriating assets or information, causing operational disruption or damage, demanding ransom for restored access to files or information. The District could also be the subject of cyber fraud events.

The District has not in the previous five years had a major cyber breach to its systems. The District has taken steps to reduce the risk of cyber losses or events including having in place cybersecurity risk management procedures and policies and conducting training regarding cyber risks and incidents, and maintaining insurance coverage for cyber events. Notwithstanding the foregoing, no assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cyber security events may occur, if any, with respect to it and what impact said events could have on its operations or finances.

The District relies on other entities and service providers in the course of operating the District, including the County Office of Education for certain purposes, and the County with respect to its servers and systems for accounting and other matters, as well as other trustees, fiscal agents, dissemination agents and project management firms. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not directly or indirectly 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 would be by March 31 each year based upon the June 30 end of the District's fiscal year), commencing March 31, 2027 with the report for the 2025-26 Fiscal Year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and any event notices will be filed by the District with the Municipal Securities Rulemaking Board (the "**MSRB**"). The specific nature of the information to be contained in an Annual Report or other notices is set forth below under the caption "APPENDIX E – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "**Rule**").

The District has prior undertakings pursuant to the Rule. A review has been made of the District's prior undertakings, filing requirements and filings made in the previous five years, and no instances of material noncompliance were identified.

The District has engaged its municipal advisor, Eastshore Consulting LLC, as its dissemination agent to assist it with its undertakings, including the undertaking in connection with the Bonds.

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

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). 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 ratings given to the Bonds will be maintained for any period of time or that the ratings 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**"). The Underwriter has agreed to purchase the Bonds at a price of \$_____, which is equal to the aggregate principal amount of the Bonds of \$_____, plus [net] original issue premium of \$_____ less an Underwriter's discount of \$_____.

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

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

ADDITIONAL INFORMATION

The discussions herein about the Bond Resolution, the Escrow Agreement and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the District and following delivery of the Bonds will be on file at the office 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. The District may impose charges for copying, mailing and handling.

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

EXECUTION

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

SHORELINE UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

DISTRICT GENERAL AND FINANCIAL INFORMATION

*The information in this and other sections concerning Shoreline Unified School District (the “**District**”) operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the Counties 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 is located on the western coast of California in portions of both Marin and Sonoma Counties (together, the “**Counties**”), approximately 60 miles north of San Francisco and West of the City of Petaluma. With its western border along the winding, scenic coast traveled by Highway 1, the boundaries include approximately 400 square miles and include several State and County parks and other landmark towns, including the Point Reyes National Seashore, Nick’s Cove, Dillon’s Beach and Bodega Bay. Students attending the District’s schools come from small town and rural areas, from the mouth of the Russian River in the north to the Point Reyes National Seashore in the south. The District serves students in grades TK-12 and operates four elementary school sites and one high school site, as follows:

SCHOOL SITES

Shoreline Unified School District

- Bodega Bay Elementary (TK-5)
- Tomales Bay Elementary (TK-8)
- Tomales High School (9-12)
- West Marin Elementary School (2-8)
- Inverness School (TK-1)

Enrollment in the District in fiscal year 2025-26 is approximately 418 students. The District’s total assessed value in fiscal year 2025-26 is \$3,573,947,353, of which approximately 54% is located in Marin County, and 46% is located in Sonoma County.

Basic Aid Status/Community Supported District

The District’s local property taxes have exceeded the State’s calculated revenue limit for the District, resulting in the District being treated as a “**Basic Aid**” district for purposes of general purpose education funding by the State. As a Basic Aid District, the District does not receive a general purpose revenue limit entitlement from the State, but instead is entitled to keep its share of local property taxes in excess of the revenue limit available under the State’s education funding formula known as the Local Control Funding Formula (the “**LCFF**”). A Basic Aid district is also referred to as a “**Community Supported District**.”

The District’s funding as Basic Aid which exceeds its LCFF funding entitlement is in addition to other local funding sources received by the District, such as from local fundraising and a voter-approved parcel tax. Currently, the District estimates it receives approximately \$8.272

million over what it would receive if it was funded under LCFF. The District expects to continue to have local property tax revenue in excess of its LCFF funding entitlement and continue as a Basic Aid District for the near future, particularly in light of continuing increases in assessed values.

Administration

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

**GOVERNING BOARD
Shoreline Unified School District**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Heidi Koenig	President	December 2026
Thomas Tyson	Vice President	December 2028
Stacey Lawson	Clerk	December 2028
George Flores	Board Representative	December 2028
Jane Healy	Trustee	December 2026
Josie Lanker	Trustee	December 2028
[Vacancy]	Trustee	December 2026

Administration. 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. Matt Dunkle serves as Superintendent of the District. Vina Reyes is the District’s Interim Chief Business Official. Currently, the District is in the process of hiring a permanent Chief Business Official.

Recent Enrollment and ADA Trends

The following table shows historical enrollment and average daily attendance (“**ADA**”) for the District. Because the District is Basic Aid, its ADA is not material for funding purposes.

**ANNUAL ENROLLMENT AND P-2 ADA
Fiscal Years 2017-18 through 2025-26
Shoreline Unified School District**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>% Change</u>	<u>P-2 ADA</u>	<u>% Change</u>
2017-18	510	--%	474	--%
2018-19	508	(0.4)	478	0.8
2019-20	504	(0.8)	475	(0.6)
2020-21	500	(0.8)	475	0.0
2021-22	485	(3.0)	433	(8.8)
2022-23	470	(3.1)	432	(0.2)
2023-24	476	1.3	444	2.8
2024-25	473	(0.6)	433	(2.5)
2025-26 ⁽¹⁾	418	(11.6)	402	(7.2)

(1) Second interim projections.
Source: Shoreline Unified School District.

Employee Relations

The District has 54.2 certificated full-time equivalent (“FTE”) employees, 46.0 classified FTE employees, and 12.2 management/supervisor/confidential FTE employees.

BARGAINING UNITS Shoreline Unified School District

Employee Group	Representation	Contract Expiration Date
Shoreline Education Association	Certificated	June 30, 2027
California School Employees’ Association	Classified	June 30, 2027

Source: Shoreline Unified School District.

Compensation with both units is settled through the current fiscal year, 2025-26.

Insurance

The District participates in one joint venture under joint powers authorities (“JPAs”), the Redwood Empire School Insurance Group. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

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

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

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

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 65% (which was increased from 50% as part of the State’s trailer bill to the 2021-22 State Budget - Assembly Bill 130) of a local education agency’s base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and was phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district’s proportionate share of the appropriations included in the State budget (based on the percentage of each district’s students who are low-income, English learners, and foster youth (“**Targeted Students**”)), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district’s funding gap. The legislation implementing LCFF also included a “hold harmless” provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 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 2025-26 are set forth in the following table.

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

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

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

Source: California Department of Education.

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

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

Basic Aid Districts or Community Supported Districts are school districts which have local property tax revenues which exceed such district's funding entitlement under LCFF. As such, in lieu of State funding under LCFF, Basic Aid districts are entitled to keep the full share of local property tax revenues, even the amount which exceeds its funding entitlement under LCFF. **As described herein, the District is a Basic Aid district.** The District's property taxes now represent the large majority of its LCFF allocation revenues. The District expects to continue to have local property tax revenue in excess of its LCFF entitlement for the near and far future.

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all State 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 10 John Street, Tomales, California 94971, telephone (707) 878-2266. 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.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2020-21 through 2024-25 (Audited)
Shoreline Unified School District

Revenues	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24	Audited 2024-25
LCFF sources ⁽¹⁾	\$11,056,307	\$11,554,276	\$12,064,008	\$13,213,974	\$13,454,071
Federal sources ⁽¹⁾	2,276,536	2,879,124	2,344,724	2,541,362	2,117,669
Other state sources	1,020,225	2,072,493	2,251,096	2,199,780	2,090,426
Other local sources	1,947,078	2,224,355	2,257,611	2,076,977	2,113,820
Total Revenues	16,300,146	18,730,248	18,917,439	20,032,093	19,775,986
Expenditures					
Instruction	9,285,589	10,617,238	10,136,527	10,177,281	11,298,060
Instruction-related services:					
Instructional supervision & administration	339,185	355,070	337,833	474,440	502,587
Instructional library, media, tech	--	--	--	13,035	634
School site administration	1,250,115	1,413,566	1,640,746	1,455,143	1,538,542
Pupil services:					
Home-to-school transport	1,091,342	1,135,451	972,022	1,071,060	1,226,000
Food services	--	12,431	664	38,687	117,184
All other pupil services	357,149	494,861	498,108	883,494	959,503
General administration:					
Centralized data processing.	7,904	8,818	9,123	--	8,985
All other general administration	1,405,066	1,252,094	1,200,690	1,557,040	1,983,962
Plant services	1,539,587	1,607,530	1,904,250	1,795,257	1,901,283
Facility acquisition and maintenance	24,478	--	302,245	101,038	--
Ancillary services	108,159	184,781	228,555	236,811	348,318
Community services	48,151	89,500	258,237	244,506	311,051
Transfers to other agencies	127,101	221,344	315,301	336,399	320,608
Debt service:					
Principal	--	--	--	--	--
Interest and other	--	--	--	--	--
Total Expenditures	15,583,826	17,392,684	17,804,301	18,384,191	20,516,717
Excess of Revenues Over/(Under) Expenditures	716,320	1,337,564	1,113,138	1,647,902	(740,731)
Other Financing Sources (Uses)					
Operating Transfers in	--	--	--	--	--
Operating Transfers out	(333,638)	(185,619)	(320,749)	(195,380)	(199,644)
Total Other Financing Sources (Uses)	(333,638)	(185,619)	(320,749)	(195,380)	(199,644)
Net Change in Fund Balance	382,682	1,151,945	792,389	1,452,522	(940,375)
Fund Balance, July 1	5,372,394	5,755,076	6,907,021	7,699,410	9,151,932
Fund Balance, June 30	\$5,755,076	\$6,907,021	\$7,699,410	\$9,151,932	\$8,211,557

(1) Because the District is a Basic Aid District, the majority of LCFF funding is derived from local sources. Additionally, the District is a Federally Impacted School (defined herein) and receives federal impact aid from the government to make up for tax-exempt federal properties within the District.
Source: Shoreline Unified School District Audit Report

District Budget and Interim Financial Reporting

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

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

The County Superintendent must review and approve or disapprove the budget no later than September 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of 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 State law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District 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 Shoreline Unified School District, 10 John Street, Tomales, California 94971, telephone (707) 878-2266. The District may impose charges for copying, mailing and handling.

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General Fund for Fiscal Year 2025-26. The following table shows a summary of the general fund for fiscal year 2025-26 (adopted budget and second interim).

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE⁽¹⁾
Fiscal Year 2025-26 (Adopted Budget and Second Interim)
Shoreline Unified School District

<u>Revenues</u>	<u>Budgeted 2025-26</u>	<u>Second Interim 2025-26</u>
LCFF Sources ⁽²⁾	\$13,998,113	\$14,077,039
Federal Revenues ⁽²⁾	2,039,295	2,061,958
Other State Revenues	2,427,189	2,422,574
Other Local Revenues	1,785,201	1,730,617
Total Revenues	<u>20,249,798</u>	<u>20,292,188</u>
 <u>Expenditures</u>		
Certificated Salaries	6,742,148	6,874,574
Classified Salaries	3,700,106	3,628,945
Employee Benefits	5,384,906	5,445,667
Books and Supplies	997,976	998,684
Services & Operating Exp.	3,953,824	3,911,026
Capital Outlay	141,906	141,906
Other outgo (Excluding Indirect Costs)	344,647	646,002
Other outgo – Transfers of Indirect Costs	(17,969)	(9,794)
Total Expenditures	<u>21,247,544</u>	<u>21,637,010</u>
Excess of Revenues Over/(Under) Expenditures	(997,746)	(1,344,822)
 <u>Other Financing Sources (Uses)</u>		
Operating Transfers in	--	--
Operating Transfers out	(271,752)	(271,752)
Other Sources (Uses)	--	--
Total Other Financing Sources (Uses)	<u>(271,752)</u>	<u>(271,752)</u>
Net Change in Fund Balance	(1,269,498)	(1,616,574)
Fund Balance, July 1	<u>7,783,375</u>	<u>7,783,375</u>
Fund Balance, June 30	\$6,513,877	\$6,166,800

(1) Budgeted and projected figures are as of the date of the Second Interim Report, being as of January 31, 2026. Figures in this table reflect the General Fund (Unrestricted and Restricted) only. Table is not directly comparable to the presentation of the audited financial statements in the prior table which pursuant to GASB rules includes certain funds such as reserves, which are not included in budgeting and interim reporting documents as set forth above. Columns may not add to sum due to rounding.

(2) As a Basic Aid District, LCFF entitlements are provided for through local property tax revenue entitlement. Additionally, the District is a Federally Impacted School and receives aid from the federal government to make up for tax-exempt federal properties within the District boundaries.

Source: Shoreline Unified 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 4%. The District currently maintains an unrestricted reserve which meets the State's minimum requirements. The District has a Board policy requiring a 5% minimum fund balance for economic

uncertainty, plus 10% for Basic Aid uncertainty, with a goal to maintain a balance the same as the difference between Basic Aid and LCFF funding levels.

Under State law (Education Code Section 42127.01), there are certain restrictions on the amount of reserves that can be maintained by school districts under certain circumstances. This reserve cap requirement does not apply to small school districts (ADA of fewer than 2,501 students) or school districts funded as Basic Aid school districts. When applicable, the reserve cap requires that a school district's adopted or revised budget shall not contain a combined assigned or unassigned ending general fund balance of more than 10% of those funds. The applicability of the reserve cap is based on the balance in the State's Public School System Stabilization Account and is triggered in a fiscal year when the balance is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserve cap. The reserve cap was triggered in fiscal years 2022-23 and 2023-24 but was not triggered for fiscal years 2024-25 and 2025-26.

As noted, the reserve cap, when applicable, does not apply to Basic Aid school districts, including the District.

Attendance - Revenue Limit and LCFF Funding; Basic Aid

Under LCFF, school districts generally receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. However, school districts which have property tax revenues which exceed its entitlement under the LCFF are Basic Aid districts and are entitled to keep local property tax revenues which exceed the LCFF funding entitlement. As such, fluctuations in ADA, and other budget constraints at the State level, do not impact a Basic Aid school district's total education funding level.

The District has an unduplicated student count of approximately 76.2%, to the extent it were funded under LCFF. The District's funding as a Basic Aid district exceeds the LCFF funding target including any entitlement it would have under supplemental and 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. In addition, District territory includes several national parks and U.S. Coast Guard facilities which result in Federal Impact Aid funding. The District cannot predict if there will be suspensions, modifications, or eliminations to these funding sources.

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

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives 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. As a Community Funded District, the majority of the District's funding is provided from local property tax revenues. In addition to local property taxes,

the District receives additional local revenues from items such as interest earnings and other local sources (for example, parcel taxes, foundation donations and parent teacher association revenues).

The District has a voter-approved parcel tax, which generates approximately \$950,000 in local revenues each fiscal year. The existing parcel tax was renewed in November 2020 with Measure L, which renewed the \$212 annual parcel tax for an additional eight years.

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 most recent five years are summarized in the following table:

STRS EMPLOYER CONTRIBUTION RATES
Effective Dates of July 1, 2021 through July 1, 2025

<u>Effective Date</u>	<u>Employer Contribution Rate</u>
July 1, 2021	16.92%
July 1, 2022	19.10
July 1, 2023	19.10
July 1, 2024	19.10
July 1, 2025	19.10

Source: STRS

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

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

STRS CONTRIBUTIONS
Shoreline Unified School District
Fiscal Years 2021-22 through 2025-26 (Projected)

<u>Fiscal Year</u>	<u>Amount</u>
2021-22	\$968,091
2022-23	1,129,952
2023-24	1,198,214
2024-25	1,305,093
2025-26 ⁽¹⁾	1,892,943

(1) Second interim projection. Includes State On-Behalf contribution.
Source: Shoreline Unified School District.

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately \$88.7 billion, based on a market value of assets basis, as of June 30, 2024, which is the date of the last actuarial valuation.

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

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

**EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2021-22 through 2025-26⁽¹⁾**

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

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

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

**PERS CONTRIBUTIONS
Shoreline Unified School District
Fiscal Years 2021-22 through 2025-26**

Fiscal Year	Amount
2021-22	\$629,391
2022-23	784,232
2023-24	816,074
2024-25	900,710
2025-26 ⁽¹⁾	954,988

(1) Second interim projections.
Source: Shoreline Unified School District.

PERS continues to have an unfunded liability which was approximately \$40.8 billion, based on a market value of assets, as of June 30, 2024, which is the date of the last actuarial valuation.

California Public Employees’ Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees’ Pension Reform Act of 2013 (“**PEPRA**”), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below),

(iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

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

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

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

Additional Information - STRS and PERS. Additional information regarding the District's retirement programs is available in Note 11 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 administers a single-employer defined benefit healthcare plan (the “Plan”) through Redwood Empire Schools Insurance Group. 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. Membership of the plan consisted of 5 inactive employees receiving benefits and 104 participating active employees as of the July 1, 2024 valuation date.

Benefits Provided. Certificated and Certificated Management employees are eligible to retire and receive District-paid health benefits after attaining age 55 and completing at least 12 consecutive years of service.

Classified, and Confidential/Classified Management employees may retire with District-paid benefits after attaining age 55 and completing at least 12 years of service (eight years for employees hired prior to July 1, 2007).

Retirees of all employment groups are subject to a cap on District-paid medical premiums. For Certificated the 2024-25 cap is \$819.67/month and for Classified it is \$803.00/month. These amounts increase to \$899.29 per month and \$883.62, including dental and vision.

District-paid benefits end at age 65. Dependent coverage may be elected and self-paid by the retiree. Employees with full-time equivalencies (“FTE”) less than 50% are not eligible for District-paid healthcare benefits, either before or after retirement. For Certificated, the District cap is pro-rated by the FTE.

Contributions. For the measurement period, the District contributed \$92,142 to the Plan during fiscal year 2024-25, all of which was used for current premiums.

Actuarial Assumptions and Other Inputs. The District’s total OPEB liability of \$2,894,240 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation rate 2.50%, salary increases 3.00%, discount rate 5.20%, and healthcare cost trend rates 7.00% for 2025, decreasing to 4.00% for 2075 and later. Mortality rates, for Certificated employees, were based on the most recent experience study for CalSTRS members (2015-2018). Mortality rates, for non-Certificated employees, were based on the most recent experience study for CalPERS members (2000-2019). Actuarial assumptions used in the July 1, 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 thirty years.

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
Shoreline Unified School District**

Total OPEB Liability	June 30, 2025
Service Cost	\$279,423
Interest on total OPEB liability	122,951
Difference between expected and actual experience	(289,493)
Changes of assumptions	(537,448)
Benefit payments	(92,142)
Net changes in total OPEB liability	(516,709)
Balance at June 30, 2024	<u>3,410,949</u>
Balance at June 30, 2025	\$2,894,240

Source: Shoreline Unified School District Audit Report.

OPEB Expense. For the year ended June 30, 2025, the District recognized an OPEB expense of \$312,709.

See also "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDING JUNE 30, 2025- Note 10."

Existing Debt Obligations

General Obligation Bonds. The District currently has outstanding four series of general obligation bond indebtedness and refunding bond indebtedness. The following table provides a summary of outstanding general obligation bond indebtedness

**OUTSTANDING GENERAL OBLIGATION BOND DEBT
Shoreline Unified School District**

<u>Date Issued</u>	<u>Series</u>	<u>Amount of Original Issue</u>	<u>Outstanding May 1, 2026</u>
12/13/2017	2017 General Obligation Refunding Bonds	\$7,155,000	\$4,920,000
03/07/2019	General Obligation Bonds, Election of 2018, Series A*	7,500,000	5,930,000
05/05/2020	General Obligation Bonds, Election of 2018, Series B	12,000,000	10,800,000
05/05/2020	2020 General Obligation Refunding Bonds	2,205,000	220,000
	Total	\$28,860,000	\$21,870,000

*Expected to be refinanced with the proceeds of the Refunding Bonds described herein.
Source: Shoreline Unified School District.

Compensated Absences. Total unpaid employee compensated absences as of June 30, 2025 amounted to \$270,311. This amount is included as part of long-term liabilities in the government-wide financial statements.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the Marin County Treasurer manages funds deposited with it by the District. Marin 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 - MARIN COUNTY INVESTMENT POLICY AND INVESTMENT REPORT.”

Effect of State Budget on Revenues

Public school districts in the State are dependent on revenues from the State for a large portion of their operating budgets. State 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 the State are dependent on revenues from the State for a large portion of their operating budgets. The primary source of funding for school districts are revenues under the LCFF, which are a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION - Education Funding Generally" above). State funds typically make up the majority of a district's LCFF allocation, although Basic Aid school districts derive most of their revenues from local property taxes. School districts also receive substantial funding from the State for various categorical programs.

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

The Budget Process

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

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

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

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

Available Public Resources

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

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

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

The 2025-26 State Budget

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

The 2025-26 State Budget reflects a decrease of \$11.0 billion in General Fund revenues from 2024-25 (\$215.7 billion in 2025-26 compared to \$226.7 billion in 2024-25) primarily due to projected decreases in corporation and personal income tax collections. The 2025-26 State Budget reflects a decrease in General Fund expenditures of \$5.2 billion from 2024-25 (\$228.4 billion in 2025-26 compared to \$233.5 billion in 2024-25) primarily reflecting broad spending decreases for all major spending categories with the exception of expenditures for health and human services, which sees a significant funding increase driven by the expansion of Medi-Cal.

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

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

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

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

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

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

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

Certain budgeted programs and adjustments for K-12 education set forth in the 2025-26 State Budget include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For the full text of the 2025-26 State Budget, see the California Department of Finance website at www.dof.ca.gov 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.*

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

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

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

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

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

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

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

The foregoing is only a summary of certain provisions of the 2025-26 State Budget Analysis. For the full text, see the LAO website at www.lao.ca.gov. *The reference to this Internet website is shown for reference and convenience only and the information contained on such website is not incorporated by reference into this Official Statement. The information contained on this website may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

The 2026-27 State Budget Proposal

The Governor sent the fiscal year 2026-27 budget proposal to the legislature on January 9, 2026 (the "**2026-27 State Budget Proposal**"). While the 2026-27 State Budget Proposal presents a balanced budget, with a discretionary reserve of \$4.5 billion, it projects a deficit of roughly \$22 billion in the 2027-28 fiscal year and budget shortfalls in the two years following. A stronger-than-anticipated performance of the stock market and cash receipts, combined with an improved economic outlook, are noted as contributors to an upgraded revenue forecast, with General Fund revenues, before accounting for transfers and tax policy proposals, projected to be higher by approximately \$4.5 billion than was assumed in the 2025-26 State Budget for the three-year budget window of fiscal years 2024-25 through 2026-27. However, the proposal warns that the revenue increase is largely attributable to a small number of technology companies and cannot be sustained indefinitely at high levels. It also warned of federal policy changes, including House of Representatives 1 of 2025 which is projected to result in costs of \$1.4 billion to the General Fund in fiscal year 2026-27, and unpredictable future federal policies that might negatively impact tariffs, immigration, inflation, investments, the labor market and overall demand.

The 2026-27 State Budget Proposal provides for \$248.3 billion in general fund spending and nearly \$23 billion in combined reserves—including nearly \$14.4 billion in the State's Rainy

Day Fund and an additional discretionary set-aside of \$4.5 billion in the Special Fund for Economic Uncertainties and \$4.1 billion in the Public School System Stabilization Account. Although the proposal is noted as balanced, it anticipates shortfalls in subsequent fiscal years that are driven by expenditures exceeding revenues, promising additional decisions at the May Revision to maintain a balanced budget in the coming years. Noted risk factors relating to the economy and State revenues include stock market and asset price volatility and declines, particularly those affecting high-income earners - as well as unpredictable federal policies.

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

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

The May Revision was released by the Governor on May 14, 2026 and updates the budget proposal, as described below.

For the full text of the 2026-27 State Budget Proposal, 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.*

LAO Analysis of the 2026-27 State Budget Proposal

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

The LAO identifies stock market volatility as the most significant risk to the State's revenue outlook. The analysis notes that several historically reliable indicators suggest equity markets are overheated and at elevated risk of a downturn within the next year or two. A market correction would materially reduce personal income tax revenues and could quickly worsen the State's fiscal position. The LAO cautions that failing to incorporate this downside risk into the 2026-27 State

Budget Proposal places the State on precarious fiscal footing, particularly given that the proposal is only marginally balanced even under optimistic revenue assumptions.

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

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

The 2026-27 LAO Analysis is available on the LAO website at www.lao.ca.gov. *The references to this Internet website is shown for reference and convenience only and the information contained on such website is not incorporated by reference into this Official Statement. The information contained on this website may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

May Revision to the 2026-27 State Budget Proposal

On May 14, 2026, the Governor released the May Revision to the 2026-27 State Budget Proposal (the "**May Revision**"). Relative to the 2026-27 State Budget Proposal, the May Revision's estimate of revenues across the 2024-25 to 2026-27 budget window are higher by approximately \$16.5 billion. This upgrade is almost entirely attributable to positive expectations for income tax collections, which are being driven by enthusiasm around artificial intelligence and the related stock market boom. The May Revision further notes \$349.4 billion in total state fund expenditures, consisting of approximately \$246.6 billion from the General Fund, \$95.6 billion from special funds, and \$7.3 billion from bond funds. Per the May Revision, California's budget deficit is projected to be balanced in 2026-27 through 2027-28. However, structural deficits persist at approximately \$10 billion annually through 2029-30. Achieving balance relies in significant part on approximately \$20 billion in reserve withdrawals and suspended deposits, as well as \$4 billion in new borrowing.

Budget Solutions. The May Revision includes \$14 billion in deficit solutions for 2025-26 and 2026-27 as detailed below, including \$2 billion in revenue-related proposals, nearly \$3 billion in spending-related solutions (including spending reductions and fund shifts), \$4 billion in new borrowing, and suspended reserve deposits of more than \$5 billion.

Revenue-Related Solutions. The May Revision includes the following revenue-related solutions to the budget deficit:

- Larger Managed Care Organization Tax — Proposes a 2027 Managed Care Organization Tax that provides approximately \$2 billion annually with all revenue used to offset General Fund costs in Medi-Cal, resulting in annual savings of \$575 million in 2026-27 and approximately \$2 billion in subsequent years.
- Permanent Limits on Business Tax Credits — Proposes permanent limits on a business’s ability to use tax credits to reduce its corporation tax liability by 50% or \$5 million, whichever is greater. The administration estimates this would increase corporation tax revenues by \$850 million in 2026-27 and \$1.7 billion in 2027-28.
- Apply Sales Tax to Retail Sales of Digital Prewritten Software — Proposes changes to the State’s application of sales tax to prewritten software, with estimated General Fund revenue rising by \$450 million and local sales tax revenue rising by \$560 million in 2026-27, growing to \$900 million General Fund and \$1.1 billion local revenue in 2027-28.

Spending-Related Solutions. The May Revision includes the following spending-related solutions to the budget deficit:

- Expanding Package of Medi-Cal Solutions — Includes \$2.2 billion in total Medi-Cal solutions in 2026-27, consisting of \$400 million in spending reductions and \$1.8 billion in fund shifts. The largest component is a limited-term proposal to use funding from Proposition 35 (2024) in order to pay for Medi-Cal provider rate increases. The May Revision also includes proposals to lower the asset limit for seniors and persons with disabilities and to increase the monthly premium charged to adults with unsatisfactory immigration status.
- All Other Spending-Related Solutions — Across the rest of the budget, the May Revision includes \$500 million in other spending-related solutions, split relatively evenly between spending reductions and fund shifts. Examples include \$200 million in behavioral health offsets, \$50 million in savings to align In-Home Supportive Services eligibility with Medi-Cal, and \$50 million in a reduction in the cost-of-living adjustment for child care.

Borrowing. The May Revision generates a \$4 billion settle-up payment by providing less than the constitutionally required funding level for schools and community colleges in 2025-26. The 2026-27 State Budget Proposal had proposed a larger settle-up payment of nearly \$6 billion.

Education. Important education highlights from the May Revision include:

- \$6.4 billion increase to Proposition 98 funding during the period of 2024-25 through 2026-27.
- \$3.8 billion in freed-up revenue from to the State’s main school funding formula during the period of 2024-25 through 2026-27.
- \$4.6 billion mandatory deposit into the Proposition 98 Rainy Day Fund triggered by increased capital gains revenues in addition to a \$1.6 billion discretionary deposit resulting in the total reserve balance growing to \$10.3 billion or 8.3% of the 2026-27 Proposition 98 funding requirement.

- \$2.3 billion one-time discretionary grant for schools.
- \$1.8 billion ongoing increase in special fund education.
- \$1.5 billion ongoing cost-of-living adjustment for school and community college programs.
- \$485 million one-time funding for community schools, including grants for planning, implementation and technical support.
- \$440 million one-time funding for literacy coaches to support existing grant recipients through 2030-31.

The 2026-27 State Budget is required to be passed by the Legislature by June 15, 2026, prior to the start of the new fiscal year, though the trend in recent years has been for the approval of a largely symbolic bill by that deadline with a substantive agreement emerging later.

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

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

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* property tax levied by the Counties 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 Counties 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, State 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 State counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004, a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIII B of the California Constitution

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

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

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

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

Article XIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

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

Articles XIIC and XIID of the California Constitution

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

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

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

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

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

Proposition 98

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

effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts 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 State *per capita* personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article 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 State per capita personal income (the “**third test**”). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

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

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

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

Proposition 1A and Proposition 22

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

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

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

Proposition 30 and Proposition 55

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

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

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

California Senate Bill 222

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

Proposition 19

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

Proposition 2 (2024)

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

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

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

Future Initiatives

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

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APPENDIX B

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

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SHORELINE UNIFIED 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
Shoreline Unified School District
Tomales, 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 Shoreline Unified School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Shoreline Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Shoreline Unified School District, as of June 30, 2025, and the respective changes in financial 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 Shoreline Unified School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shoreline Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Shoreline Unified School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shoreline Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2026 on our consideration of the Shoreline Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Shoreline Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shoreline Unified School District's internal control over financial reporting and compliance.



San Diego, California
January 5, 2026

SHORELINE UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

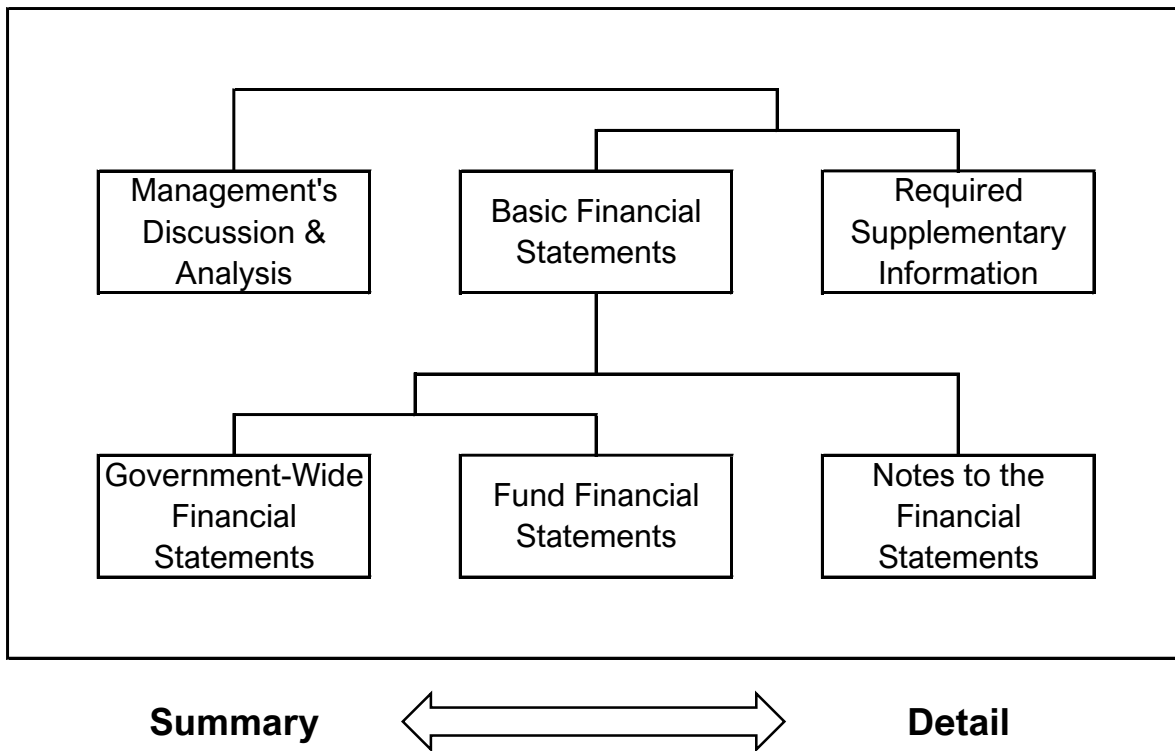
Our discussion and analysis of Shoreline Unified School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The District's net position was \$3,134,760 at June 30, 2025. This was an increase of \$663,630 from the prior year, after restatement.
- ▶ Overall revenues were \$22,828,136 which exceeded expenses of \$22,164,506.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**SHORELINE UNIFIED 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 explain and support the financial statements.

Government-Wide Statements

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

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

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

**SHORELINE UNIFIED 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 \$3,134,760 at June 30, 2025, as reflected in the table below. Of this amount, \$(5,719,627) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2025	2024	Net Change
ASSETS			
Current and other assets	\$ 15,747,246	\$ 19,071,255	\$ (3,324,009)
Capital assets	26,379,012	24,679,735	1,699,277
Total Assets	42,126,258	43,750,990	(1,624,732)
DEFERRED OUTFLOWS OF RESOURCES	4,592,815	5,411,568	(818,753)
LIABILITIES			
Current liabilities	3,199,159	2,893,761	305,398
Long-term liabilities	37,890,643	41,504,796	(3,614,153)
Total Liabilities	41,089,802	44,398,557	(3,308,755)
DEFERRED INFLOWS OF RESOURCES	2,494,511	1,209,822	1,284,689
NET POSITION			
Net investment in capital assets	3,959,759	1,597,553	2,362,206
Restricted	4,894,628	7,502,116	(2,607,488)
Unrestricted	(5,719,627)	(5,545,490)	(174,137)
Total Net Position	\$ 3,134,760	\$ 3,554,179	\$ (419,419)

**SHORELINE UNIFIED 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	\$ 148,866	\$ 205,030	\$ (56,164)
Operating grants and contributions	3,200,200	3,911,515	(711,315)
Capital grants and contributions	67,916	120,822	(52,906)
General revenues			
Property taxes	15,670,058	14,697,205	972,853
Unrestricted federal and state aid	3,078,019	2,986,521	91,498
Other	663,077	1,178,430	(515,353)
Total Revenues	22,828,136	23,099,523	(271,387)
EXPENSES			
Instruction	9,917,869	10,584,006	(666,137)
Instruction-related services	1,949,832	1,966,375	(16,543)
Pupil services	2,987,769	2,897,489	90,280
General administration	1,947,127	1,593,133	353,994
Plant services	2,017,925	1,994,921	23,004
Ancillary and community services	647,232	481,377	165,855
Debt service	860,585	881,835	(21,250)
Other outgo	320,608	336,399	(15,791)
Depreciation	1,515,559	1,673,620	(158,061)
Total Expenses	22,164,506	22,409,155	(244,649)
Change in net position	663,630	690,368	(26,738)
Net Position - Beginning, as Restated*	2,471,130	2,863,811	(392,681)
Net Position - Ending	\$ 3,134,760	\$ 3,554,179	\$ (419,419)

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

The cost of all our governmental activities this year was \$22,164,506 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$15,670,058, the remaining portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**SHORELINE UNIFIED 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	\$ 6,816,504	\$ 8,067,475
Instruction-related services	1,782,602	1,797,628
Pupil services	2,069,124	1,921,098
General administration	1,892,673	1,497,494
Plant services	1,853,272	1,993,770
Ancillary and community services	317,470	48,077
Debt service	860,585	881,835
Transfers to other agencies	277,301	290,791
Depreciation	1,515,559	1,673,620
Total	\$ 17,385,090	\$ 18,171,788

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 \$14,204,544, which is more than last year’s ending fund balance of \$17,756,608. The District’s General Fund had \$740,731 less in operating revenues than expenditures for the year ended June 30, 2025. The District’s Building Fund had \$466,479 less in operating revenues than expenditures for the year ended June 30, 2025. The District’s Bond Interest and Redemption Fund had \$368,955 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 periodic basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District’s financial projections and current budget based on State and local financial information.

**SHORELINE UNIFIED 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 \$26,379,012 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS			
Land	\$ 829,201	\$ 829,201	\$ -
Construction in progress	2,899,943	2,416,867	483,076
Land improvements	3,597,968	3,525,266	72,702
Buildings & improvements	49,609,958	47,086,276	2,523,682
Furniture & equipment	2,682,636	2,547,260	135,376
Less: Accumulated depreciation	(33,240,694)	(31,725,135)	(1,515,559)
Total	\$ 26,379,012	\$ 24,679,735	\$ 1,699,277

Long-Term Liabilities

At year-end, the District had \$37,890,643 in long-term liabilities, a decrease of 15.80% from last year’s restated balance – 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	\$ 24,384,189	\$ 25,589,374	\$ (1,205,185)
Compensated absences*	270,311	1,083,049	(812,738)
Total OPEB liability	2,894,240	3,410,949	(516,709)
Net pension liability	11,631,868	13,709,658	(2,077,790)
Less: current portion of long-term liabilities	(1,289,965)	1,205,185	(2,495,150)
Total	\$ 37,890,643	\$ 44,998,215	\$ (7,107,572)

*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.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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 Adam Jennings, Superintendent, Shoreline Unified School District.

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

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 14,891,134
Accounts receivable	824,793
Inventory	23,024
Prepaid expenses	8,295
Capital assets:	
Capital assets, not depreciated	3,729,144
Capital assets, net of accumulated depreciation	<u>22,649,868</u>
Total Assets	<u>42,126,258</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	4,115,470
Deferred outflows related to OPEB	325,791
Deferred amount on refunding	<u>151,554</u>
Total Deferred Outflows of Resources	<u>4,592,815</u>
LIABILITIES	
Accrued liabilities	1,897,640
Unearned revenue	11,554
Long-term liabilities, current portion	1,289,965
Long-term liabilities, non-current portion	<u>37,890,643</u>
Total Liabilities	<u>41,089,802</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,413,299
Deferred inflows related to OPEB	<u>1,081,212</u>
Total Deferred Inflows of Resources	<u>2,494,511</u>
NET POSITION	
Net investment in capital assets	3,959,759
Restricted:	
Capital projects	1,225,318
Debt service	2,287,813
Educational programs	1,170,039
Food service	138,753
Associated student body	72,705
Unrestricted	<u>(5,719,627)</u>
Total Net Position	<u>\$ 3,134,760</u>

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

**SHORELINE UNIFIED 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	\$ 9,917,869	\$ 90,910	\$ 2,942,539	\$ 67,916	\$ (6,816,504)
Instruction-related services					
Instructional supervision and administration	467,811	-	102,410	-	(365,401)
Instructional library, media, and technology	634	-	-	-	(634)
School site administration	1,481,387	5,427	59,393	-	(1,416,567)
Pupil services					
Home-to-school transportation	1,141,723	-	34,561	-	(1,107,162)
Food services	962,279	22,240	639,224	-	(300,815)
All other pupil services	883,767	595	222,025	-	(661,147)
General administration					
Centralized data processing	8,985	-	-	-	(8,985)
All other general administration	1,938,142	1,044	53,410	-	(1,883,688)
Plant services	2,017,925	27,996	136,657	-	(1,853,272)
Ancillary services	344,010	654	1,288	-	(342,068)
Community services	303,222	-	327,820	-	24,598
Interest on long-term debt	860,585	-	-	-	(860,585)
Other outgo	320,608	-	43,307	-	(277,301)
Total Governmental Activities	\$ 22,164,506	\$ 148,866	\$ 4,562,634	\$ 67,916	(17,385,090)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					12,362,111
Property taxes, levied for debt service					2,298,205
Property taxes, levied for other specific purposes					1,009,742
Federal and state aid not restricted for specific purposes					3,078,019
Interest and investment earnings					363,031
Interagency revenues					382
Miscellaneous					(1,062,770)
Subtotal, General Revenue					18,048,720
CHANGE IN NET POSITION					663,630
Net Position - Beginning, as Restated					2,471,130
Net Position - Ending					\$ 3,134,760

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

**SHORELINE UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 8,543,436	\$ 2,085,208	\$ 2,654,305	\$ 1,608,185	\$ 14,891,134
Accounts receivable	798,040	-	-	26,753	824,793
Due from other funds	12,353	21,060	-	35,437	68,850
Stores inventory	-	-	-	23,024	23,024
Prepaid expenditures	8,295	-	-	-	8,295
Total Assets	\$ 9,362,124	\$ 2,106,268	\$ 2,654,305	\$ 1,693,399	\$ 15,816,096
LIABILITIES					
Accrued liabilities	\$ 1,115,130	\$ 292,886	\$ -	\$ 123,132	\$ 1,531,148
Due to other funds	35,437	-	-	33,413	68,850
Unearned revenue	-	-	-	11,554	11,554
Total Liabilities	1,150,567	292,886	-	168,099	1,611,552
FUND BALANCES					
Nonspendable	29,420	-	-	-	29,420
Restricted	1,084,176	1,813,382	2,654,305	1,522,639	7,074,502
Committed	-	-	-	2,661	2,661
Assigned	4,445,173	-	-	-	4,445,173
Unassigned	2,652,788	-	-	-	2,652,788
Total Fund Balances	8,211,557	1,813,382	2,654,305	1,525,300	14,204,544
Total Liabilities and Fund Balances	\$ 9,362,124	\$ 2,106,268	\$ 2,654,305	\$ 1,693,399	\$ 15,816,096

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

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

Total Fund Balance - Governmental Funds \$ 14,204,544

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	\$ 59,619,706	
Accumulated depreciation	<u>(33,240,694)</u>	26,379,012

Deferred amount on refunding:

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

151,554

Unmatured interest on long-term debt:

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

(366,492)

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	\$ 24,384,189	
Compensated absences	270,311	
Total OPEB liability	2,894,240	
Net pension liability	<u>11,631,868</u>	(39,180,608)

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	\$ 4,115,470	
Deferred inflows of resources related to pensions	<u>(1,413,299)</u>	2,702,171

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	\$ 325,791	
Deferred inflows of resources related to OPEB	<u>(1,081,212)</u>	(755,421)

Total Net Position - Governmental Activities \$ 3,134,760

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

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 13,454,071	\$ -	\$ -	\$ 40,000	\$ 13,494,071
Federal sources	2,117,669	-	-	285,435	2,403,104
Other state sources	2,090,426	-	2,936	826,606	2,919,968
Other local sources	2,113,820	97,850	2,363,449	270,323	4,845,442
Total Revenues	19,775,986	97,850	2,366,385	1,422,364	23,662,585
EXPENDITURES					
Current					
Instruction	11,298,060	-	-	421,731	11,719,791
Instruction-related services					
Instructional supervision and administration	502,587	-	-	-	502,587
Instructional library, media, and technology	634	-	-	-	634
School site administration	1,538,542	-	-	93,844	1,632,386
Pupil services					
Home-to-school transportation	1,226,000	-	-	-	1,226,000
Food services	117,184	-	-	892,016	1,009,200
All other pupil services	959,503	-	-	-	959,503
General administration					
Centralized data processing	8,985	-	-	-	8,985
All other general administration	1,983,962	-	-	12,353	1,996,315
Plant services	1,901,283	-	-	167,911	2,069,194
Facilities acquisition and construction	-	564,329	-	2,548,318	3,112,647
Ancillary services	348,318	-	-	-	348,318
Community services	311,051	-	-	-	311,051
Transfers to other agencies	320,608	-	-	-	320,608
Debt service					
Principal	-	-	1,100,000	-	1,100,000
Interest and other	-	-	897,430	-	897,430
Total Expenditures	20,516,717	564,329	1,997,430	4,136,173	27,214,649
Excess (Deficiency) of Revenues Over Expenditures	(740,731)	(466,479)	368,955	(2,713,809)	(3,552,064)
Other Financing Sources (Uses)					
Transfers in	-	-	-	199,644	199,644
Transfers out	(199,644)	-	-	-	(199,644)
Net Financing Sources (Uses)	(199,644)	-	-	199,644	-
NET CHANGE IN FUND BALANCE	(940,375)	(466,479)	368,955	(2,514,165)	(3,552,064)
Fund Balance - Beginning	9,151,932	2,279,861	2,285,350	4,039,465	17,756,608
Fund Balance - Ending	\$ 8,211,557	\$ 1,813,382	\$ 2,654,305	\$ 1,525,300	\$ 14,204,544

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

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

Net Change in Fund Balances - Governmental Funds \$ (3,552,064)

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:	\$ 3,214,836	
Depreciation expense:	<u>(1,515,559)</u>	1,699,277

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:

1,100,000

Deferred amounts on refunding:

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

(75,777)

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:

7,437

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:

812,738

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:

(220,567)

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:

787,401

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:

105,185

Change in Net Position of Governmental Activities	<u>\$ 663,630</u>
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The accompanying notes are an integral part of these financial statements.

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

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

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. 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.

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the District's funds. 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.

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*).

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:

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 (*Education Code Section 8328*).

SHORELINE UNIFIED 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)

Special Revenue 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*).

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

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*).

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.*).

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.

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

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.

**SHORELINE UNIFIED 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	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 years

**SHORELINE UNIFIED 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)

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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	July 1, 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.

**SHORELINE UNIFIED 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)

Premiums and Discounts

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

Deferred Outflows/Deferred Inflows of Resources

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

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

Pensions

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

Fund Balance

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

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

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

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

**SHORELINE UNIFIED 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)

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

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

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

F. Interfund Activity

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

G. Estimates

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

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

**SHORELINE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

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

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities
Investment in county treasury	\$ 14,621,283
Fair value adjustment	175,021
Cash on hand and in banks	73,705
Cash in revolving fund	21,125
Total	\$ 14,891,134

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 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.

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

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

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of \$14,796,304. The average weighted maturity for this pool is 323 days.

E. Credit Risk

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

**SHORELINE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

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

G. Fair Value

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

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

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

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

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

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

	<u>Uncategorized</u>
Investment in county treasury	<u>\$ 14,796,304</u>
Total	<u>\$ 14,796,304</u>

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government			
Categorical aid	\$ 188,968	\$ 26,351	\$ 215,319
State Government			
Apportionment	86,356	-	86,356
Categorical aid	463,743	402	464,145
Lottery	34,544	-	34,544
Local Government			
Other local sources	24,429	-	24,429
Total	\$ 798,040	\$ 26,753	\$ 824,793

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	\$ 829,201	\$ -	\$ -	\$ 829,201
Construction in progress	2,416,867	483,076	-	2,899,943
Total capital assets not being depreciated	3,246,068	483,076	-	3,729,144
Capital assets being depreciated				
Land improvements	3,525,266	72,702	-	3,597,968
Buildings & improvements	47,086,276	2,523,682	-	49,609,958
Furniture & equipment	2,547,260	135,376	-	2,682,636
Total capital assets being depreciated	53,158,802	2,731,760	-	55,890,562
Less: Accumulated depreciation				
Land improvements	3,371,958	15,418	-	3,387,376
Buildings & improvements	26,121,110	1,436,333	-	27,557,443
Furniture & equipment	2,232,067	63,808	-	2,295,875
Total accumulated depreciation	31,725,135	1,515,559	-	33,240,694
Total capital assets being depreciated, net	21,433,667	1,216,201	-	22,649,868
Governmental Activities				
Capital Assets, net	\$ 24,679,735	\$ 1,699,277	\$ -	\$ 26,379,012

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 5 – INTERFUND TRANSACTIONS

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

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

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>			
	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ 35,437	\$ 35,437
Non-Major Governmental Funds	12,353	21,060	-	33,413
Total	\$ 12,353	\$ 21,060	\$ 35,437	\$ 68,850

Due from the General Fund to the Cafeteria Fund for program contribution.	\$ 35,437
Due from the Child Development Fund to the General Fund for indirect costs.	12,353
Due from the County School Facilities Fund to the Building Fund for architect fees.	21,060
Total	\$ 68,850

B. Operating Transfers

Interfund transfers for the year ended June 30, 2025 consisted of a transfer from the General Fund to the Cafeteria Fund for contributions of \$199,644.

NOTE 6 – ACCRUED LIABILITIES

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

	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-Major Governmental Funds</u>	<u>District-Wide</u>	<u>Governmental Activities</u>
Payroll	\$ 176,915	\$ -	\$ -	\$ -	\$ 176,915
Construction	-	292,886	82,868	-	375,754
Vendors payable	916,563	-	40,264	-	956,827
Unmatured interest	-	-	-	366,492	366,492
Due to grantor government	21,652	-	-	-	21,652
Total	\$ 1,115,130	\$ 292,886	\$ 123,132	\$ 366,492	\$ 1,897,640

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2025 consisted of \$11,554 in the Child Development Fund from state sources.

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 8 – LONG-TERM LIABILITIES

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

	Restated Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 24,125,000	\$ -	\$ 1,100,000	\$ 23,025,000	\$ 1,155,000
Unamortized premium	1,464,374	-	105,185	1,359,189	105,185
Total general obligation bonds	25,589,374	-	1,205,185	24,384,189	1,260,185
Compensated absences*	1,083,049	-	812,738	270,311	29,780
Total OPEB liability	3,410,949	-	516,709	2,894,240	-
Net pension liability	13,709,658	-	2,077,790	11,631,868	-
Total	\$ 43,793,030	\$ -	\$ 4,612,422	\$ 39,180,608	\$ 1,289,965

*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.

A. General Obligation Bonds

On May 5, 2020, the District issued \$2,205,000 in 2020 General Obligation Refunding Bonds, with an interest rate of 4 percent, to advance refund a portion of Series 2011 Refunding General Obligation Bonds. The 2020 General Obligation Refunding Bonds were issued as current interest bonds and have a final maturity date of August 1, 2026. The District received net proceeds of \$2,350,321 (including a payment of \$51,668 in underwriter fees, insurance, and other issuance costs).

The net proceeds received for the 2020 General Obligation Refunding Bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 2011 Refunding General Obligation Bonds that were advance refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. Deferred outflows on refunding of \$530,442 remain to be amortized. This refunding reduced total debt service payments by \$79,055 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$73,986. On June 30, 2024, the 2020 General Obligation Refunding Bonds principal balance outstanding was \$1,065,000.

The outstanding general obligation bonded debt of the Shoreline Unified School District as of June 30, 2025 is:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding			Bonds Outstanding June 30, 2025
					July 01, 2024	Additions	Deductions	
2017 Refunding	11/28/2017	8/1/2035	2.00 - 4.00%	\$ 7,155,000	\$ 5,755,000	\$ -	\$ 415,000	\$ 5,340,000
2018 A	2/21/2019	8/1/2043	4.00% - 5.00%	7,500,000	6,125,000	-	90,000	6,035,000
2018 B	5/5/2020	8/1/2044	4.00%	12,000,000	11,180,000	-	180,000	11,000,000
2020 Refunding	5/5/2020	8/1/2026	4.00%	2,205,000	1,065,000	-	415,000	650,000
					\$ 24,125,000	\$ -	\$ 1,100,000	\$ 23,025,000

**SHORELINE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds (continued)

The annual requirements to amortize these bonds and the remaining outstanding balance are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,155,000	\$ 856,480	\$ 2,011,480
2027	995,000	813,480	1,808,480
2028	830,000	776,980	1,606,980
2029	890,000	746,318	1,636,318
2030	945,000	716,586	1,661,586
2031 - 2035	5,745,000	3,022,001	8,767,001
2036 - 2040	5,410,000	1,894,850	7,304,850
2041 - 2045	7,055,000	655,650	7,710,650
Total	\$ 23,025,000	\$ 9,482,345	\$ 32,507,345

B. Compensated Absences

Restated beginning total unpaid employee compensated absences was \$1,083,049 and decreased by a net amount of \$812,738 during the year ended June 30, 2025. The ending compensated absences at June 30, 2025 amounted to \$270,311. This amount is included as part of long-term liabilities in the government-wide financial statements.

C. Other Postemployment Benefits

The District's beginning total OPEB liability was \$3,410,949 and decreased by \$516,709 during the year ended June 30, 2025. The ending total OPEB liability at June 30, 2025 was \$2,894,240. See Note 10 for additional information regarding the total OPEB liability.

D. Net Pension Liability

The District's beginning net pension liability was \$13,709,658 and decreased by \$2,077,790 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was \$11,631,868. See Note 11 for additional information regarding the net pension liability.

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 9 – FUND BALANCES

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable					
Revolving cash	\$ 21,125	\$ -	\$ -	\$ -	\$ 21,125
Prepaid expenditures	8,295	-	-	-	8,295
Total nonspendable	<u>29,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,420</u>
Restricted					
Educational programs	1,011,471	-	-	158,568	1,170,039
Food service	-	-	-	138,753	138,753
Associated student body	72,705	-	-	-	72,705
Capital projects	-	1,813,382	-	1,225,318	3,038,700
Debt service	-	-	2,654,305	-	2,654,305
Total restricted	<u>1,084,176</u>	<u>1,813,382</u>	<u>2,654,305</u>	<u>1,522,639</u>	<u>7,074,502</u>
Committed					
Other commitments	-	-	-	2,661	2,661
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,661</u>	<u>2,661</u>
Assigned					
Other assignments	4,445,173	-	-	-	4,445,173
Total assigned	<u>4,445,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,445,173</u>
Unassigned	2,652,788	-	-	-	2,652,788
Total	<u>\$ 8,211,557</u>	<u>\$ 1,813,382</u>	<u>\$ 2,654,305</u>	<u>\$ 1,525,300</u>	<u>\$ 14,204,544</u>

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 4 percent of General Fund expenditures and other financing uses.

**SHORELINE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan) through Redwood Empire Schools Insurance Group (RESIG). 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

Certificated and Certificated Management employees are eligible to retire and receive District-paid health benefits after attaining age 55 and completing at least 12 consecutive years of service.

Classified, and Confidential/Classified Management employees may retire with District-paid benefits after attaining age 55 and completing at least 12 years of service (eight years for employees hired prior to July 1, 2007).

Retirees of all employment groups are subject to a cap on District-paid medical premiums. For Certificated the 2024-25 cap is \$819.67/month and for Classified it is \$803.00/month. These amounts increase to \$899.29 per month and \$883.62, including dental and vision.

District-paid benefits end at age 65. Dependent coverage may be elected and self-paid by the retiree. Employees with full-time equivalencies (FTE) less than 50% are not eligible for District-paid healthcare benefits, either before or after retirement. For Certificated, the District cap is pro-rated by the FTE.

C. Contributions

For the measurement period, the District contributed \$92,142 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	5
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>104</u>
Total number of participants**	<u><u>109</u></u>

*Information not provided

**As of the July 1, 2024 valuation date

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

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

E. Total OPEB Liability

The Shoreline Unified School District’s total OPEB liability of \$2,894,240 was measured as of June 30, 2025 and was determined by an actuarial valuation of July 1, 2024.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2025 was determined by an actuarial valuation as of July 1, 2024 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Economic assumptions:

Inflation rate	2.50%
Salary increase	3.00%
Discount rate	5.20%
Healthcare cost trend rates	7.00 percent for 2025 decreasing to 5.40 percent for 2029, 5.25 percent for 2030-2034, 4.60 percent for 2035-2049, 4.50 percent for 2050-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years; Medicare ages: 4.50 percent for 2025-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years.

Non-economic assumptions:

Mortality rates, for Certificated employees, were based on the most recent experience study for CalSTRS members (2015-2018). Mortality rates, for non-Certificated employees, were based on the most recent experience study for CalPERS members (2000-2019).

Actuarial assumptions used in the July 1, 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 thirty years.

G. Changes in Total OPEB Liability

	<u>June 30, 2025</u>
Total OPEB Liability	
Service cost	\$ 279,423
Interest on total OPEB liability	122,951
Difference between expected and actual experience	(289,493)
Changes of assumptions	(537,448)
Benefits payments	<u>(92,142)</u>
Net change in total OPEB liability	(516,709)
Total OPEB liability - beginning	<u>3,410,949</u>
Total OPEB liability - ending	<u>\$ 2,894,240</u>
Covered-employee payroll	\$ 10,462,848
District's total OPEB liability as a percentage of covered-employee payroll	27.66%

**SHORELINE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

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

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

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

	1% Decrease (4.20%)	Valuation Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	\$ 3,119,334	\$ 2,894,240	\$ 2,685,700

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

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

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ 2,573,933	\$ 2,894,240	\$ 3,271,315

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

For the year ended June 30, 2025, the Shoreline Unified School District recognized OPEB expense of \$312,709. At June 30, 2025, the Shoreline Unified School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 379,147
Changes in assumptions	325,791	702,065
Total	\$ 325,791	\$ 1,081,212

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

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

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

Amounts reported as deferred outflows of resources and deferred inflows 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	\$ 71,918	\$ 160,092
2027	52,328	146,114
2028	45,231	146,114
2029	41,502	139,379
2030	32,803	111,344
Thereafter	82,009	378,169
Total	\$ 325,791	\$ 1,081,212

NOTE 11 – PENSION PLANS

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

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
CalSTRS Pension	\$ 6,114,242	\$ 2,415,902	\$ 987,539	\$ 709,304
CalPERS Pension	5,517,626	1,699,568	425,760	709,098
Total	\$ 11,631,868	\$ 4,115,470	\$ 1,413,299	\$ 1,418,402

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.

**SHORELINE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 11 – PENSION PLANS (continued)

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

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

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

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2025, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$1,305,093 for the year ended June 30, 2025.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$566,422 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	\$	6,114,242
State's proportionate share of the net pension liability associated with the District		2,805,301
Total	\$	8,919,543

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 11 – PENSION PLANS (continued)

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

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

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District’s proportion was 0.009 percent, which decreased 0.001 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$709,304. In addition, the District recognized pension expense and revenue of \$(268,027) 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	\$ -	\$ 24,671
Differences between expected and actual experience	691,599	267,372
Changes in assumptions	26,765	417,581
Changes in proportion and differences between District contributions and proportionate share of contributions	392,445	277,915
District contributions subsequent to the measurement date	1,305,093	-
Total	<u>\$ 2,415,902</u>	<u>\$ 987,539</u>

The \$1,305,093 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	\$ 286,767	\$ 624,607
2027	269,241	(303,318)
2028	192,508	225,091
2029	192,510	206,864
2030	130,181	164,469
2031	39,602	69,826
Total	<u>\$ 1,110,809</u>	<u>\$ 987,539</u>

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

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

*Real return is net of assumed 2.75% Inflation.

**SHORELINE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 11 – PENSION PLANS (continued)

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

Discount Rate

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

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

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

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
District's proportionate share of the net pension liability	\$ 10,875,264	\$ 6,114,242	\$ 2,138,620

Pension Plan Fiduciary Net Position

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

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 11 – 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 \$900,710 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 \$5,517,626 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 0.015 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2023.

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2025, the District recognized pension expense of \$709,098. 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	\$ 214,328	\$ -
Differences between expected and actual experience	462,572	39,489
Changes in assumptions	121,958	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	386,271
District contributions subsequent to the measurement date	900,710	-
Total	<u>\$ 1,699,568</u>	<u>\$ 425,760</u>

The \$900,710 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	\$ 307,015	\$ 282,983
2027	505,690	142,777
2028	53,969	-
2029	(67,816)	-
Total	<u>\$ 798,858</u>	<u>\$ 425,760</u>

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

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

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

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

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

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

**SHORELINE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2025**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

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

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

Discount Rate

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 8,196,480	\$ 5,517,626	\$ 3,304,680

Pension Plan Fiduciary Net Position

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

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of \$1,134,197.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in one joint venture under joint powers authorities (JPAs), the Redwood Empire School Insurance Group (RESIG). 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.

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2025, total deferred outflows related to pensions was \$4,115,470 and total deferred inflows related to pensions was \$1,413,299.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2025, total deferred outflows related to other postemployment benefits was \$325,791 and total deferred inflows related to other postemployment benefits was \$1,081,212.

C. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District’s long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2025, the deferred amount on refunding was \$151,554.

NOTE 15 – 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.

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	\$ 3,554,179
Restatement	(1,083,049)
Net Position - Beginning, as Restated	<u>\$ 2,471,130</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 13,385,881	\$ 13,429,763	\$ 13,454,071	\$ 24,308
Federal sources	2,057,193	2,066,338	2,117,669	51,331
Other state sources	1,965,346	1,827,546	1,963,957	136,411
Other local sources	1,746,850	2,020,267	1,956,970	(63,297)
Total Revenues	19,155,270	19,343,914	19,492,667	148,753
EXPENDITURES				
Certificated salaries	6,420,347	6,656,396	6,761,320	(104,924)
Classified salaries	3,267,987	3,094,948	3,151,283	(56,335)
Employee benefits	5,172,799	5,314,690	5,012,808	301,882
Books and supplies	1,183,392	1,159,916	688,706	471,210
Services and other operating expenditures	3,523,407	4,828,204	4,347,203	481,001
Capital outlay	164,033	58,000	58,000	-
Other outgo				
Excluding transfers of indirect costs	250,730	278,184	320,608	(42,424)
Transfers of indirect costs	(40,428)	(8,827)	(14,932)	6,105
Total Expenditures	19,942,267	21,381,511	20,324,996	1,056,515
Excess (Deficiency) of Revenues Over Expenditures	(786,997)	(2,037,597)	(832,329)	1,205,268
Other Financing Sources (Uses)				
Transfers out	(300,038)	(234,318)	(199,644)	34,674
Net Financing Sources (Uses)	(300,038)	(234,318)	(199,644)	34,674
NET CHANGE IN FUND BALANCE	(1,087,035)	(2,271,915)	(1,031,973)	1,239,942
Fund Balance - Beginning	8,815,348	3,315,348	8,815,348	5,500,000
Fund Balance - Ending	\$ 7,728,313	\$ 1,043,433	\$ 7,783,375	\$ 6,739,942

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

- The amounts on that schedule include the financial activity of the Adult Education Fund and the Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- In addition, audit adjustments and reclassifications are not reflected in the schedule above.

**SHORELINE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
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>
Total OPEB Liability								
Service cost	\$ 279,423	\$ 283,109	\$ 282,073	\$ 307,222	\$ 275,823	\$ 180,008	\$ 168,487	\$ 155,738
Interest on total OPEB liability	122,951	129,916	115,103	55,771	62,835	75,398	72,539	73,188
Difference between expected and actual experience	(289,493)	-	(27,514)	-	(195,342)	-	(209,635)	-
Changes of assumptions	(537,448)	(27,299)	344,433	(357,169)	108,123	106,490	187,278	-
Benefits payments	<u>(92,142)</u>	<u>(113,648)</u>	<u>(111,673)</u>	<u>(133,201)</u>	<u>(129,266)</u>	<u>(97,488)</u>	<u>(74,512)</u>	<u>(233,120)</u>
Net change in total OPEB liability	(516,709)	272,078	602,422	(127,377)	122,173	264,408	144,157	(4,194)
Total OPEB liability - beginning	<u>3,410,949</u>	<u>3,138,871</u>	<u>2,536,449</u>	<u>2,663,826</u>	<u>2,541,653</u>	<u>2,277,245</u>	<u>2,133,088</u>	<u>2,137,282</u>
Total OPEB liability - ending	<u>\$ 2,894,240</u>	<u>\$ 3,410,949</u>	<u>\$ 3,138,871</u>	<u>\$ 2,536,449</u>	<u>\$ 2,663,826</u>	<u>\$ 2,541,653</u>	<u>\$ 2,277,245</u>	<u>\$ 2,133,088</u>
Covered-employee payroll	\$ 10,462,848	\$ 9,792,473	\$ 9,236,614	\$ 8,903,150	\$ 8,263,190	\$ 7,876,687	\$ 7,795,401	\$ 6,947,999
District's total OPEB liability as a percentage of covered-employee payroll	27.66%	34.83%	33.98%	28.49%	32.24%	32.27%	29.21%	30.70%

See accompanying notes to required supplementary information.

**SHORELINE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
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	0.009%	0.010%	0.009%	0.010%	0.010%	0.009%	0.009%	0.009%	0.009%	0.011%
District's proportionate share of the net pension liability	\$ 6,114,242	\$ 7,471,365	\$ 6,586,595	\$ 4,549,554	\$ 9,644,261	\$ 8,495,412	\$ 8,533,888	\$ 8,214,070	\$ 7,400,370	\$ 7,163,000
State's proportionate share of the net pension liability associated with the District	2,805,301	3,579,805	3,298,586	2,289,207	4,971,577	4,634,852	4,886,073	4,859,415	4,213,520	3,788,427
Total	<u>\$ 8,919,543</u>	<u>\$ 11,051,170</u>	<u>\$ 9,885,181</u>	<u>\$ 6,838,761</u>	<u>\$ 14,615,838</u>	<u>\$ 13,130,264</u>	<u>\$ 13,419,961</u>	<u>\$ 13,073,485</u>	<u>\$ 11,613,890</u>	<u>\$ 10,951,427</u>
District's covered payroll	\$ 6,138,427	\$ 6,034,005	\$ 5,938,128	\$ 5,670,906	\$ 5,586,445	\$ 5,284,023	\$ 5,178,309	\$ 5,023,640	\$ 4,714,033	\$ 4,876,812
District's proportionate share of the net pension liability as a percentage of its covered payroll	99.61%	123.82%	110.92%	80.23%	172.64%	160.78%	164.80%	163.51%	156.99%	146.88%
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%	70.04%	74.02%

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

**SHORELINE UNIFIED 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	0.015%	0.017%	0.018%	0.018%	0.016%	0.016%	0.016%	0.016%	0.017%	0.019%
District's proportionate share of the net pension liability	\$ 5,517,626	\$ 6,238,293	\$ 6,179,291	\$ 3,724,746	\$ 4,936,432	\$ 4,631,752	\$ 4,231,130	\$ 3,938,595	\$ 3,287,405	\$ 2,846,533
District's covered payroll	\$ 3,057,369	\$ 3,115,676	\$ 2,799,102	\$ 2,412,362	\$ 2,462,895	\$ 2,209,940	\$ 2,119,570	\$ 2,109,774	\$ 1,987,013	\$ 2,260,080
District's proportionate share of the net pension liability as a percentage of its covered payroll	180.47%	200.22%	220.76%	154.40%	200.43%	209.59%	199.62%	186.68%	165.44%	125.95%
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%	73.90%	79.43%

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

**SHORELINE UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
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	\$ 1,305,093	\$ 1,198,214	\$ 1,129,952	\$ 968,091	\$ 894,042	\$ 919,170	\$ 846,403	\$ 726,401	\$ 599,711	\$ 488,375
Contributions in relation to the contractually required contribution*	(1,305,093)	(1,198,214)	(1,129,952)	(968,091)	(894,042)	(919,170)	(846,403)	(726,401)	(599,711)	(488,375)
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	\$ 7,098,639	\$ 6,138,427	\$ 6,034,005	\$ 5,938,128	\$ 5,670,906	\$ 5,586,445	\$ 5,284,023	\$ 5,178,309	\$ 5,023,640	\$ 4,714,033
Contributions as a percentage of covered payroll	18.39%	19.52%	18.73%	16.30%	15.77%	16.45%	16.02%	14.03%	11.94%	10.36%

*Amounts do not include on-behalf contributions

**SHORELINE UNIFIED 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	\$ 900,710	\$ 816,074	\$ 784,232	\$ 629,391	\$ 556,117	\$ 489,956	\$ 398,089	\$ 327,190	\$ 291,606	\$ 235,311
Contributions in relation to the contractually required contribution*	(900,710)	(816,074)	(784,232)	(629,391)	(556,117)	(489,956)	(398,089)	(327,190)	(291,606)	(235,311)
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	\$ 3,350,998	\$ 3,057,369	\$ 3,115,676	\$ 2,799,102	\$ 2,412,362	\$ 2,462,895	\$ 2,209,940	\$ 2,119,570	\$ 2,109,774	\$ 1,987,013
Contributions as a percentage of covered payroll	26.88%	26.69%	25.17%	22.49%	23.05%	19.89%	18.01%	15.44%	13.82%	11.84%

*Amounts do not include on-behalf contributions

**SHORELINE UNIFIED 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 previous valuation for OPEB.

Changes in Assumptions

The discount rate changed from 3.97% to 5.20% since the previous measurement for OPEB.

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

**SHORELINE UNIFIED 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			
Certificated salaries	\$ 6,656,396	\$ 6,761,320	\$ 104,924
Classified salaries	\$ 3,094,948	\$ 3,151,283	\$ 56,335
Other outgo			
Excluding transfers of indirect costs	\$ 278,184	\$ 320,608	\$ 42,424

SUPPLEMENTARY INFORMATION

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

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 109,314
Title III, English Learner Student Program	84.365	14346	20,426
Title VI, Part B, Rural & Low Income School Program	84.358	14356	51,307
Title VIII, Impact Aid [1]	84.041	10015	1,758,999
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	171,657
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	5,966
Subtotal Special Education Cluster			<u>177,623</u>
Total U. S. Department of Education			<u>2,117,669</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	3,093
School Breakfast Program - Needy	10.553	13526	90,660
National School Lunch Program	10.555	13391	160,815
Meal Supplements	10.555	*	8,817
USDA Commodities [2]	10.555	*	22,050
Subtotal Child Nutrition Cluster			<u>285,435</u>
Total U. S. Department of Agriculture			<u>285,435</u>
Total Federal Expenditures			<u>\$ 2,403,104</u>

[1] - Major Program

[2] - In-Kind Contribution

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

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

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	115.98	114.98
Total TK/K through Third	115.98	114.98
Fourth through Sixth		
Regular ADA	66.48	66.39
Total Fourth through Sixth	66.48	66.39
Seventh through Eighth		
Regular ADA	62.15	62.03
Total Seventh through Eighth	62.15	62.03
Ninth through Twelfth		
Regular ADA	80.67	79.65
Special Education - Nonpublic Schools	3.94	4.19
Extended Year Special Education - Nonpublic Schools	0.61	0.61
Total Ninth through Twelfth	85.22	84.45
TOTAL SCHOOL DISTRICT	329.83	327.85

	Second Period Report	Annual Report
DISTRICT OF CHOICE - SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	24.33	24.55
Total TK/K through Third	24.33	24.55
Fourth through Sixth		
Regular ADA	20.61	20.90
Total Fourth through Sixth	20.61	20.90
Seventh through Eighth		
Regular ADA	23.31	23.44
Total Seventh through Eighth	23.31	23.44
Ninth through Twelfth		
Regular ADA	35.14	35.57
Total Ninth through Twelfth	35.14	35.57
TOTAL DISTRICT OF CHOICE - SCHOOL DISTRICT	103.39	104.46

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

Grade Level	Minutes Requirement	Actual Instructional Minutes	Credited Minutes Per the Approved Form J-13A*	Total Minutes Offered	Required Number of Days	Actual Number of Days	Credited Days Per the Approved Form J-13A*	Total Days Offered	Status
Kindergarten	36,000	50,500	350	50,850	180	179	1	180	Complied
Grade 1	50,400	51,485	350	51,835	180	179	1	180	Complied
Grade 2	50,400	51,505	330	51,835	180	179	1	180	Complied
Grade 3	50,400	51,505	330	51,835	180	179	1	180	Complied
Grade 4	54,000	54,070	330	54,400	180	179	1	180	Complied
Grade 5	54,000	54,070	330	54,400	180	179	1	180	Complied
Grade 6	54,000	54,060	340	54,400	180	179	1	180	Complied
Grade 7	54,000	54,060	340	54,400	180	179	1	180	Complied
Grade 8	54,000	54,060	340	54,400	180	179	1	180	Complied
Grade 9	64,800	64,660	390	65,050	180	179	1	180	Complied
Grade 10	64,800	64,660	390	65,050	180	179	1	180	Complied
Grade 11	64,800	64,660	390	65,050	180	179	1	180	Complied
Grade 12	64,800	64,660	390	65,050	180	179	1	180	Complied

*The District received an approved Form J-13A for the number of instructional days and the number of instructional minutes indicated above.

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

	2026 (Budget)	2025	2024	2023
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 19,795,187	\$ 19,492,667	\$ 19,535,704	\$ 18,723,472
Expenditures And Other Financing Uses	21,811,355	20,524,640	18,490,015	17,967,752
Net change in Fund Balance	<u>\$ (2,016,168)</u>	<u>\$ (1,031,973)</u>	<u>\$ 1,045,689</u>	<u>\$ 755,720</u>
Ending Fund Balance	<u>\$ 5,767,207</u>	<u>\$ 7,783,375</u>	<u>\$ 8,326,685</u>	<u>\$ 7,280,996</u>
Available Reserves*	<u>\$ 1,077,426</u>	<u>\$ 2,652,788</u>	<u>\$ 2,870,083</u>	<u>\$ 5,204,723</u>
Available Reserves As A Percentage Of Outgo	<u>4.94%</u>	<u>12.92%</u>	<u>15.52%</u>	<u>28.97%</u>
Long-term Liabilities	<u>\$ 37,890,643</u>	<u>\$ 39,180,608</u>	<u>\$ 42,709,981</u>	<u>\$ 42,619,316</u>
Average Daily Attendance At P-2	<u>395</u>	<u>433</u>	<u>442</u>	<u>430</u>

The General Fund ending fund balance has increased by \$502,379 over the past two years. However, the fiscal year 2025-26 budget projects a decrease of \$2,016,168. For a District this size, the State recommends available reserves of at least 4% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses two of the past three years but anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term obligations have decreased by \$3,438,708 over the past two years.

Average daily attendance has increased by 3 ADA over the past two years, but is expected to decrease by 38 ADA 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 Adult Education Fund and Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54. In addition, audit adjustments and reclassifications are not reflected in the table above.

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

	General Fund	Adult Education Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2025, annual financial and budget report fund balance	\$ 7,783,375	\$ 103,136	\$ 133,257
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Cash in banks - ASB adjustment	72,705	-	-
Fund balance transfer (GASB 84)	119,084	-	-
Fund balance transfer (GASB 54)	236,393	(103,136)	(133,257)
Net adjustments and reclassifications	<u>428,182</u>	<u>(103,136)</u>	<u>(133,257)</u>
June 30, 2025, audited financial statement fund balance	<u>\$ 8,211,557</u>	<u>\$ -</u>	<u>\$ -</u>

	Private-Purpose Trust Fund
June 30, 2025, annual financial and budget report net position	\$ 119,084
Adjustments and reclassifications:	
Increase (decrease) in total net position:	
Fund balance transfer (GASB 84)	(119,084)
Net adjustments and reclassifications	<u>(119,084)</u>
June 30, 2025, audited financial statement net position	<u>\$ -</u>

See accompanying note to supplementary information.

**SHORELINE UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds
ASSETS						
Cash and investments	\$ 196,355	\$ 72,113	\$ 10,471	\$ 1,072,212	\$ 257,034	\$ 1,608,185
Accounts receivable	-	26,753	-	-	-	26,753
Due from other funds	-	35,437	-	-	-	35,437
Stores inventory	-	23,024	-	-	-	23,024
Total Assets	\$ 196,355	\$ 157,327	\$ 10,471	\$ 1,072,212	\$ 257,034	\$ 1,693,399
LIABILITIES						
Accrued liabilities	\$ 13,880	\$ 18,574	\$ 7,810	\$ -	\$ 82,868	\$ 123,132
Due to other funds	12,353	-	-	-	21,060	33,413
Unearned revenue	11,554	-	-	-	-	11,554
Total Liabilities	37,787	18,574	7,810	-	103,928	168,099
FUND BALANCES						
Restricted	158,568	138,753	-	1,072,212	153,106	1,522,639
Committed	-	-	2,661	-	-	2,661
Total Fund Balances	158,568	138,753	2,661	1,072,212	153,106	1,525,300
Total Liabilities and Fund Balances	\$ 196,355	\$ 157,327	\$ 10,471	\$ 1,072,212	\$ 257,034	\$ 1,693,399

See accompanying note to supplementary information.

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

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds
REVENUES						
LCFF sources	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ 40,000
Federal sources	-	285,435	-	-	-	285,435
Other state sources	548,570	278,036	-	-	-	826,606
Other local sources	65,102	25,703	2,904	143,685	32,929	270,323
Total Revenues	<u>613,672</u>	<u>589,174</u>	<u>42,904</u>	<u>143,685</u>	<u>32,929</u>	<u>1,422,364</u>
EXPENDITURES						
Current						
Instruction	421,731	-	-	-	-	421,731
Instruction-related services						
School site administration	93,844	-	-	-	-	93,844
Pupil services						
Food services	-	892,016	-	-	-	892,016
General administration						
All other general administration	12,353	-	-	-	-	12,353
Plant services	-	1,922	165,989	-	-	167,911
Facilities acquisition and construction	46,802	14,880	25,900	-	2,460,736	2,548,318
Total Expenditures	<u>574,730</u>	<u>908,818</u>	<u>191,889</u>	<u>-</u>	<u>2,460,736</u>	<u>4,136,173</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>38,942</u>	<u>(319,644)</u>	<u>(148,985)</u>	<u>143,685</u>	<u>(2,427,807)</u>	<u>(2,713,809)</u>
Other Financing Sources (Uses)						
Transfers in	-	199,644	-	-	-	199,644
Net Financing Sources (Uses)	<u>-</u>	<u>199,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,644</u>
NET CHANGE IN FUND BALANCE	<u>38,942</u>	<u>(120,000)</u>	<u>(148,985)</u>	<u>143,685</u>	<u>(2,427,807)</u>	<u>(2,514,165)</u>
Fund Balance - Beginning	<u>119,626</u>	<u>258,753</u>	<u>151,646</u>	<u>928,527</u>	<u>2,580,913</u>	<u>4,039,465</u>
Fund Balance - Ending	<u>\$ 158,568</u>	<u>\$ 138,753</u>	<u>\$ 2,661</u>	<u>\$ 1,072,212</u>	<u>\$ 153,106</u>	<u>\$ 1,525,300</u>

See accompanying note to supplementary information.

**SHORELINE UNIFIED SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied 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

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

The Shoreline Unified School District was established in 1968. The District office is in Tomales, California. There was no change in District boundaries during the year. The District operates four elementary schools and one high school.

GOVERNING BOARD

Member	Office	Term Expires
Heidi Koenig	President	December 2026
Thomas Tyson	Vice President	December 2028
George Flores	Board Representative	December 2028
Stacey Lawson	Clerk	December 2028
Jane Healy	Trustee	December 2026
Tim Kehoe	Trustee	December 2026
Josie Lanker	Trustee	December 2028

DISTRICT ADMINISTRATORS

Adam Jennings
Superintendent

Katie Anderson
Chief Business Official

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
Shoreline Unified School District
Tomales, 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 Shoreline Unified School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Shoreline Unified School District's basic financial statements, and have issued our report thereon dated January 5, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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
January 5, 2026

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

Governing Board
Shoreline Unified School District
Tomales, California

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

We have audited Shoreline Unified School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Shoreline Unified School District's major federal programs for the year ended June 30, 2025. Shoreline Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Shoreline Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit for Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Shoreline Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Shoreline Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Shoreline Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (continued)

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

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

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

San Diego, California
January 5, 2026

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

Governing Board
Shoreline Unified School District
Tomales, California

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

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

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

Basis for Opinion on State Compliance

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Shoreline Unified 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 Shoreline Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Shoreline Unified School District's compliance with the requirements of the applicable state programs as a whole.

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

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

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools or Programs	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Yes
Home to School Transportation Reimbursement	Yes

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

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

We did not perform testing for independent study because the ADA reported did not exceed the threshold for testing.

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings #2025-001 and #2025-002. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Shoreline Unified School District’s response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Shoreline Unified School District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

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

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

San Diego, California
January 5, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.041	Title VIII, Impact Aid

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

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

**SHORELINE UNIFIED 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.

**SHORELINE UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

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

**SHORELINE UNIFIED 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

FINDING #2025-001: COMPREHENSIVE SCHOOL SAFETY PLAN (40000)

Criteria: Pursuant to California Education Code Sections 32280 - 32289, All California public schools kindergarten and grades one through twelve must develop a comprehensive school safety plan approved by the board of directors by March 1st of the current 2024-25 school year. Additionally, if the District does not develop and approve a comprehensive school safety plan by October 15, a letter must be submitted to the State Superintendent of Public Instruction.

Condition: After inquiring with the District regarding the comprehensive school safety plans, one school site did not present the plan to the site council and the board approved March 13, 2025. This instance of non-compliance was noted at Tomales High School. The District did not submit the required letter to the State Superintendent of Public Instruction providing the reasons of non-compliance.

Effect: The School District did not submit a comprehensive school safety plan per California Education Code.

Cause: Insufficient review procedures in place during the implementation process.

Questioned Costs: There are no questioned costs associated with this finding.

Repeat Finding: This is a repeat finding of Finding #2024-001.

Recommendation: We recommend that the District continue to provide oversight and training to staff responsible for implementing new requirements in California Education Code in a timely manner. In addition, we recommend that the District submit the required letter to the State Superintendent of Public Instruction providing the reasons of non-compliance.

Corrective Action Plan: Shoreline Unified School District remains committed to ensuring full compliance with all Education Code requirements related to the development and adoption of comprehensive school safety plans. The District will continue to provide appropriate oversight, guidance, and training to staff responsible for meeting these obligations. To help prevent similar findings in the future, the District will establish a general process for monitoring the progress of safety plan development, supporting sites as they prepare their plans, and verifying that all required steps are completed within statutory timelines. This process will include periodic reviews at the District level to confirm that plans are advancing as expected and that any potential issues are addressed proactively. Additionally, should a school be unable to adopt its safety plan by the required March 1 deadline, the District will ensure that a review mechanism is in place to facilitate timely communication with the State Superintendent of Public Instruction, including the submission of any required notifications. Through these measures, the District aims to strengthen its internal systems and uphold its responsibility to maintain safe and compliant school environments.

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

FINDING #2025-002 SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Criteria: School Accountability Report Cards (SARCs), should contain information regarding school facility conditions, as indicated in the most recently prepared facility inspection tool (FIT) form or a local evaluation instrument that meets the same criteria, as per Education Code Sections 33126(b)(8) and 1700(d).

Condition: During testing of the FIT form to ensure alignment with the SARC report, we found discrepancies in two categories for Bodega Bay Elementary, as noted below:

- Category G. Structural was rated Poor on the SARC, while on the FIT form it was rated Good.
- Category H. External was rated Good on the SARC report, but Poor on the FIT form.

Despite these category mismatches, the overall rating on both reports was consistent as **Good**.

Cause: Insufficient review procedures in place.

Effect: The District is not in compliance with the related sections of California Education Code.

Context: Three of the four district school sites were selected for SARC compliance testing: Bodega Elementary School, West Marin Elementary School and Tomales High School. The rankings on the FIT form provided did not match the rankings reported on the SARC for Bodega Elementary School.

Questioned Cost: There are no questioned costs associated with this finding.

Repeat Finding: This is a repeat finding of Finding #2024-002.

Recommendation: We recommend the District retain required reports and paperwork to meet the criteria outlined in Education Code Sections 33126(b)(8) and 1700(d).

Corrective Action Plan: The District will take steps to strengthen its internal practices related to the reporting of facility inspection information. The District will ensure that staff responsible for compiling and submitting School Accountability Report Cards have a clear understanding of the requirements associated with the Facility Inspection Tool (FIT) or any equivalent local evaluation instrument. Moving forward, the District will provide appropriate guidance and support so that the most current evaluation results are accurately reflected in each school site's report, in accordance with applicable Education Code Sections.

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

FINDING #2024-001: COMPREHENSIVE SCHOOL SAFETY PLAN (40000)

Criteria: Pursuant to California Education Code Sections 32280 - 32289, All California public schools kindergarten and grades one through twelve must develop a comprehensive school safety plan approved by the board of directors by March 1st of the current 2023-24 school year. Additionally, if the District does not develop and approve a comprehensive school safety plan by October 15, a letter must be submitted to the State Superintendent of Public Instruction.

Condition: After inquiring with the District regarding the comprehensive school safety plans, it was noted that a comprehensive school safety plan were not developed and approved prior to the required deadline of March 1st for the current audit year. The District did not submit the required letter to the State Superintendent of Public Instruction providing the reasons of non-compliance.

Effect: The School District did not submit a comprehensive school safety plan per California Education Code.

Cause: Insufficient review procedures in place during the implementation process.

Questioned Costs: There are no questioned costs associated with this finding.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District continue to provide oversight and training to staff responsible for implementing new requirements in California Education Code in a timely manner. In addition, we recommend that the District submit the required letter to the State Superintendent of Public Instruction providing the reasons of non-compliance.

Corrective Action Plan: The District will continue to provide oversight and training to staff responsible for this requirement. The District will ensure a process is in place to develop comprehensive school safety plans as required by the applicable Education Code Sections. Additionally, the District will implement a review process to submit a letter to the State Superintendent of Public Instruction if it fails to adopt a plan by March 1st of each school year.

Current Status: Not implemented, see Finding #2025-001.

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

FINDING #2024-002 SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Criteria: School Accountability Report Cards (SARCs), should contain information regarding school facility conditions, as indicated in the most recently prepared facility inspection tool (FIT) form or a local evaluation instrument that meets the same criteria, as per Education Code Sections 33126(b)(8) and 1700(d).

Condition: The District provided the FIT form related to the SARC. However, there was a discrepancy in the dates reported on the FIT form compared to the dates included in the SARC. Additionally, there was a discrepancy in the ratings reported on the FIT form compared to the ratings reported on the SARC.

Cause: Insufficient review procedures in place.

Effect: The District is not in compliance with the related sections of California Education Code.

Context: Two of the four district school sites were selected for SARC compliance testing: Tomales Elementary School and Tomales High School. The rankings on the FIT form provided did not match the rankings reported on the SARC for Tomales Elementary School.

Questioned Cost: There are no questioned costs associated with this finding.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the District retain required reports and paperwork to meet the criteria outlined in Education Code Sections 33126(b)(8) and 1700(d).

Corrective Action Plan: The District agrees with the finding and will ensure that staff is properly trained on the proper procedures necessary to accurately report the most recently prepared facility inspection tool (FIT) form or a local evaluation instrument that meets the same criteria as per the related Education Code Sections on each school site's School Accountability Report Cards.

Current Status: Not implemented, see Finding #2025-002.

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APPENDIX C

GENERAL INFORMATION ABOUT MARIN COUNTY

The following information concerning Marin 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 County, the State of California (the “State”) or any of its political subdivisions (other than the District), and none of the County, the State or any of its political subdivisions (other than the District) is liable therefor.

General

The County was one of the original counties of California, created in 1850 at the time of statehood. The County has a total area of 828 miles and, as of January 1, 2025, a population of approximately 254,550. Geographically, the County forms a large, southward-facing peninsula, with the Pacific Ocean to the west, San Pablo Bay and San Francisco Bay to the east, and -- across the Golden Gate -- the city of San Francisco to the south. The County’s northern border is with Sonoma County. Most of the County’s population resides on the eastern side, with a string of communities running along the Bay, from Sausalito to Tiburon to San Rafael to Corte Madera. The interior contains large areas of agricultural and open space; West Marin, through which California State Route 1 runs alongside the California coast, contains many small, unincorporated communities dependent on agriculture and tourism for their economies.

Population

The table below shows population estimates for the County and cities in the County for the last five years, as of January 1.

MARIN COUNTY Population Estimates Calendar Years 2021 through 2025

	2021	2022	2023	2024	2025
Belvedere	2,115	2,074	2,050	2,052	2,058
Corte Madera	10,173	10,017	9,976	9,957	9,966
Fairfax	7,580	7,432	7,407	7,400	7,407
Larkspur	13,041	12,792	12,691	12,750	12,731
Mill Valley	14,083	13,801	13,705	13,679	13,688
Novato	53,067	52,117	51,621	51,578	51,690
Ross	2,331	2,295	2,291	2,290	2,309
San Anselmo	12,735	12,569	12,508	12,519	12,551
San Rafael	61,308	60,358	60,041	59,917	59,885
Sausalito	7,105	7,013	6,953	6,936	6,941
Tiburon	9,095	8,973	8,904	8,894	8,910
Balance of County	67,479	67,071	66,714	66,771	66,414
Marin County Total	260,112	256,512	254,861	254,743	254,550

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

Employment and Industry

The District is included in the San Rafael Metropolitan Division (“MD”), which consists of the County. The unemployment rate in Marin County was 3.7 percent in April 2026, down from a revised 3.8 percent in March 2026, and below the year-ago estimate of 3.8 percent. This compares with an unadjusted unemployment rate of 5.0 percent for California and 4.0 percent for the nation during the same period.

The following table shows civilian labor force data and wage and salary employment data for the County for the years 2020 through 2024.

**SAN RAFAEL MD
(Marin County)
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2024 Benchmark)**

	2020	2021	2022	2023	2024
Civilian Labor Force ⁽¹⁾	123,500	121,900	123,700	125,100	125,400
Employment	114,600	116,000	120,100	120,800	120,400
Unemployment	8,900	5,900	3,500	4,300	4,900
Unemployment Rate	7.2%	4.8%	2.9%	3.5%	3.9%
<u>Wage and Salary Employment: ⁽²⁾</u>					
Agriculture	400	400	400	400	400
Mining and Logging	0	0	0	0	0
Construction	7,300	7,600	7,800	7,600	7,500
Manufacturing	4,600	4,400	4,200	4,300	4,200
Wholesale Trade	2,200	2,100	2,100	2,200	2,200
Retail Trade	13,700	13,900	13,900	13,500	13,200
Trans., Warehousing, Utilities	1,400	1,400	1,400	1,400	1,500
Information	2,600	2,700	2,800	2,900	2,900
Financial Activities	5,200	5,000	5,200	5,200	5,000
Professional and Business Services	17,500	17,700	18,200	17,900	17,500
Educational and Health Services	19,400	20,000	20,400	21,400	22,100
Leisure and Hospitality	11,200	12,100	14,000	14,500	14,600
Other Services	4,800	4,800	5,300	5,600	5,900
Federal Government	700	700	600	600	600
State Government	2,000	1,900	1,900	1,800	1,800
Local Government	12,000	11,900	12,300	12,900	13,400
Total All Industries ⁽³⁾	105,000	106,600	110,500	112,000	112,700

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The following table lists the major employers within the County as of March 2026, in alphabetical order.

COUNTY OF MARIN Major Employers March 2026

Employer Name	Location	Industry
Bay Equity	Sausalito	Real Estate Loans
Bay Equity Home Loans	Corte Madera	Real Estate Loans
Biomarin Pharmaceutical Inc	San Rafael	Laboratories-Research & Development
California Alpine Club	Mill Valley	Clubs
College of Marin	Kentfield	Schools-Universities & Colleges Academic
Community Action Marin	Novato	Non-Profit Organizations
Corrections Dept	San Quentin	Government Offices-State
Embassy Suites By Hilton Sn	San Rafael	Hotels & Motels
Glassdoor Inc	Mill Valley	Website Hosting
Hospice By the Bay Marin	Larkspur	Physicians & Surgeons
Kaiser Permanente Novato Med	Novato	Clinics
Kaiser Permanente Sn Rafael MD	San Rafael	Hospitals
Macy's	Corte Madera	Department Stores
Managed Health Network LLC	San Rafael	Health Plans
Marin County Public Works Dept	San Rafael	Public Works Department
Marin Independent Journal	San Rafael	Newspapers (publishers/Mfrs)
Marin YMCA	San Rafael	Youth Organizations & Centers
Marinhealth Medical Ctr	Greenbrae	Hospitals
Petroleum Sales Inc	San Rafael	Petroleum Wholesale
RH (restoration Hardware)	Corte Madera	Furniture-Dealers-Retail
San Rafael Human Resources	San Rafael	City Government-Social & Human Resources
Sutter Care At Home-Marin	Novato	Home Health Service
Township Building Svc Inc	Novato	Janitor Service
Westamerica Bancorporation	San Rafael	Holding Companies (bank)
Whole Foods Market	San Rafael	Grocers-Retail

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2026 1st 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 total and median household effective buying income for the County, the State and the United States for the period 2022 through 2026.

**MARIN COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
Effective Buying Income
2022 through 2026**

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2022	Marin County	\$16,588,577	\$103,880
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	Marin County	\$16,261,363	\$104,104
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	Marin County	\$16,602,060	\$110,677
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	Marin County	\$17,433,348	\$115,969
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	Marin County	\$18,642,919	\$124,151
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433

Source: Claritas, LLC.

Commercial Activity

A summary of historic taxable sales within the County during the past five years in which data are available is shown in the following table.

Total taxable sales reported during calendar year 2025 in the County were \$6,638,197,382, a 1.92% increase over the total taxable sales of \$6,513,241,737 reported during calendar year 2024.

COUNTY OF MARIN Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	6,321	\$3,982,041	12,032	\$5,203,057
2021	5,461	4,669,874	10,475	6,207,919
2022	5,137	4,900,942	10,161	6,550,066
2023	4,969	4,752,659	9,850	6,435,011
2024	4,974	4,832,806	9,825	6,513,242

Source: State Department of Tax and Fee Administration.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Trustees
Shoreline Unified School District
10 John Street
Tomales, California 94971

OPINION: \$_____ Shoreline Unified School District (Marin and Sonoma Counties, California) 2026 Refunding General Obligation Bonds

Members of the Board of Trustees:

We have acted as bond counsel to the Shoreline Unified School District (the “District”) in connection with the issuance by the District of \$_____ principal amount of 2026 Refunding General Obligation Bonds (the “Bonds”), under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550 of said Code (the “Act”) and a resolution adopted by the Board of Trustees of the District (the “Board”) on April 16, 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 furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is a duly created and validly existing school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution and the Bonds.
2. The Bond Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable upon the District in accordance with its terms.
3. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District.
4. The Boards of Supervisors of Marin and Sonoma Counties are required under the laws of the State of California to levy an *ad valorem* tax upon the property in the District which is subject to taxation, unlimited as to rate or amount, for the payment of principal and interest on the Bonds.
5. 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 Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions’ interest expense allocable to the portion of the Bonds designated as and comprising interest.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds, and in order for the Bonds to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code. 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, or may cause the Bonds not to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

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

\$ _____
SHORELINE UNIFIED SCHOOL DISTRICT
(Marin and Sonoma Counties, California)
2026 Refunding General Obligation Bonds
Bank Qualified

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Shoreline Unified School District (the “District”) of Marin and Sonoma Counties (the “Counties”), California, in connection with the execution and delivery of the above-captioned bonds (the “Bonds”). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on April 16, 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 which currently ends on June 30th of each year.

“*Dissemination Agent*” means, initially, Eastshore Consulting LLC or any third party successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

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

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

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

“*Paying Agent*” means The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, 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(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

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

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

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

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

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information:

(i) total assessed valuation of taxable properties in the District for the most recently completed fiscal year, or, if available at the time of filing the Annual Report, the current fiscal year;

(ii) assessed valuation of properties of the top twenty taxpayers in the District for the most recently completed fiscal year to the extent available from the Counties, or, if available at the time of filing the Annual Report, the current fiscal year;

(ii) property tax collection delinquencies for the portion of the District in Marin County and Sonoma County, if available from Marin County and Sonoma County at the time of filing the Annual Report, but only if the District is no longer a participant in Marin County's or Sonoma County's Teeter Plan or *ad valorem* tax levies for outstanding general obligation bonds are not included in the Teeter Plan; and

(iii) the District's most recently adopted budget or interim report showing budgeted figures 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. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. 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 District determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

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

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

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

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

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

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2026

SHORELINE UNIFIED SCHOOL DISTRICT

By: _____

Name: _____

Title: _____

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APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

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

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

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

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

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

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

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

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

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

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

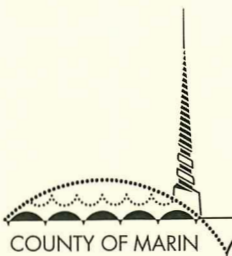
11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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APPENDIX G

MARIN COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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June 10, 2025

Mina Martinovich, CPA
DIRECTOR

Karen Shaw
FINANCE DIVISION CHIEF

Marin County Board of Supervisors
3501 Civic Center Drive
San Rafael, CA 94901



Dear Board Members:

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SUBJECT: Request to approve the FY 2025-26 Statement of Investment Policies governing the Marin County Investment Pool and the Marin County Long-Term Investment Pool

Dear Supervisors,

RECOMMENDATION: Pursuant to Government Code Section 53646, the following are submitted for review and approval:

- FY 2025-26 Statement of Investment Policy for funds on deposit in the County Treasury on behalf of participants in the Marin County Investment Pool; and
- FY 2025-26 Statement of Investment Policy for funds on deposit in the County Treasury on behalf of participants in the Marin County Long-Term Investment Pool.

BACKGROUND:

The Marin County Investment Pool is managed by the Marin County Treasurer's Office, housed within the Department of Finance, on behalf of participating agencies. These participants include the County of Marin, school districts, trial courts, recreation and park districts, libraries, and other special districts.

The Pool follows a cash flow-matching investment strategy, structuring maturities to align with conservative projections of fund withdrawals. Investments are made in accordance with the provisions of California Government Code Sections 53600 through 53639. The primary investment objectives of the Pool are to preserve capital, maintain adequate liquidity to meet the needs of its participants, and earn a market rate of return that is consistent with the principles of safety and liquidity.

Pursuant to California Government Code Section 53646, the Director of Finance may annually present a Statement of Investment Policy to the Treasury Oversight Committee and the Board of Supervisors for review and approval.

CA3a

SUMMARY:

The proposed FY 2025-26 Statement of Investment Policies incorporate both substantive and non-substantive updates. These changes were reviewed and approved by the Marin County Treasury Oversight Committee (Committee) on May 15, 2025.

1. The FY 2025-26 Statement of Investment Policy for funds on deposit in the County Treasury on behalf of participants in the Marin County Investment Pool includes the following key updates:
 - **Performance Standards:** Added a new section to establish clear criteria for evaluating portfolio performance, including the use of market benchmarks and yield objectives over appropriate time horizons.
 - **Authorized Persons Training Requirement:** Expanded the "Authorized Persons" section to require that all staff involved in the investment process either receive annual training or verify completion of an annual review of Government Code Section 53646(b).
 - **Cybersecurity Emphasis:** Added explicit reference to cybersecurity training and risk management practices to reflect the increasing importance of protecting County investments from cyber threats.
 - **Glossary of Terms:** Introduced a glossary section to enhance understanding and promote consistency in the interpretation of key investment terminology.
 - **Format Enhancements:** Made minor formatting and terminology updates to improve clarity, readability, and alignment with best practice standards.

2. The FY 2025-26 Statement of Investment Policy for funds on deposit in the County Treasury on behalf of participants in the Marin County Long-Term Investment Pool includes the following key updates:
 - **Authorized Persons Training Requirement:** Expanded the "Authorized Persons" section to require that all staff involved in the investment process either receive annual training or verify completion of an annual review of Government Code Section 53646(b).
 - **Format Enhancements:** Made minor formatting and terminology updates to improve clarity, readability, and alignment with best practice standards.

Additionally, the Annual Statement of Investment Policy is reviewed and monitored monthly by Fitch Ratings, an independent rating agency. The Marin County Investment Pool continues with a rating of 'AAAf'/S1', which has been maintained since 1994.

Fitch's evaluation of the portfolio also considered the management and operational capabilities of the Marin County Treasurer's Office and the legal and regulatory framework under which the portfolio operates. The rating assignment received is reflective of the outstanding work of the Treasury Unit.

FISCAL / STAFFING IMPACT: None

EQUITY IMPACT SECTION: The County's Statement of Investment Policies promotes transparency and accountability in the stewardship of public funds on behalf of a diverse group of local agencies, including school districts, libraries, and special districts serving Marin's communities. Updates such as the addition of a glossary and performance standards support clearer understanding of investment practices by stakeholders and the public, reinforcing equitable access to financial information and ensuring that all communities benefit from responsible investment management.

REVIEWED BY:	<input checked="" type="checkbox"/> Director of Finance	<input type="checkbox"/> N/A
	<input type="checkbox"/> County Counsel	<input checked="" type="checkbox"/> N/A
	<input type="checkbox"/> County Executive	<input checked="" type="checkbox"/> N/A

Respectfully submitted,

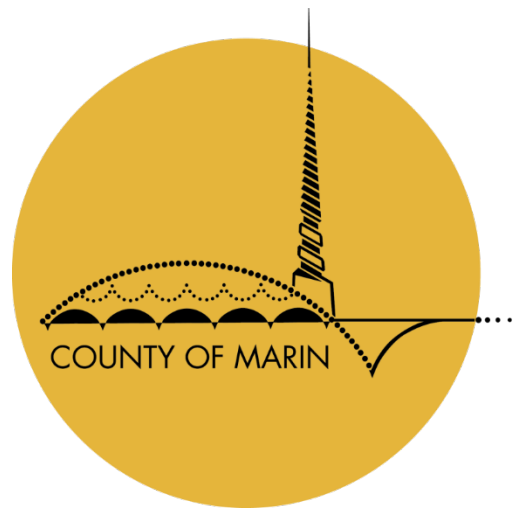


Mina Martinovich, CPA
Director of Finance

cc:
Sandra Kacharos, Assistant Director of Finance
Karen Shaw, Finance Division Chief
Victoria Seils, Accounting Unit Manager
Treasury Oversight Committee:
Derek Johnson, County Executive
Dan Eilerman, Alternate Representative, County Executive
John Carroll, Superintendent of Schools
Alyssa Shiffman, Special District Representative
Jean Bonander, At-Large Public Member
Brett Geithman, School District & Community College Representative

**COUNTY OF MARIN
DEPARTMENT OF FINANCE
STATEMENT OF INVESTMENT POLICY**

FISCAL YEAR 2025-26



Department of Finance
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Under the authority delegated to the Director of Finance (County Treasurer) by the Board of Supervisors to invest and reinvest all funds in the County Treasury and, in accordance with the California Government Code, the following sets forth the investment policy of the County of Marin:

1. POLICY STATEMENT

The purpose of this Statement of Investment Policy (Policy) is to establish cash management and investment guidelines for the County Treasurer (Director of Finance), who is responsible for the stewardship of the Marin County Investment Fund (Pooled Investment Fund). Each transaction and the entire portfolio must comply with California Government Code Sections 53601, et. seq, Section 53635, et. seq., and this policy. All portfolio activities will be judged by the standards of the Policy and ranking of investment objectives.

2. STANDARDS OF CARE

The Director of Finance is the Trustee of the Pooled Investment Fund and, therefore, a fiduciary subject to the prudent investor standard as per Government Code Sections 27000.3 and 53600.3. These sections declare that each Treasurer or Governing body authorized to make investment decisions on behalf of local agencies, to be a fiduciary subject to the prudent investor standard.

The standard requires that “when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the County Treasurer or the Board of Supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and other depositors. With the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.” This standard shall be applied in the context of managing the overall portfolio.

The Director of Finance, employees involved in the investment process and the members of the Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activity that could conflict with the management of the investment program.

3. INVESTMENT OBJECTIVES

All funds on deposit in the County Treasury shall be invested in accordance with the California Government Code Sections 53600 et seq. and Sections 53639 et seq. The specific objectives for the Pooled Investment Fund are ranked in order of importance:

- (a) **Preservation of capital** through high quality investments and by continually evaluating the credit of financial institutions approved for investment transactions, and securities considered and held in safekeeping.
- (b) Maintenance of sufficient **liquidity** to enable the participants and other depositors to meet their operating requirements.

-
- (c) A **rate of return** consistent within the context and principles (a) and (b) of this Section, Safety and Liquidity, and within appropriate risk limitations, diversification, prudent investment principles and cash flow characteristics.

4. PERFORMANCE STANDARDS

The investment portfolio shall be managed to achieve a reasonable market rate of return throughout varying economic and budgetary cycles, consistent with the risk profile and cash flow requirements of the Pooled Investment Fund. Performance shall be evaluated in the context of the portfolio's overall objectives of safety, liquidity, and return.

A series of appropriate benchmarks such as the 6-month US Treasury Bill, or Fed Funds Rates Index, may be referenced for comparison purposes.

Benchmarks will be periodically reviewed and may be adjusted to reflect changes in the portfolio's duration, liquidity needs, or market conditions.

5. IMPLEMENTATION

In order to provide direction to those responsible for management of the Pooled Investment Fund, the Director of Finance has established this Policy and presented it to the Treasury Oversight Committee. The County Board of Supervisors shall approve this Policy and any changes to it. The Director of Finance shall provide this policy to the legislative body of local agencies that participate in the pooled Investment Fund.

The Policy defines authorized instruments; maximum maturities; qualifications of broker-dealers and financial institutions doing business with, or on behalf of, the County; prohibition of gifts and honoraria; the reporting requirements; the Treasury Oversight Committee; the manner of appropriating costs; and the criteria to request withdrawal of funds.

6. PARTICIPANTS

Participants in the Pooled Investment Fund are defined as the County of Marin, Marin Public School Agencies, Marin Community College, Marin County Office of Education, districts under the control of the County Board of Supervisors, autonomous/independent districts whose treasurer is the Director of Finance and any other district or agency approved by the Board of Supervisors and the Director of Finance using the County of Marin as their fiscal agent.

- (a) **Statutory participants** are those government agencies within the County of Marin for which the Marin County Treasurer is statutorily designated as the Custodian of Funds.
- (b) **Voluntary participants** are other local agencies that may participate in the Pooled Investment Fund, such as special districts and cities for which the Marin County Treasurer is not statutorily designated as the Custodian of Funds. Participation is subject to approval by the Director of Finance, and in accordance with California Government Code Section 53684.

7. AUTHORIZED PERSONS

Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day-to-day business activities, Principal Staff shall use separate means of travel to attend training and conferences. Additionally, all staff involved in the investment process should receive annual training or provide verification of having completed an annual review of Government Code Section 53646(b).

8. CYBERSECURITY RISK MANAGEMENT

County investment staff are entrusted with sensitive financial data and have access to confidential investment strategies and transactions. To protect against cybersecurity threats—including data breaches, unauthorized access, and financial fraud—all authorized investment personnel are required to complete annual County-approved web-based training in information security.

The County's Information Security Strategy includes:

- Annual interactive cybersecurity training
- Data protection and classification policies
- Role-based access controls
- Protocols for incident response and breach reporting

These security measures are critical to ensuring the integrity and confidentiality of the County's investment operations.

9. BIDS & PURCHASE OF SECURITIES

Prior to the purchase of an investment pursuant to this Policy the persons authorized to make investments shall assess the market and market prices using information obtained from available sources including investment services, broker/dealers, and the media. Bids for various investments shall be evaluated considering preservation of capital as the most important factor, liquidity as the second most important factor and thirdly, yield. Investments in commercial paper, banker's acceptances, and certificates of deposit for each issuer shall be limited to five percent (5%) of Treasury assets, determined using the Treasury balance at the time of purchase, with the exception being investments in overnight commercial paper shall be limited to seven percent (7%) of Treasury assets for any one issuer. The investment selected for purchase shall be that investment which in the opinion of the purchaser most clearly meets these objectives. All security transactions shall be documented at the time the transaction is consummated.

10. TERM

Maturities of investments in the Pooled Investment Fund shall be selected based upon liquidity requirements. The maximum remaining term to maturity for an investment shall be three (3) years; except that, subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq. of the California Government Code, the Director of Finance may authorize investments in U.S. Treasury obligations and/or U.S. and local agency obligations with a maximum remaining term to maturity that shall not exceed five (5) years. The weighted average maturity of the investment pool, to be determined at the time of purchase, shall not exceed 540 days to final maturity/call.

Capital Funds, Construction Funds, or money obtained through the sale of agency surplus property, may be invested by the Director of Finance in specific investments outside of the Pooled Investment

Fund, provided the Director of Finance obtains written approval from the governing board of the County, School District or Special District. No investment shall have a remaining maturity in excess of five (5) years.

Proceeds of Debt Issues set aside for repayment of any County, School District, or Special District financings shall not be invested for a term that exceeds the term set forth in the financing documents.

11. AUTHORIZED INVESTMENTS

Pursuant to California Government Code Sections 53601 et seq. and 53635 et seq., the County Director of Finance may invest in the following subject to the limitations as set forth:

- (a) **United States Treasury** notes, bonds, bills or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- (b) **Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments**, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- (c) **Registered state warrants, or treasury notes, or bonds of the State of California**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state department, board, agency or authority of the state.
- (d) **Bonds, Notes, Warrants** or other evidence of indebtedness of a **local agency** within the State of California.
- (e) **Bankers' acceptances** not to exceed one hundred eighty (180) days to maturity or at the time of purchase thirty percent (30%) of the treasury fund balance.
- (f) **Commercial paper** of "prime" quality of the highest letter and numerical rating as rated by a nationally recognized statistical rating organization (NRSRO), including but not limited to Moody's Investors Service, Inc., Standard and Poor's Corporation, or Fitch Ratings, to be chosen from among corporations organized and operating within the United States with assets in excess of \$500,000,000 and having an "A" or higher rating for the issuer's debt, other than commercial paper, as provided for by a NRSRO. Purchases of eligible commercial paper may not exceed two hundred seventy (270) days in maturity and may not exceed forty percent (40%) of the treasury fund balance.
- (g) **Negotiable certificates of deposit** issued by a nationally or state-chartered bank, a state or federal association or by a state-licensed branch of a foreign bank selected on the basis of financial stability and credit rating criteria employed by the County Director of Finance. Negotiable certificates of deposit may not exceed thirty percent (30%) of the treasury fund balance.
- (h) **Non-negotiable certificates of deposit (Time Deposits)** with a nationally or state-chartered bank or a state or federal association selected on the basis of financial stability, credit rating and reputation using criteria employed by the County Director of Finance fully collateralized at one hundred ten percent (110%) of market value with U.S. Government Securities, high-grade Municipal Bonds, instruments of federal agencies, including mortgage backed

securities at one hundred fifty percent (150%) of market value with promissory notes secured by first deeds of trust upon improved residential real property as provided by the Government Code.

- (i) **Medium-term Notes** rated “A” or better, to be chosen from among corporations with assets in excess of \$500,000,000 with a maturity not to exceed two years from the date of purchase. Purchase of eligible medium-term notes may not exceed thirty percent (30%) of the treasury fund balance.
- (j) **Mutual Funds and Money Market Mutual Funds** that invest in the securities and obligations, as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, of Section 53601 and that comply with the investment restrictions of Section 53630. Mutual funds that are defined as money market mutual funds must also follow regulations specified by the SEC under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). The purchase price of shares shall not include any commission that the fund manager may charge and shall not exceed 20% of the Treasury assets that may be invested pursuant to this Section 53601.

In addition, no more than 10% of the Treasury assets may be invested in shares of any single mutual fund. Both mutual and money market mutual funds require that they have attained the highest ranking, or the highest letter and numerical rating, provided by not less than two NRSROs. In addition, they have retained an investment advisor registered or exempt from registration with the SEC with not less than five years’ experience managing their specific category of fund and have assets under management in excess of \$500,000,000.

The 10% limitation does not apply to money market mutual funds.

- (k) **Repurchase agreements** on any investment authorized by this investment policy where the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two percent (102%) or greater of the funds borrowed against those securities, and the value shall be adjusted daily. The County Director of Finance or designee must approve any collateral substitution by the seller, and any new collateral should be reasonably identical to the original collateral in terms of maturity, yield, quality, and liquidity.
- (l) **California State Local Agency Investment Pool (LAIF)** operated by the State Treasurer’s office.
- (m) **Financial Institution Investment Accounts** All funds on deposit with the County shall be managed by the Director of Finance. The Director of Finance may, at his option, at the time of placement, place not more than five percent (5%) of the Treasury assets at the time of investment with a financial institution for the purpose of managing such funds. Securities eligible for purchase by the financial institution are limited to United States Treasury and Agency obligations with a “AAA” credit quality rating, must be held in the County’s name in a third-party custody account, may not have a remaining maturity in excess of three (3) years, and the account shall have an average maturity of 1.5 years or less. All security transactions shall be supervised and approved by designated staff on the Authorized Investor List.

Where a percentage limitation is specified for a particular category of investments, that percentage is applicable only at the time of purchase.

12. PROHIBITED INVESTMENTS

- (a) No investments shall be made that are **prohibited by law**.
- (b) The County Director of Finance **shall not invest** in any **Derivatives** such as inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages or any security bearing a rate of interest which is not known at the time of purchase.
- (c) The County Director of Finance shall not invest any funds in any security that could result in **zero interest accrual** if held to maturity or where there is a risk of loss of principal when held to maturity.
- (d) **Reverse repurchase agreements**, securities lending agreements and all other investments that are not specifically allowed by this investment policy are prohibited.
- (e) In accordance with Marin County Municipal Code 23.12 Nuclear-Free Zone (Exhibit 1) as approved by the voters on November 4, 1986, the County is prohibited from investing in securities or other obligations of any corporation or business entity which is a **nuclear weapons contractor**.

Furthermore, said corporations or business entities that the County Director of Finance does invest in must file an affidavit as required by Marin County Municipal Code 23.12.050(b) certifying that neither it, nor its parent company, affiliates or subsidiaries are nuclear weapons contractors. A copy of each affidavit received shall be sent to the Peace Conversion Commission.

13. BROKERS

Broker/dealers shall be selected by the Director of Finance upon recommendation by the Investment Officer or designated principal staff on the Authorized Investor List. Selection of broker/dealers shall be based upon the following criteria: the reputation and financial strength of the company or financial institution and the reputation and expertise of the individuals employed.

The Director of Finance shall be prohibited from selecting any broker, brokerage firm, dealer, or securities firm that has, within any 48 consecutive month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, any member of the Board of Supervisors, any member of the governing board of a local agency having funds held in the County Treasury, or any candidate for those offices. The broker/dealers shall be provided with and acknowledge receipt of the County Investment Policy.

14. WITHDRAWAL REQUESTS

No withdrawals from the Marin County Pool shall be made for the purpose of investing and or depositing those funds outside the pool without the prior approval of the Marin County Director of Finance. The Director of Finance shall evaluate each proposed withdrawal to assess the effect the withdrawal will have upon the stability and predictability of the investments in the County Treasury. Approval shall be given unless the withdrawal will adversely affect the interests of the other depositors.

Notice in writing of at least five (5) business days shall be required for withdrawals in excess of \$250,000.00 for loan repayments, capital expenditures and any expenditure not in the ordinary course of operations.

Requests for withdrawals for the purpose of investing or depositing funds outside the pool shall be made in writing at least ten (10) business days in advance of the proposed withdrawal date. The value of participants' equity withdrawn shall be based on the book value of the participants' percentage of participation as of the most recent asset valuation as reported by the Treasurer.

15. SWAPS

Securities can be swapped for other approved securities with similar maturity schedules to gain higher rates of return. When a swap involves a change in liquidity, future cash needs shall be conservatively estimated.

16. LOSSES

Losses are acceptable on a sale before maturity and may be taken if the reinvestment proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the original investment, considering any investment loss or foregoing interest on the original investment.

17. DELIVERY & SAFEKEEPING

Delivery of all securities shall be through a third-party custodian. Non-negotiable certificates of deposit and notes of local agencies may be held in the Director of Finance's safe. The County's safekeeping agent shall hold all other securities. No security shall be held in safekeeping by the broker/dealer from whom it was purchased. Settlement payment in a securities transaction shall be executed on a delivery versus payment basis. A Due Bill or other substitution will not be acceptable. Persons authorized under Section 7, who did not originate the investment transaction, shall review all confirmations for conformity with the original transaction. Confirmations resulting from securities purchased under a repurchase agreement shall state the exact and complete nomenclature of the underlying securities purchased.

18. APPORTIONMENT OF INTEREST & COSTS

Interest shall be apportioned to all pool participants quarterly based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the investment pool. The amount of interest apportioned shall be determined using the cash method of accounting whereby interest will be apportioned for the quarter in which it was actually received. The Director of Finance shall deduct from the gross interest received those actual administrative costs relating to the management of the treasury including salaries and other compensation, banking costs, equipment purchased, supplies, costs of information services, audits and any other costs as provided by Section 27013 of the Government Code.

19. CONFLICT OF INTEREST

A member of the County Treasury Oversight Committee, the County Director of Finance or County employees working in the Treasurer's office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business, consistent with state law.

20. AUDITS

Internal controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, or imprudent actions. Pursuant to Government Code 27134, the County of Marin investment portfolio shall be subject to an annual examination by an independent external auditor to determine the County Treasury's compliance with Article 6 of the Government Code. The results of the audit shall be reported annually to the Marin County Treasury Oversight Committee.

20.1 Compliance Audit: Government Code Section 27134

The Treasury Oversight Committee shall cause an annual audit to be conducted to determine the County Treasury's compliance with the investment compliance requirements presented in Article 6 of the Government Code, Sections 27130 through 27137.

21. REVIEW, MONITORING AND REPORTING OF THE PORTFOLIO

The Director of Finance and designated staff will perform a monthly review of the investment function. The Director of Finance shall prepare a monthly report listing all investments in the County Pool as of the last day of the month and a report of the average days to maturity and yield of investments in the County Pool. The Director of Finance shall also prepare a monthly report for all non-pooled investments. These reports shall be distributed to the Marin County Board of Supervisors, Superintendent of Schools, Marin Public School Agencies, Special Districts, non-pooled investors, the County's Treasury Oversight Committee, and any other participant upon request.

Annually, the Director of Finance shall provide to the Treasury Oversight Committee a Statement of Investment Policy. Additionally, the Director of Finance will render a copy of the Statement of Investment Policy to the Board of Supervisors and to the legislative body of the local agencies that participate in the Pooled Investment Fund.

22. TREASURY OVERSIGHT COMMITTEE

In accordance with Government Code Section 27131, the Board of Supervisors has established a Treasury Oversight Committee. The Treasury Oversight Committee includes representatives from the County of Marin, Superintendent of Schools' Office, School Districts and Special Districts. The Committee shall render unbiased and objective opinions on matters involving the Director of Finance's investment of public funds. Specifically, the law requires that the Treasury Oversight Committee meet to (1) review and monitor the Statement of Investment Policy and proposed changes prior to submission to the Board of Supervisors for adoption; (2) review the Pooled Income Fund's investment portfolio reports and compliance of the portfolio with law and this Investment Policy; and (3) cause an annual audit to be conducted of the Treasury in accordance with Government Code Section 27134.

All meetings of the Treasury Oversight Committee are to be open to the public and subject to the Ralph M. Brown Act.

By law, the Treasury Oversight Committee is not allowed to direct individual investment decisions, nor select individual investment advisors, brokers or dealers, nor impinge on the day-to-day operations of the County Treasury.

23. DISASTER RECOVERY / BUSINESS CONTINUITY PLAN

The County of Marin's banking and investment functions are mission critical and as such, the office must have a business continuity plan.

The goal of a disaster/business recovery plan is to protect and account for all funds on deposit with the county treasury and to be able to continue our banking and investment functions for all participants in the event of an occurrence (e.g., earthquake, fire, pandemic, or other event) that disrupts normal operations. Our plan provides for the ability to perform our banking and investment function at an off-site location under less-than-optimal conditions and, if needed, even outside our county.

In the event of an occurrence which precludes staff from being able to operate from our office, the attached plan (Exhibit 2) will be activated. The plan includes:

- Scope
- Chain of Command
- Continuity Procedure
- Functions and Tasks to be performed
- Equipment and Emergency Packets
- Disaster Assignment
- Off-site locations

Normal processes may be modified in response to an occurrence. However, the county's investment policy shall be strictly followed.

24. GLOSSARY OF TERMS

Agencies

Debt obligations issued or guaranteed by U.S. Federal Agencies and Government-Sponsored Enterprises (GSEs), including but not limited to: Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB), and Federal Agricultural Mortgage Corporation (Farmer Mac).

Bankers' Acceptance (BA)

A short-term credit instrument created by a non-financial firm and guaranteed by a bank. It represents a promise that the bank will pay the holder a specified amount at a future date, typically used in international trade.

Benchmark

A market index or reference portfolio that reflects the risk and return characteristics of the investments held in a portfolio. It is used to evaluate investment performance and ensure alignment with the entity's risk tolerance and investment horizon.

Broker

An intermediary who facilitates transactions between buyers and sellers of securities for a commission, without taking ownership of the securities.

Certificate of Deposit (CD)

A time deposit offered by banks with a fixed maturity date and interest rate, evidenced by a certificate. Large-denomination CDs may be negotiable and traded in the secondary market.

Collateral

Securities or other assets pledged by a borrower to secure repayment of a loan or by a bank to secure public deposits.

Coupon

The stated annual interest rate on a bond, expressed as a percentage of its face (par) value. The coupon determines the periodic interest payments made to the bondholder, typically on a semiannual basis. Historically, the term referred to physical certificates attached to bearer bonds, which investors would detach and redeem for interest payments—though this practice is now obsolete with the use of book-entry systems.

Dealer

A financial firm or individual that buys and sells securities for its own account, assuming the risk of holding the securities in inventory.

Delivery Versus Payment (DVP)

A securities delivery method that ensures payment is made simultaneously with the delivery of the security. It mitigates the risk of one party fulfilling its obligation while the other does not.

Diversification

A risk management strategy that mixes a wide variety of investments within a portfolio to reduce exposure to any single asset or risk.

Duration

A measure of a bond's sensitivity to changes in interest rates, expressed in years. It indicates how much a bond's price will change with a change in interest rates.

Federal Deposit Insurance Corporation (FDIC)

An independent U.S. government agency that protects bank depositors by insuring deposits up to \$250,000 per depositor, per insured bank.

Liquidity

The ease with which an asset can be converted into cash without significant loss of value. Highly liquid assets can be bought or sold with minimal price fluctuation.

Local Government Investment Pool (LGIP)

An investment vehicle created by state law that allows local government agencies to pool funds for investment, typically administered by the State Treasurer.

Market Value

The current price at which a security is bought or sold in the open market.

Master Repurchase Agreement

A comprehensive written agreement governing repurchase and reverse repurchase transactions, defining the rights and obligations of each party and providing for the liquidation of underlying securities in the event of default.

Maturity

The date on which the principal amount of a financial instrument becomes due and is repaid to the investor.

Medium-Term Notes (MTNs)

Debt securities issued by corporations or depository institutions with fixed maturities of five years or less. Issuers must be organized and operating within the U.S., or licensed under U.S. or state laws.

Money Market Mutual Funds (MMFs)

MMFs are mutual funds that invest exclusively in short-term money market instruments. MMFs seek the preservation of capital as a primary goal while maintaining a high degree of liquidity and providing income representative of the market for short-term investments.

Mutual Funds

An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

Portfolio

A collection of financial assets held by an investor, including stocks, bonds, and other investments.

Primary Dealer

A financial institution authorized to trade government securities directly with the Federal Reserve Bank of New York. These institutions are subject to regulatory oversight and reporting requirements.

Prudent Investor Standard

A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

Rate of Return

The gain or loss on an investment over a specified period, expressed as a percentage of the investment's cost or current market value.

Repurchase Agreement (Repo)

A short-term agreement to sell securities and repurchase them at a specified date and price. Effectively, it is a collateralized loan where securities serve as collateral.

Reverse Repurchase Agreement (Reverse Repo)

The counterpart of a repurchase agreement, where the investor sells securities to a counterparty with an agreement to buy them back at a later date. In this case, the investor is borrowing funds.

Safekeeping

A custodial service provided by financial institutions that involves the secure storage and protection of securities or other valuables for clients.

Secondary Market

A market where existing securities are bought and sold after their initial issuance.

Securities and Exchange Commission

A U.S. federal agency responsible for enforcing federal securities laws and regulating the securities industry to protect investors and maintain fair, orderly, and efficient markets.

SEC Rule 15c3-1 (Uniform Net Capital Rule)

A regulation that establishes minimum capital requirements for broker-dealers to ensure financial stability and protect customers.

Treasury Bills (T-Bills)

Short-term debt obligations issued by the U.S. Treasury at a discount to face value, with maturities of one year or less. They do not pay periodic interest.

Treasury Bonds

Long-term debt securities issued by the U.S. Treasury with maturities greater than 10 years, paying fixed interest semiannually.

Treasury Notes

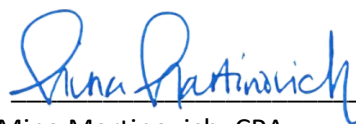
Medium-term U.S. Treasury debt securities with maturities ranging from two to ten years and semiannual interest payments.

Yield

The income return on an investment, expressed as an annual percentage.

- (a) **Current Yield** is calculated by dividing annual interest by the current market price.
- (b) **Yield to Maturity (YTM)** is the total return anticipated if the bond is held to maturity, accounting for purchase price, face value, coupon payments, and time to maturity.

Dated: May 15, 2025



Mina Martinovich, CPA
Director of Finance

Reviewed and approved by Marin Treasury Oversight Committee on May 15, 2025.

Approved by Marin County Board of Supervisors on June 10, 2025.

Attachments:

Exhibit 1 – [Marin County Municipal Code 23.12 - Nuclear-Free Zone](#)

Exhibit 2 – Disaster Recovery / Business Continuity Plan

Exhibit 3 – Authorized Investor List

Exhibit 1

Chapter 23.12 - NUCLEAR-FREE ZONE

23.12.020 - Purpose and findings.

- (a) The presence of nuclear weapons, or the development, production and/or storage of nuclear weapons-related components and material within the county is in direct conflict with the maintenance of the community's public health, safety, economic well-being, general welfare, and adherence to international law.
- (b) The purpose of this chapter is to establish the county as a nuclear-free zone in which work on nuclear weapons, and/or the storage or transportation of weapons-related components and nuclear material is prohibited, or appropriately restricted.
- (c) This chapter's further purpose is to prohibit or restrict the county from contracting for services or products with, or investing county funds in, any business which is a nuclear weapons contractor.

(Ord. 2924 § 2, 1986)

23.12.020 - Definitions.

As used in this chapter, the following words shall have the following definitions:

- (a) "Component of a nuclear weapon" means any device, radioactive or nonradioactive, originally produced or manufactured for exclusive use as part of a nuclear weapon system, whether to be placed on land, at sea, in the air, or in outer space.
- (b) "County funds," or "public funds" are those moneys, grants and funds received and managed by the county of Marin.
- (c) "Direct activities of the federal government" are the actions of the federal government or of its agencies, but shall exclude the actions of independent contractors.
- (d) "Nuclear waste" is any material which is the byproduct of any nuclear reaction or nuclear weapon production, except for the byproduct of applied nuclear medicine.
- (e) "Nuclear weapon" means any device the intended explosion of which results from the energy released by fission or fusion reactions involving atomic nuclei, including the means of propelling, guiding or triggering the device if the means is destroyed or rendered useless in the propelling, guiding, triggering or detonation of the device.
- (f) "Nuclear weapons contractor" means any person, corporation or other business entity which knowingly or intentionally is engaged in the research, development, production or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components. A business entity which is a 100% owned subsidiary branch of, and is therefore completely controlled by, an entity described in the foregoing sentence shall also be deemed to be a nuclear weapons contractor.
- (g) "Person" means any private person, corporation, institution, or other entity, which is within the jurisdiction of the county of Marin.
- (h) "Special nuclear material" or "radioactive material" means any material giving off, or potentially capable of giving off, radiant energy in the form of particles or rays (such as alpha, beta, and gamma rays) by the spontaneous disintegration of atomic nuclei, including accelerator-produced isotopes and byproduct material; and any other material which the Nuclear Regulatory Commission determines to be special nuclear material.
- (i) "Transport and transportation" means transportation by any means over passable roadways, navigable waterways, or in the airspace, that are within the jurisdiction of the County of Marin, except where referred to as meaning roadways, waterways, or airspace regulated by preemptive federal or state law.

(Ord. 3308 § 1, 2000; Ord. 2924 § 3, 1986)

Exhibit 1

23.12.030 - Prohibition against nuclear weapons, materials, and county contracts and investments.

The county of Marin is declared to be a nuclear-free zone.

- (a) No person shall knowingly engage in any activity within the county, the purpose of which is the applied research, development, production, transport, deployment, launching, testing, maintenance or storage of nuclear weapons or components of nuclear weapons. Nor shall any person store, use, transport, or dispose of special nuclear material or nuclear waste within the jurisdiction of the county.
- (b) The transportation of nuclear weapons, their fissionable components, and weapons-related nuclear material and wastes through the county on roadways, waterways, or in airspace regulated by preemptive state or federal law, in the interest of public health and safety, is subject to the following restriction:
 - (1) As to roadways which are within the exclusive jurisdiction of the county, transportation of such materials is prohibited,
 - (2) As to roadways which are demonstrably within the jurisdiction of the state or federal government, the county board of supervisors shall post as a regular monthly notice, once each month, in a newspaper of general circulation within the county the fullest description possible of any shipment of such material that has occurred that previous month, transported through or across the county by any means of transportation whatsoever.
- (c) The county, nor any agent thereof, shall not make any contract with, or investments in, any nuclear weapons contractor.
- (d) The county board of supervisors shall adopt a "peace conversion plan," and shall, within ninety days of the enactment of this chapter, establish a county peace conversion commission of not less than three or more than five members, which shall be comprised of volunteers from the community. The purpose of said commission shall be to divest the county, as a government entity, within two years of the adoption of the ordinance codified in this chapter, of all such existing prohibited investments or contracts held by it. Said commission shall:
 - (1) Conduct studies of existing county contracts and public fund investments with nuclear weapons contractors, and determine in which cases any reasonable alternative contract or investment exists, in a manner consistent with prudent investment policy, and mindful of the intent and purpose of this chapter. The commission shall further make regular reports to the county board of supervisors concerning the progress of said divestiture, listing the book value of remaining investments in nuclear weapons contractors.
 - (2) Identify those businesses presently existing and operating in the county, and those who have made application to the county, who are nuclear weapons contractors. The commission will be responsible for conducting a timely phase-out of nuclear weapons contractors from the county, and for insuring the smooth conversion of Marin County businesses to alternative work that is more consistent with the public welfare. For this purpose the commission shall solicit testimony from the public.

(Ord. 2924 § 4, 1986)

Exhibit 1

23.12.040 - Exclusions.

Nothing in this chapter shall be construed to prohibit:

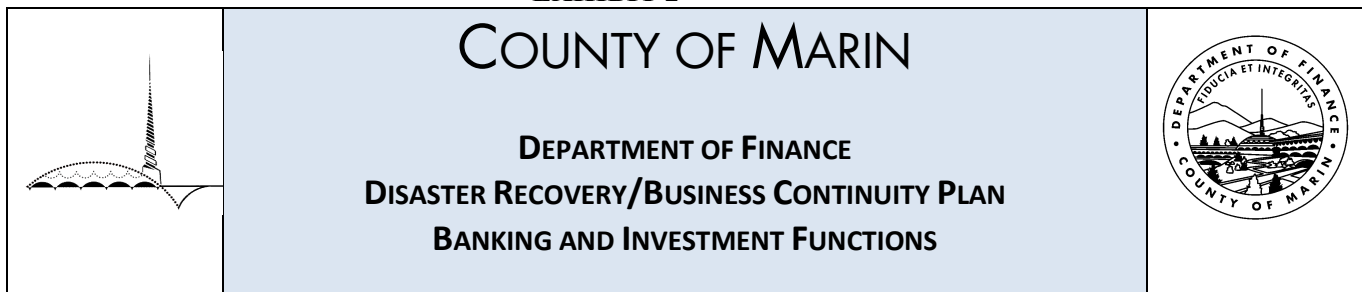
- (a) Any activity not specifically described in this chapter;
- (b) Research in and application of nuclear medicine or other pure research unrelated to nuclear weapons;
- (c) Beneficial or peaceful uses of the technology such as smoke detectors, light-emitting watches and clocks, and other consumer products; or
- (d) Activities of the federal and state governments that are preempted by existing law.

(Ord. 2924 § 5, 1986)

23.12.050 - Notice and enforcement.

- (a) The county is directed to install and maintain appropriate signs to be displayed at each ferry terminal, at Gness Field Airport, and on all the major roads leading into the county, at or near the county line, including, but not limited to, the following:
 - (1) U.S. Highway 101 (both ends);
 - (2) State Highway 1 (both ends);
 - (3) State Highway 17;
 - (4) State Highway 37;
 - (5) Fallon-Two Rock Road;
 - (6) Tamales-Petaluma Road;
 - (7) Chileno Valley Road;
 - (8) Marshall-Petaluma Road;
 - (9) Point Reyes-Petaluma Road; identifying Marin as a nuclear-free zone and making reference to this chapter. Further, the county must notify the federal government and other appropriate authorities that this law has been enacted.
- (b) Before any further public funds shall be invested by the county in the stock, securities or other obligations of any corporation or business entity, the county board of supervisors shall require that said corporation or business submit to the peace conversion commission an affidavit certifying that neither it, nor its parent company, affiliates or subsidiaries are nuclear weapons contractors.
- (c) The county is directed to require of each city incorporated within Marin County that, in addition to any other information deemed necessary by its business license officer, that any application for a business license within a city in the county shall state whether or not said business is a nuclear weapons contractor.
- (d) Each violation of this chapter shall be punishable by up to one-year imprisonment and/or a fine of up to five thousand dollars. Each day of violation shall be deemed a separate violation. Residents of Marin shall also have the right to enforce this chapter by appropriate civil actions for declaratory or injunctive relief. Reasonable attorneys' fees in enforcing this chapter shall be awarded as is appropriate.

(Ord. 2924 § 6, 1986)



1. Scope

The County of Marin's banking and investment functions are mission critical. Accordingly, the Treasurer's Office (Department of Finance) maintains a Disaster Recovery / Business Continuity Plan to ensure continuity of operations. This plan shall be activated in the event the office's primary location becomes inaccessible and shall be tested periodically to ensure its effectiveness.

The primary objective of the plan is to protect and account for all funds held in the County Treasury and to maintain uninterrupted banking and investment operations for all participants in the Marin County Pooled Investment Fund in the event of a significant disruption (e.g., earthquake, fire, pandemic, or other emergency).

2. Chain of Command

The chain of command during an emergency shall follow the order of **Authorized Persons** as identified in **Section 7** of the Statement of Investment Policy and the current **Authorized Investor List**.

3. Continuity Procedure

If normal business operations cannot be conducted, Authorized Persons will coordinate by phone, email, or other means to determine an appropriate alternate work location. If direct communication is not possible, they shall coordinate through the **County's Office of Emergency Services** to reestablish contact and implement continuity measures.

4. Essential Functions & Tasks

The Treasurer's Office will prioritize the protection and accurate accounting of all funds on deposit with the County. While standard operating procedures may be modified under emergency conditions, all activities must remain in full compliance with the **Statement of Investment Policy**.

Key tasks to be performed include:

- Daily cash workup.
- Investment of maturing securities and any available deposits, while accounting for anticipated clearings of checks and wires.
- Daily cash and bank reconciliation.
- Communication with Pooled Investment Fund Participants regarding any temporary changes to deposit procedures.
- Coordination of disbursement activity with the County Director of Finance.

Deposits to any account not established by the Treasurer's Office are strictly prohibited.



5. Equipment and Emergency Access

Staff listed on the **Authorized Investor List** are designated with access to the necessary equipment and systems to perform critical investment and treasury functions remotely if needed.

A secured copy of this plan will also be retained by the County's Office of Emergency Services for emergency reference purposes.

Emergency access requirements include:

- A universal power source attached to the Bloomberg computer onsite to provide uninterruptible power (10-15 minutes) for the completion of investment transactions and an orderly shutdown during a power outage
-
- A laptop with Wi-Fi capability and access to Bloomberg Anywhere.
- Preinstalled software with secure remote access.
- Online access to:
 - Statement of Investment Policy and Disaster Recovery / Business Continuity Plan
 - Most recent monthly investment reports
 - County financial accounting system
 - Online banking and securities safekeeping systems
 - Contact details for Authorized Persons and treasury staff (including personal contact information)
 - Contact details for the County Executive, Director of Finance, County Counsel, and the Office of Emergency Services.
 - Authorized broker/dealers, banks, and custodians
 - Contact information for all agencies participating in the Pooled Investment Fund

Additionally, emergency check stock¹ (50 checks) will be stored securely at the **Office of Emergency Services**.

¹ *Emergency checks are issued from a dedicated account linked to the County's main banking account. These checks are to be used solely in the event this Disaster Recovery / Business Continuity Plan is activated and the County is unable to issue payments through normal operations. Authorized signers for these checks include the Director of Finance, the Assistant Director of Finance, and the Finance Division Chief, as documented on the Deposit Account Documentation Signature Card. If physical check stock is inaccessible, electronic payments may be initiated through the County's banking services platform.*

6. Plan Testing and Evaluation

To ensure the plan remains actionable and effective, the Treasurer's Office shall implement a structured testing and evaluation protocol. This includes quarterly remote access verifications,



semi-annual communication drills, and annual audits of emergency equipment and documentation. A tabletop exercise simulating an emergency scenario shall also be conducted at least once every two years. Results shall be reviewed to identify areas for improvement and inform updates to this plan.

7. Disaster Assignment

All Authorized Persons and designated support staff within the Treasurer's Office are considered Disaster Service Workers, as defined in California Code of Regulations, Title 19, Section 2570.2(a) and County Personnel Management Regulation 20.9. Each staff member shall carry their official County of Marin Identification Card.

The level of disruption and the designated work location shall be determined by the **Director of Finance** or individuals listed on the Authorized Investor List. Any costs incurred under this plan shall be absorbed by the Treasurer's Office and may be reimbursed pursuant to **Government Code section 27013**.

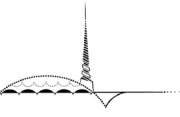

Safety is paramount. No alternative location or procedure should be implemented if doing so would place any individual in danger.

If the Treasurer's Office is unable to operate from its primary location, all banking and investment operations shall be relocated to an alternate site as determined by the **Director of Finance**, the **County Office of Emergency Services**, or the **County Executive**.

8. Conclusion

This Disaster Recovery / Business Continuity Plan is a critical component of the County's fiduciary responsibility and readiness framework. Its purpose is to ensure that the County's banking and investment operations remain uninterrupted, transparent, and secure during emergencies. Ongoing review and testing of the plan will support continuous improvement and ensure alignment with best practices in financial continuity and public service.

Origination: Nov 7, 2007
Revised: May 15, 2025

	<h1>COUNTY OF MARIN</h1> <h2>TREASURER'S OFFICE</h2> <h3>AUTHORIZED INVESTOR LIST</h3> <h4>FY 2025-26</h4>	
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Effective: May 15, 2025

Investment Purposes:

1. To make investment decisions
2. To recommend brokers
3. To perform a review of the investment function

Authorized Persons:

Authorized to make investment decisions for a maturity of up to five years:

- **Mina Martinovich *** **Director of Finance**

Authorized to make investment decisions for a maturity of up to three years:

- **Karen Shaw *** **Division Chief, Finance**
- **Sandra Kacharos** **Assistant Director of Finance**
- **Victoria Seils** **Accounting Unit Manager**

Authorized to make investment decisions for short-term investments with a maturity of up to one year:

- **Lisa De Carlo** **Division Chief, Fiscal Administrative Services**
- **Bevin Gardner** **Senior Accountant –Treasury**

**Authorized for equipment and emergency packets as defined under the Disaster Recovery / Business Continuity Plan*

Approved:



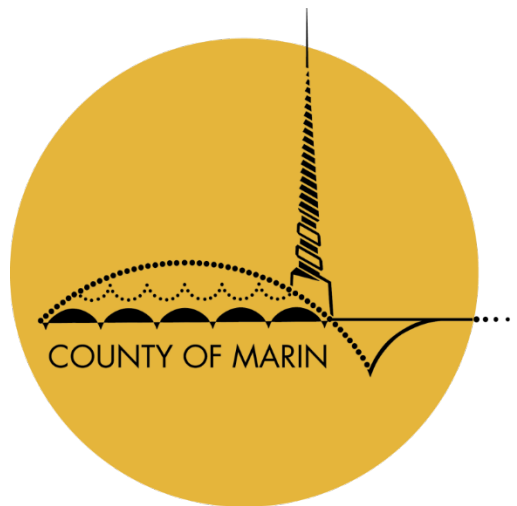
5/15/25

Mina Martinovich
Director of Finance

Date

**COUNTY OF MARIN
DEPARTMENT OF FINANCE
STATEMENT OF INVESTMENT POLICY
LONG-TERM INVESTMENT POOL**

FISCAL YEAR 2025-26



Department of Finance
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San Rafael, CA 94903
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marincounty.gov/finance

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Under the authority delegated to the Director of Finance (County Treasurer) by the Board of Supervisors to invest and reinvest all funds in the County Treasury and, in accordance with the California Government Code, the following sets forth the investment policy of the County of Marin Long-Term Investment Pool:

1. POLICY STATEMENT

The purpose of this Statement of Investment Policy (Policy) is to establish cash management and investment guidelines for the County Treasurer (Director of Finance), who is responsible for the stewardship of the Marin County Long-Term Investment Pool (Long-Term Investment Pool). Each transaction and the entire portfolio must comply with California Government Code Sections 53601, et. seq, Section 53635, et. seq. where applicable, and this policy. All portfolio activities will be judged by the standards of the Policy and ranking of investment objectives.

2. STANDARDS OF CARE

The Director of Finance is the Trustee of the Long-Term Investment Pool and, therefore, a fiduciary subject to the prudent investor standard as per Government Code Sections 27000.3 and 53600.3. These sections declare that each Treasurer or Governing body authorized to make investment decisions on behalf of local agencies, to be a fiduciary subject to the prudent investor standard.

The standard requires that “when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the County Treasurer or the Board of Supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and other depositors. With the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.” This standard shall be applied in the context of managing the overall portfolio.

The Director of Finance, employees involved in the investment process and the members of the Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activity that could conflict with the management of the investment program.

3. INVESTMENT OBJECTIVES

All funds on deposit in the Long-Term Investment Pool shall be invested in accordance with the California Government Code Sections 53600 et seq. and Sections 53639 et seq, where applicable. The specific objectives for the Long-Term Investment Pool are ranked in order of importance:

- (a) **Preservation of capital** through high quality investments and by continually evaluating the credit of financial institutions approved for investment transactions, and securities considered and held in safekeeping;
- (b) Maintenance of sufficient **liquidity** to enable the participants and other depositors to meet their operating requirements that may be reasonably anticipated; and
- (c) Attaining a market **rate of return** throughout budgetary and economic cycles, consistent within the context and principles (a) and (b) of this Section, Safety and Liquidity, and within appropriate risk limitations, diversification, prudent investment principles and cash flow characteristics.

4. IMPLEMENTATION

In order to provide direction to those responsible for management of the Long-Term Investment Pool, the Director of Finance has established this Policy and presented it to the Treasury Oversight Committee. The County Board of Supervisors shall approve this Policy and any changes to it. The Director of Finance shall provide this policy to the legislative body of local agencies that participate in the Long-Term Investment Pool.

5. PARTICIPANT

The participant in the Long-Term Investment Pool is the **Marin County General Fund**.

6. AUTHORIZED PERSONS

Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day-to-day business activities, Principal Staff shall use separate means of travel to attend training and conferences. Additionally, all staff involved in the investment process should receive annual training or provide verification of having completed an annual review of Government Code Section 53646(b).

7. INVESTMENTS

Prior to investing pursuant to this Policy, the persons authorized to make investments shall assess the market and market pricing information obtained from available sources and the media. Investments shall be evaluated considering preservation of capital as the most important factor, liquidity as the second most important factor, and thirdly, yield. Any investment selected shall be that investment which, in the opinion of the purchaser, most clearly meets these objectives. All transactions shall be documented at the time the transaction is consummated.

8. TERM

Pursuant to California Government Code Section 53601, where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as part of an investment program approved by the legislative body no less than three months prior to the investment. The approval of this Long-Term Investment Policy on an annual basis by the Legislative Board (Marin County Board of Supervisors) authorizes investments of no more than 10 years for bonds, notes, warrants, or other evidences of indebtedness of a local agency within the County of Marin, including bonds or notes payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the County, or by a department, board, agency, or authority of the County.

9. AUTHORIZED INVESTMENTS

Pursuant to California Government Code Sections 53601 et seq. and 53635 et seq., the County Director of Finance may directly purchase the following, subject to the limitations as set forth:

Bonds, Notes, Warrants or other evidence of indebtedness of a **local agency** within the County of Marin.

10. RATE

The interest rate of any indebtedness pursuant to the preceding paragraph shall use the most current rate of a comparable market investment plus 1 percent, as determined by Bloomberg on the date the Department of Finance approves the purchase of the indebtedness.

11. INTEREST

Interest shall be credited to the General Fund at annual intervals corresponding to the repayment schedule of each investment.

12. CONFLICT OF INTEREST

The Director of Finance and County employees working in the Treasurer’s office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the County Treasury conducts business, that are in violation of state law.

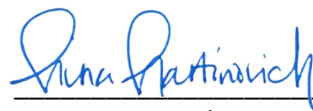
13. AUDITS

Internal controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, or imprudent actions. Pursuant to Government Code 27134, the County of Marin investment portfolio, which includes both the County of Marin investment pool and the Long-Term investment pool, shall be subject to an annual examination performed by an independent external auditor to determine County Treasury’s compliance with Article 6 of the Government Code. The results of the audit shall be reported annually to the County Treasury Oversight Committee.

14. REVIEW, MONITORING AND REPORTING OF THE PORTFOLIO

The Director of Finance and designated staff will perform a monthly review of the investment function. The Director of Finance shall prepare an annual report, listing all investments in the County Pool as of the last day of the fiscal year and a report of the average days to maturity and yield of investments in the Long-Term Investment Pool.

Dated: May 15, 2025

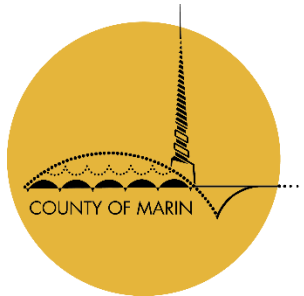


Mina Martinovich, CPA
Director of Finance

Reviewed and approved by Marin Treasury Oversight Committee on May 15, 2025.

Approved by Marin County Board of Supervisors on June 10, 2025.

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BOARD OF SUPERVISORS

AGENDA DATE: April 14, 2026
TO: Board of Supervisors
FROM: Bevin Gardner, Department of Finance
REVIEWED BY: Mina Martinovich, Director of Finance
SUBJECT: Treasurer's Investment Pool Report for February 2026

RECOMMENDATION: Receive and approve the monthly Report of County, Schools, and District Investments (Attachment 1) as of February 28, 2026.

SUMMARY: The attached monthly Treasurer's Investment Pool Report for February 28, 2026, is provided for your review. This report provides a listing of investments in the Treasurer's pool, per Government Code Section 53646(b)(4).

DISCUSSION / BACKGROUND: The investments were made pursuant to Government Code Sections 53601, 53635 and comply with the County Treasurer's Statement of Investment Policy per Code Section 53646(b)(2)¹. The investment policy provides for:

1. Preservation of capital through high quality investments;
2. Maintenance of sufficient liquidity to meet participant operating needs; and
3. A rate of return consistent with the above objectives.

Maturities are scheduled to meet participant expenditure requirements for the next six months, per Government Code Section 53646(b)(3)¹.

¹ §53646(b)(2)(3) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance. The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

The attached reports identify the investment type, issuer, maturity date, amount invested, and fair market value for each security held. Fair market values were determined by Principal Custody Solutions, an independent third-party custodian that provides investment custody and valuation services to the County, for all securities

As of February 28, 2026, the County of Marin Investment Pool had a total market value of approximately \$2.720 billion and a book value of \$2.692 billion. The portfolio remains conservatively invested, with the majority of funds held in high-quality Federal Agency securities, consistent with the County's investment objectives of safety, liquidity, and a rate of return commensurate with those priorities.

The portfolio maintained strong liquidity with a weighted average maturity of 262 days, allowing the County to meet ongoing cash flow needs while managing interest rate risk. The portfolio generated a weighted average annualized yield of 3.928% and an overall yield of 3.827%, consistent with prevailing short-term market conditions at month-end. All investments were made in compliance with the County's Investment Policy and applicable state law.

POLICY FRAMEWORK: [Government Code Section 53646](#) authorizes the Treasurer to submit investment reports to the Board demonstrating the ability to meet its fiduciary obligations as a trustee and to provide disclosure of the Treasurer's investment activities. Under [Government Code Section 53607](#), when the Board delegates investment authority to the Treasurer, the Treasurer must report monthly on investment transactions. This monthly reporting requirement is distinct from, but may be combined with, the Code Section 53646 report when the Board elects to receive the quarterly report on a monthly basis. Our report complies with the [Government Code Section 53646](#) requirement that the disclosure contain a listing of investments, fund balances, activity, and return on investments made by the treasury pool.

The Board receives the report of County, Schools, and District Investments on a monthly basis. The report as of January 31, 2025 was received and approved by the Board on April 7, 2026.

EQUITY IMPACT SUMMARY: While approval of the monthly Treasurer's Investment Pool Report has no direct or disproportionate impact on marginalized populations, it promotes fiduciary accountability and public trust which is essential to equitable service delivery across the County.

COMMUNICATIONS & COMMUNITY ENGAGEMENT: This report informs pool participants and the community about the County's investments. To promote fiduciary transparency and accountability in the investment of public funds, these monthly reports are published on the [Marin County Investment Pool](#) webpage once approved by the Board.

PERFORMANCE MEASURES: Submittal to the Board to receive and approve the monthly Treasurer's Investment Pool Report as of February 28, 2026, provides clear performance of our fiduciary responsibility to comply with Government Code.

FISCAL, FACILITY & STAFFING ANALYSIS: There is no direct fiscal impact associated with the preparation of this report. However, the monthly Treasurer's Investment Pool Report demonstrates prudent fiscal management by providing transparency of the County's fiduciary responsibility according to Government Code.

ESTIMATED TIME (in minutes): Consent

ATTACHMENTS:

1. Treasurer's Investment Pool Report as of February 28, 2026

**Vote Certification
Board of Supervisors
Marin County**

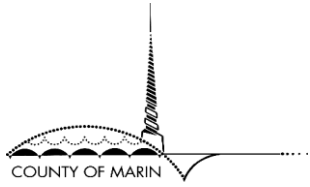
This hereby certifies the vote taken by the Board of Supervisors on Treasurer's Investment Pool Report for February 2026 at its meeting of Tuesday, April 14, 2026.

Vote:

AYES:	Stephanie Moulton-Peters, Dennis Rodoni, Mary Sackett, Eric Lucan, Brian Colbert
NOES:	
ABSENT:	
ABSTAIN:	

The motion was Approved.

ATTEST: Derek Johnson, County Executive



**Treasurer Division - Department of Finance
Report of Investments - Operating Funds
County of Marin, Schools & Special Districts**

February 28, 2026

Invest #	Type	Face Value	Rate	Maturity	Purchase	Book Value	YTM 360 Days	YTM 365 Days	Description	Market Value
142	LA1	292,507.48	4.480	-	-	292,507.48	3.817	3.871	Local Agency Investment Fund	292,507.48
2246	LA2	29,628,235.18	4.760	-	-	29,628,235.18	3.511	3.560	Allspring Govt MMF GVIXX	29,628,235.18
14442	FAD	10,000,000.00	3.740	3/2/2026	3/7/2025	9,626,000.00	3.902	3.956	Federal Home Loan Discount	9,997,000.00
14439	FAD	3,000,000.00	3.785	3/3/2026	3/5/2025	2,885,503.75	3.951	4.006	Federal Home Loan Discount	2,998,800.00
14440	FAD	3,000,000.00	3.785	3/4/2026	3/5/2025	2,885,188.33	3.951	4.006	Federal Home Loan Discount	2,998,500.00
14047	FAC	5,000,000.00	4.625	3/5/2026	3/5/2024	4,996,225.00	4.601	4.664	Federal Farm Credit Bank	5,000,350.00
14441	FAC	10,000,000.00	4.150	3/6/2026	3/6/2025	10,000,000.00	4.093	4.150	Fed Agric Mrg Corp (FarmerMac)	10,000,400.00
14446	FAD	3,000,000.00	3.835	3/6/2026	3/14/2025	2,885,908.75	4.004	4.060	Federal Home Loan Discount	2,997,900.00
14452	FAD	4,000,000.00	3.900	3/6/2026	3/18/2025	3,847,033.33	4.073	4.130	Federal Home Loan Discount	3,997,200.00
14444	FAD	3,000,000.00	3.800	3/9/2026	3/11/2025	2,885,050.00	3.967	4.022	Federal Home Loan Discount	2,997,000.00
14447	FAD	3,000,000.00	3.825	3/10/2026	3/14/2025	2,884,931.25	3.994	4.049	Federal Home Loan Discount	2,996,700.00
14448	FAD	4,000,000.00	3.825	3/11/2026	3/14/2025	3,846,150.00	3.994	4.049	Federal Home Loan Discount	3,995,200.00
14414	FAC	10,000,000.00	4.310	3/12/2026	2/12/2025	10,000,000.00	4.253	4.313	Fed Agric Mrg Corp (FarmerMac)	10,001,400.00
14054	FAC	15,000,000.00	4.500	3/13/2026	3/13/2024	15,000,000.00	4.438	4.500	Federal Farm Credit Bank	15,003,300.00
14453	FAD	4,500,000.00	3.895	3/13/2026	3/18/2025	4,324,725.00	4.069	4.125	Federal Home Loan Discount	4,493,700.00
14449	FAD	7,000,000.00	3.790	3/16/2026	3/17/2025	6,731,752.22	3.956	4.011	Federal Home Loan Discount	6,988,100.00
14450	FAD	3,000,000.00	3.790	3/17/2026	3/17/2025	2,884,720.83	3.957	4.012	Federal Home Loan Discount	2,994,600.00
14451	FAC	5,000,000.00	4.000	3/18/2026	3/18/2025	5,000,000.00	3.945	4.000	Federal Farm Credit Bank	5,000,400.00
14455	FAD	3,000,000.00	3.890	3/19/2026	3/19/2025	2,881,679.17	4.064	4.121	Federal Home Loan Discount	2,993,970.00
14462	FAD	3,000,000.00	3.915	3/20/2026	3/26/2025	2,882,876.25	4.090	4.147	Federal Home Loan Discount	2,993,670.00
14463	FAD	3,000,000.00	3.905	3/23/2026	3/26/2025	2,882,199.17	4.080	4.137	Federal Home Loan Discount	2,992,770.00
14471	FAD	3,000,000.00	3.805	3/24/2026	4/1/2025	2,886,801.25	3.971	4.026	Federal Home Loan Discount	2,992,470.00
14472	FAD	3,000,000.00	3.805	3/25/2026	4/1/2025	2,886,484.17	3.971	4.027	Federal Home Loan Discount	2,992,170.00
14473	FAD	3,000,000.00	3.805	3/26/2026	4/1/2025	2,886,167.08	3.972	4.027	Federal Home Loan Discount	2,991,870.00
14474	FAD	15,000,000.00	3.805	3/27/2026	4/1/2025	14,429,250.00	3.972	4.027	Federal Home Loan Discount	14,957,850.00
14475	FAD	7,000,000.00	3.805	3/30/2026	4/1/2025	6,731,430.42	3.972	4.027	Federal Home Loan Discount	6,978,230.00
14476	FAD	9,000,000.00	3.835	3/31/2026	4/1/2025	8,651,015.00	4.005	4.060	Federal Home Loan Discount	8,971,110.00
14479	FAD	16,500,000.00	3.735	3/31/2026	4/3/2025	15,880,301.25	3.897	3.951	Federal Home Loan Discount	16,447,035.00
14478	FAD	8,000,000.00	3.800	4/1/2026	4/2/2025	7,692,622.22	3.967	4.022	Federal Home Loan Discount	7,973,840.00
14477	FAC	10,000,000.00	4.100	4/2/2026	4/2/2025	10,000,000.00	4.043	4.100	Fed Agric Mrg Corp (FarmerMac)	10,001,400.00
14480	FAD	3,000,000.00	3.660	4/2/2026	4/3/2025	2,888,980.00	3.817	3.870	Federal Home Loan Discount	2,989,890.00
14084	FAC	10,000,000.00	4.650	4/8/2026	4/8/2024	9,968,700.00	4.750	4.816	Fed Agric Mrg Corp (FarmerMac)	10,007,300.00
14543	FAD	15,000,000.00	3.880	4/10/2026	6/5/2025	14,500,450.00	4.043	4.099	Federal Home Loan Discount	14,937,600.00
14507	FAD	3,000,000.00	3.725	4/13/2026	4/16/2025	2,887,629.17	3.886	3.940	Federal Home Loan Discount	2,986,620.00
14508	FAD	3,000,000.00	3.725	4/14/2026	4/16/2025	2,887,318.75	3.886	3.940	Federal Home Loan Discount	2,986,320.00
14108	FAC	15,000,000.00	4.875	4/15/2026	4/15/2024	14,973,000.00	4.902	4.970	Federal Farm Credit Bank	15,017,250.00
14109	FAC	10,000,000.00	4.875	4/15/2026	4/15/2024	9,980,000.00	4.913	4.981	Federal Farm Credit Bank	10,011,500.00
14110	FAC	30,000,000.00	4.875	4/15/2026	4/15/2024	29,991,300.00	4.823	4.890	Federal Farm Credit Bank	30,034,500.00
14509	FAD	20,000,000.00	3.725	4/15/2026	4/16/2025	19,246,722.22	3.887	3.941	Federal Home Loan Discount	19,906,800.00
14502	TRC	30,000,000.00	3.750	4/15/2026	4/15/2025	29,964,843.75	3.817	3.870	T BILL	30,000,900.00
14503	TRC	20,000,000.00	3.750	4/15/2026	4/15/2025	19,968,750.00	3.857	3.910	T BILL	20,000,600.00

Invest #	Type	Face Value	Rate	Maturity	Purchase	Book Value	YTM 360 Days	YTM 365 Days	Description	Market Value
14513	FAD	3,000,000.00	3.695	4/16/2026	4/21/2025	2,889,150.00	3.854	3.907	Federal Home Loan Discount	2,985,720.00
14514	FAD	3,000,000.00	3.695	4/17/2026	4/21/2025	2,888,842.08	3.854	3.907	Federal Home Loan Discount	2,985,420.00
14515	FAD	3,000,000.00	3.685	4/20/2026	4/21/2025	2,888,221.67	3.844	3.897	Federal Home Loan Discount	2,984,520.00
14518	FAD	5,500,000.00	3.670	4/21/2026	4/23/2025	5,296,467.92	3.827	3.880	Federal Home Loan Discount	5,471,070.00
14535	FAD	22,000,000.00	3.955	4/21/2026	5/27/2025	21,204,825.28	4.129	4.187	Federal Home Loan Discount	21,884,280.00
14517	FAD	3,500,000.00	3.740	4/22/2026	4/22/2025	3,367,281.94	3.903	3.957	Federal Home Loan Discount	3,481,275.00
14519	FAD	2,000,000.00	3.830	4/23/2026	4/23/2025	1,922,336.11	4.000	4.055	Federal Home Loan Discount	1,989,100.00
14120	FAC	10,000,000.00	4.875	4/24/2026	4/24/2024	9,982,400.00	4.900	4.968	Federal Farm Credit Bank	10,014,700.00
14520	FAC	5,000,000.00	3.875	4/24/2026	4/24/2025	4,997,000.00	3.882	3.936	Federal Farm Credit Bank	5,000,000.00
14532	FAD	5,000,000.00	3.890	4/27/2026	5/21/2025	4,815,765.28	4.061	4.117	Federal Home Loan Discount	4,970,750.00
14533	FAD	3,000,000.00	3.890	4/28/2026	5/21/2025	2,889,135.00	4.061	4.118	Federal Home Loan Discount	2,982,150.00
14536	FAD	10,500,000.00	3.955	4/30/2026	5/28/2025	10,111,256.46	4.130	4.188	Federal Home Loan Discount	10,435,425.00
14544	FAD	8,000,000.00	3.915	4/30/2026	6/6/2025	7,714,640.00	4.084	4.141	Federal Home Loan Discount	7,950,800.00
14279	TRC	5,000,000.00	2.375	4/30/2026	10/31/2024	4,870,312.50	4.119	4.176	TREASURY NOTE	4,989,050.00
14280	TRC	5,000,000.00	2.375	4/30/2026	10/31/2024	4,870,312.50	4.119	4.176	TREASURY NOTE	4,989,050.00
14557	FAD	7,500,000.00	3.955	5/1/2026	7/24/2025	7,268,467.71	4.125	4.182	Federal Home Loan Discount	7,453,350.00
14561	FAD	10,000,000.00	3.955	5/1/2026	7/28/2025	9,695,684.72	4.124	4.182	Federal Home Loan Discount	9,937,800.00
13771	RRP	26,529.99	6.250	5/1/2026	5/1/2023	26,529.99	6.164	6.250	MARIN COUNTY	26,529.99
14534	FAD	5,000,000.00	3.870	5/4/2026	5/22/2025	4,813,487.50	4.040	4.096	Federal Home Loan Discount	4,967,400.00
14541	FAD	5,000,000.00	3.950	5/5/2026	6/2/2025	4,815,118.06	4.123	4.180	Federal Farm Credit Bank Disc	4,966,900.00
14540	FAD	5,000,000.00	3.930	5/6/2026	5/30/2025	4,813,870.83	4.104	4.161	Federal Home Loan Discount	4,966,450.00
14542	FAD	5,000,000.00	3.895	5/7/2026	6/4/2025	4,817,692.36	4.064	4.121	Federal Home Loan Discount	4,965,950.00
14546	FAD	9,000,000.00	3.890	5/8/2026	6/20/2025	8,686,855.00	4.056	4.112	Federal Home Loan Discount	8,937,810.00
14552	FAD	7,000,000.00	3.805	5/8/2026	6/27/2025	6,766,943.75	3.964	4.019	Federal Home Loan Discount	6,951,630.00
14548	FAD	7,500,000.00	3.830	5/11/2026	6/25/2025	7,244,666.67	3.991	4.047	Federal Home Loan Discount	7,445,925.00
14549	FAD	5,000,000.00	3.800	5/12/2026	6/26/2025	4,831,111.11	3.959	4.014	Federal Home Loan Discount	4,963,450.00
14550	FAD	5,000,000.00	3.800	5/13/2026	6/26/2025	4,830,583.33	3.959	4.014	Federal Home Loan Discount	4,962,950.00
14551	FAD	5,000,000.00	3.800	5/14/2026	6/26/2025	4,830,055.56	3.959	4.014	Federal Home Loan Discount	4,962,500.00
14554	FAD	5,000,000.00	3.850	5/15/2026	7/3/2025	4,831,027.78	4.015	4.071	Federal Home Loan Discount	4,962,000.00
14555	FAD	5,000,000.00	3.840	5/18/2026	7/3/2025	4,829,866.67	4.005	4.061	Federal Home Loan Discount	4,960,500.00
14558	FAD	3,000,000.00	3.930	5/19/2026	7/25/2025	2,902,405.00	4.099	4.156	Federal Home Loan Discount	2,976,000.00
14559	FAD	3,000,000.00	3.930	5/20/2026	7/25/2025	2,902,077.50	4.099	4.156	Federal Home Loan Discount	2,975,700.00
14563	FAD	5,000,000.00	3.980	5/21/2026	7/31/2025	4,837,483.33	4.153	4.210	Federal Home Loan Discount	4,959,000.00
14564	FAD	7,500,000.00	3.980	5/22/2026	7/31/2025	7,255,395.83	4.153	4.210	Federal Home Loan Discount	7,437,825.00
14565	FAD	4,000,000.00	3.770	5/22/2026	8/7/2025	3,879,360.00	3.927	3.982	Federal Home Loan Discount	3,966,840.00
14556	FAD	7,000,000.00	3.880	5/26/2026	7/21/2025	6,766,876.67	4.047	4.103	Federal Home Loan Discount	6,939,170.00
14569	FAD	5,000,000.00	3.745	5/28/2026	8/22/2025	4,854,881.25	3.900	3.954	Federal Home Loan Discount	4,955,550.00
14537	FAC	15,000,000.00	4.150	5/29/2026	5/29/2025	15,000,000.00	4.093	4.150	Fed Agric Mrg Corp (FarmerMac)	15,012,000.00
14571	FAD	15,000,000.00	3.755	5/29/2026	8/27/2025	14,569,739.58	3.911	3.965	Federal Home Loan Discount	14,865,150.00
14568	FAD	11,000,000.00	3.785	6/1/2026	8/21/2025	10,671,546.11	3.943	3.998	Federal Home Loan Discount	10,898,030.00
14570	FAD	3,000,000.00	3.775	6/2/2026	8/25/2025	2,911,602.08	3.932	3.987	Federal Home Loan Discount	2,971,890.00
14438	FAC	5,000,000.00	4.125	6/3/2026	3/3/2025	4,999,050.00	4.088	4.145	Federal Farm Credit Bank	5,003,450.00
14573	FAD	5,500,000.00	3.750	6/4/2026	8/28/2025	5,339,583.33	3.906	3.960	Federal Home Loan Discount	5,447,420.00
14590	FAD	10,000,000.00	3.605	6/5/2026	9/22/2025	9,743,644.44	3.724	3.775	Federal Home Loan Discount	9,903,400.00
14605	FAD	18,000,000.00	3.615	6/5/2026	10/9/2025	17,568,007.50	3.739	3.791	Federal Home Loan Discount	17,826,120.00
14562	FAD	7,000,000.00	3.885	6/8/2026	7/29/2025	6,762,799.17	4.053	4.109	Federal Home Loan Discount	6,930,280.00
14574	FAD	3,000,000.00	3.720	6/9/2026	8/29/2025	2,911,960.00	3.860	3.913	Federal Home Loan Discount	2,969,820.00
14575	FAD	5,000,000.00	3.720	6/10/2026	8/29/2025	4,852,750.00	3.860	3.914	Federal Home Loan Discount	4,949,200.00
14577	FAD	3,000,000.00	3.720	6/11/2026	8/29/2025	2,911,340.00	3.860	3.914	Federal Home Loan Discount	2,969,220.00

Invest #	Type	Face Value	Rate	Maturity	Purchase	Book Value	YTM 360 Days	YTM 365 Days	Description	Market Value
14576	FAD	4,000,000.00	3.720	6/12/2026	8/29/2025	3,881,373.33	3.860	3.914	Federal Home Loan Discount	3,958,600.00
14566	FAD	5,000,000.00	3.735	6/15/2026	8/15/2025	4,842,300.00	3.891	3.945	Federal Home Loan Discount	4,946,750.00
14560	FAD	5,000,000.00	3.885	6/16/2026	7/28/2025	4,825,714.58	4.054	4.110	Federal Home Loan Discount	4,946,250.00
14582	FAD	12,000,000.00	3.580	6/16/2026	9/10/2025	11,667,060.00	3.705	3.757	Federal Home Loan Discount	11,871,000.00
14578	FAD	4,500,000.00	3.725	6/17/2026	9/2/2025	4,365,900.00	3.862	3.916	Federal Home Loan Discount	4,451,175.00
14567	FAD	18,000,000.00	3.735	6/18/2026	8/15/2025	17,426,677.50	3.891	3.945	Federal Home Loan Discount	17,802,900.00
14572	FAD	7,500,000.00	3.710	6/22/2026	8/27/2025	7,268,897.92	3.864	3.918	Federal Home Loan Discount	7,414,950.00
14598	FAD	5,000,000.00	3.555	6/23/2026	10/1/2025	4,869,156.25	3.682	3.733	Federal Home Loan Discount	4,942,800.00
14583	FAD	3,500,000.00	3.570	6/24/2026	9/10/2025	3,400,387.08	3.697	3.749	Federal Home Loan Discount	3,459,610.00
14591	FAD	5,000,000.00	3.595	6/25/2026	9/23/2025	4,862,690.97	3.720	3.771	Federal Home Loan Discount	4,941,800.00
14581	FAD	4,000,000.00	3.560	6/26/2026	9/8/2025	3,884,893.33	3.688	3.739	Federal Home Loan Discount	3,953,080.00
14592	FAD	25,000,000.00	3.585	6/29/2026	9/24/2025	24,307,895.83	3.710	3.762	Federal Home Loan Discount	24,699,250.00
14553	FAC	10,000,000.00	4.000	6/30/2026	6/30/2025	10,000,000.00	3.945	4.000	Federal Farm Credit Bank	10,010,800.00
14586	FAD	3,000,000.00	3.565	6/30/2026	9/16/2025	2,914,737.08	3.692	3.743	Federal Home Loan Discount	2,963,610.00
14595	FAD	15,000,000.00	3.565	7/2/2026	9/26/2025	14,585,568.75	3.689	3.741	Federal Home Loan Discount	14,816,400.00
14609	FAD	5,000,000.00	3.510	7/2/2026	10/15/2025	4,873,250.00	3.633	3.683	Federal Home Loan Discount	4,938,800.00
14612	FAD	18,500,000.00	3.510	7/6/2026	10/16/2025	18,025,613.75	3.633	3.684	Federal Home Loan Discount	18,266,345.00
14579	FAD	5,000,000.00	3.665	7/7/2026	9/3/2025	4,843,728.47	3.805	3.857	Federal Home Loan Discount	4,936,350.00
14580	FAD	4,500,000.00	3.665	7/8/2026	9/3/2025	4,358,897.50	3.805	3.858	Federal Home Loan Discount	4,442,265.00
14589	FAD	5,000,000.00	3.555	7/9/2026	9/18/2025	4,854,837.50	3.684	3.735	Federal Home Loan Discount	4,935,400.00
14606	FAD	20,500,000.00	3.560	7/10/2026	10/9/2025	19,944,541.11	3.689	3.740	Federal Home Loan Discount	20,233,090.00
14593	FAD	5,000,000.00	3.605	7/13/2026	9/25/2025	4,854,297.92	3.736	3.788	Federal Home Loan Discount	4,933,400.00
14594	FAD	3,000,000.00	3.605	7/14/2026	9/25/2025	2,912,278.33	3.736	3.788	Federal Home Loan Discount	2,959,770.00
14614	FAD	16,500,000.00	3.460	7/15/2026	10/20/2025	16,074,996.67	3.582	3.631	Federal Home Loan Discount	16,277,085.00
14599	FAD	5,000,000.00	3.535	7/16/2026	10/2/2025	4,859,090.97	3.666	3.716	Federal Home Loan Discount	4,931,950.00
14624	FAD	19,000,000.00	3.470	7/17/2026	10/24/2025	18,512,850.56	3.592	3.642	Federal Home Loan Discount	18,739,510.00
14587	FAD	8,000,000.00	3.535	7/20/2026	9/16/2025	7,758,834.44	3.666	3.717	Federal Home Loan Discount	7,888,000.00
14600	FAD	5,000,000.00	3.525	7/21/2026	10/2/2025	4,857,041.67	3.656	3.707	Federal Home Loan Discount	4,929,500.00
14602	FAD	5,000,000.00	3.550	7/22/2026	10/7/2025	4,858,000.00	3.682	3.733	Federal Home Loan Discount	4,929,000.00
14603	FAD	4,000,000.00	3.550	7/23/2026	10/7/2025	3,886,005.56	3.682	3.733	Federal Home Loan Discount	3,942,800.00
14629	FAD	5,500,000.00	3.495	7/24/2026	10/29/2025	5,356,899.17	3.619	3.669	Federal Home Loan Discount	5,420,855.00
14604	FAD	4,500,000.00	3.535	7/27/2026	10/8/2025	4,370,972.50	3.667	3.718	Federal Home Loan Discount	4,433,895.00
14610	FAD	5,000,000.00	3.480	7/28/2026	10/15/2025	4,861,766.67	3.607	3.657	Federal Home Loan Discount	4,926,100.00
14637	FAD	20,000,000.00	3.590	7/29/2026	11/3/2025	19,465,488.89	3.712	3.764	Federal Home Loan Discount	19,702,400.00
14640	FAD	12,500,000.00	3.570	7/29/2026	11/5/2025	12,170,270.83	3.690	3.741	Federal Home Loan Discount	12,314,000.00
14642	FAD	9,000,000.00	3.565	7/29/2026	11/6/2025	8,763,818.75	3.685	3.736	Federal Home Loan Discount	8,866,080.00
14647	FAD	15,000,000.00	3.545	7/29/2026	11/10/2025	14,614,481.25	3.662	3.713	Federal Home Loan Discount	14,776,800.00
14650	FAD	10,000,000.00	3.595	7/29/2026	11/13/2025	9,742,358.33	3.714	3.765	Federal Home Loan Discount	9,851,200.00
14662	FAD	14,000,000.00	3.540	7/29/2026	11/21/2025	13,655,833.33	3.653	3.704	Federal Home Loan Discount	13,791,680.00
14663	FAD	30,000,000.00	3.550	7/29/2026	11/24/2025	29,269,291.67	3.662	3.713	Federal Home Loan Discount	29,553,600.00
14698	FAD	5,000,000.00	3.470	7/29/2026	12/12/2025	4,889,634.72	3.583	3.633	Federal Home Loan Discount	4,925,600.00
14611	FAD	5,000,000.00	3.480	7/30/2026	10/15/2025	4,860,800.00	3.607	3.658	Federal Home Loan Discount	4,925,100.00
14607	FAD	28,000,000.00	3.465	7/31/2026	10/14/2025	27,218,450.00	3.592	3.642	Federal Home Loan Discount	27,577,760.00
14585	FAD	10,000,000.00	3.505	8/3/2026	9/15/2025	9,686,497.22	3.639	3.689	Federal Home Loan Discount	9,846,500.00
14615	FAD	4,000,000.00	3.445	8/4/2026	10/21/2025	3,890,142.78	3.570	3.620	Federal Home Loan Discount	3,938,200.00
14616	FAD	4,000,000.00	3.445	8/5/2026	10/21/2025	3,889,760.00	3.570	3.620	Federal Home Loan Discount	3,937,800.00
14617	FAD	4,000,000.00	3.445	8/6/2026	10/21/2025	3,889,377.22	3.571	3.620	Federal Home Loan Discount	3,937,440.00
14608	FAD	15,000,000.00	3.410	8/7/2026	10/15/2025	14,579,433.33	3.535	3.584	Federal Home Loan Discount	14,763,900.00
14588	FAD	7,500,000.00	3.480	8/10/2026	9/17/2025	7,262,925.00	3.614	3.664	Federal Home Loan Discount	7,379,700.00

Invest #	Type	Face Value	Rate	Maturity	Purchase	Book Value	YTM 360 Days	YTM 365 Days	Description	Market Value
14625	FAD	4,000,000.00	3.430	8/11/2026	10/27/2025	3,890,240.00	3.554	3.604	Federal Home Loan Discount	3,935,480.00
14626	FAD	4,000,000.00	3.430	8/12/2026	10/27/2025	3,889,858.89	3.555	3.604	Federal Home Loan Discount	3,935,080.00
14627	FAD	4,000,000.00	3.430	8/13/2026	10/27/2025	3,889,477.78	3.555	3.604	Federal Home Loan Discount	3,934,680.00
14628	FAD	17,000,000.00	3.455	8/14/2026	10/27/2025	16,525,225.42	3.582	3.631	Federal Home Loan Discount	16,720,690.00
14619	FAD	6,500,000.00	3.425	8/17/2026	10/22/2025	6,315,097.57	3.551	3.601	Federal Home Loan Discount	6,391,320.00
14618	FAD	4,000,000.00	3.425	8/18/2026	10/22/2025	3,885,833.33	3.552	3.601	Federal Home Loan Discount	3,932,720.00
14620	FAD	3,000,000.00	3.435	8/19/2026	10/23/2025	2,914,125.00	3.562	3.612	Federal Home Loan Discount	2,949,240.00
14621	FAD	3,000,000.00	3.435	8/20/2026	10/23/2025	2,913,838.75	3.563	3.612	Federal Home Loan Discount	2,948,970.00
14622	FAD	3,000,000.00	3.435	8/21/2026	10/23/2025	2,913,552.50	3.563	3.612	Federal Home Loan Discount	2,948,670.00
14623	FAD	4,500,000.00	3.430	8/24/2026	10/23/2025	4,369,231.25	3.558	3.607	Federal Home Loan Discount	4,421,700.00
14631	FAD	4,500,000.00	3.555	8/25/2026	10/30/2025	4,367,131.88	3.690	3.741	Federal Home Loan Discount	4,421,250.00
14632	FAD	4,000,000.00	3.555	8/26/2026	10/30/2025	3,881,500.00	3.690	3.741	Federal Home Loan Discount	3,929,600.00
14633	FAD	4,000,000.00	3.555	8/27/2026	10/30/2025	3,881,105.00	3.690	3.741	Federal Home Loan Discount	3,929,200.00
14630	FAD	20,000,000.00	3.450	8/28/2026	10/29/2025	19,419,250.00	3.579	3.629	Federal Home Loan Discount	19,644,000.00
14683	FAD	32,000,000.00	3.490	8/31/2026	12/8/2025	31,174,808.89	3.613	3.663	Federal Home Loan Discount	31,421,120.00
14638	FAD	11,000,000.00	3.530	9/1/2026	11/5/2025	10,676,416.67	3.659	3.710	Federal Home Loan Discount	10,803,320.00
14639	FAD	5,000,000.00	3.530	9/2/2026	11/5/2025	4,852,426.39	3.659	3.710	Federal Home Loan Discount	4,910,150.00
14191	FAC	8,000,000.00	3.875	9/3/2026	9/3/2024	7,999,200.00	3.827	3.880	Federal Farm Credit Bank	8,007,760.00
14651	FAD	14,000,000.00	3.520	9/4/2026	11/14/2025	13,597,546.67	3.646	3.697	Federal Home Loan Discount	13,745,760.00
14645	FAD	4,000,000.00	3.500	9/8/2026	11/7/2025	3,881,388.89	3.629	3.679	Federal Home Loan Discount	3,925,800.00
14646	FAD	4,000,000.00	3.500	9/9/2026	11/7/2025	3,881,000.00	3.629	3.679	Federal Home Loan Discount	3,925,400.00
14601	FAD	6,500,000.00	3.475	9/10/2026	10/3/2025	6,285,418.75	3.614	3.664	Federal Home Loan Discount	6,378,190.00
14661	FAD	20,000,000.00	3.535	9/11/2026	11/20/2025	19,420,652.78	3.663	3.714	Federal Home Loan Discount	19,623,200.00
14649	FAD	8,000,000.00	3.510	9/14/2026	11/12/2025	7,761,320.00	3.639	3.690	Federal Home Loan Discount	7,846,960.00
14584	FAC	5,000,000.00	3.625	9/15/2026	9/15/2025	4,997,324.00	3.629	3.680	Federal Farm Credit Bank	4,998,800.00
14652	FAD	3,000,000.00	3.510	9/16/2026	11/14/2025	2,910,495.00	3.639	3.690	Federal Home Loan Discount	2,942,040.00
14678	FAD	5,000,000.00	3.445	9/17/2026	12/5/2025	4,863,156.94	3.570	3.619	Federal Home Loan Discount	4,902,950.00
14653	FAD	3,000,000.00	3.510	9/18/2026	11/14/2025	2,909,910.00	3.640	3.691	Federal Home Loan Discount	2,941,470.00
14644	FAD	4,000,000.00	3.465	9/21/2026	11/7/2025	3,877,570.00	3.595	3.645	Federal Home Loan Discount	3,920,800.00
14643	FAD	4,000,000.00	3.476	9/22/2026	11/7/2025	3,877,185.00	3.595	3.645	Federal Home Loan Discount	3,920,440.00
14658	FAD	5,000,000.00	3.510	9/23/2026	11/18/2025	4,849,362.50	3.640	3.691	Federal Home Loan Discount	4,900,050.00
14659	FAD	5,500,000.00	3.510	9/24/2026	11/18/2025	5,333,762.50	3.641	3.691	Federal Home Loan Discount	5,389,505.00
14218	FAC	5,000,000.00	3.550	9/25/2026	9/26/2024	5,000,000.00	3.501	3.550	Fed Agric Mrg Corp (FarmerMac)	4,995,200.00
14676	FAD	14,000,000.00	3.440	9/25/2026	12/3/2025	13,604,017.78	3.567	3.616	Federal Home Loan Discount	13,717,480.00
14679	FAD	5,000,000.00	3.430	9/28/2026	12/5/2025	4,858,512.50	3.556	3.606	Federal Home Loan Discount	4,897,650.00
14648	FAD	3,500,000.00	3.500	9/29/2026	11/10/2025	3,390,090.28	3.634	3.684	Federal Home Loan Discount	3,428,005.00
14685	FAD	30,000,000.00	3.465	9/30/2026	12/9/2025	29,148,187.50	3.593	3.643	Federal Home Loan Discount	29,380,200.00
14613	FAC	15,000,000.00	3.610	10/1/2026	10/17/2025	15,000,000.00	3.561	3.611	Fed Agric Mrg Corp (FarmerMac)	14,991,750.00
14223	FAC	10,000,000.00	3.500	10/2/2026	10/2/2024	9,994,000.00	3.482	3.531	Federal Farm Credit Bank	9,989,600.00
14654	FAD	3,000,000.00	3.535	10/2/2026	11/17/2025	2,906,027.92	3.670	3.721	Federal Home Loan Discount	2,937,600.00
14655	FAD	3,000,000.00	3.525	10/5/2026	11/17/2025	2,905,412.50	3.660	3.711	Federal Home Loan Discount	2,936,760.00
14656	FAD	3,000,000.00	3.525	10/6/2026	11/17/2025	2,905,118.75	3.660	3.711	Federal Home Loan Discount	2,936,460.00
14657	FAD	3,000,000.00	3.525	10/7/2026	11/17/2025	2,904,825.00	3.661	3.712	Federal Home Loan Discount	2,936,190.00
14674	FAD	4,500,000.00	3.460	10/8/2026	12/2/2025	4,365,925.00	3.591	3.641	Federal Home Loan Discount	4,403,835.00
14666	FAD	21,000,000.00	3.440	10/9/2026	11/26/2025	20,363,886.67	3.568	3.618	Federal Home Loan Discount	20,549,130.00
14660	FAD	8,000,000.00	3.480	10/13/2026	11/19/2025	7,746,346.67	3.614	3.664	Federal Home Loan Discount	7,825,200.00
14496	FAC	5,000,000.00	3.875	10/14/2026	4/14/2025	4,999,250.00	3.832	3.885	Federal Farm Credit Bank	5,005,000.00
14668	FAD	4,000,000.00	3.435	10/15/2026	12/1/2025	3,878,630.00	3.566	3.616	Federal Home Loan Discount	3,911,840.00
14669	FAD	4,000,000.00	3.435	10/16/2026	12/1/2025	3,878,248.33	3.566	3.616	Federal Home Loan Discount	3,911,440.00

Invest #	Type	Face Value	Rate	Maturity	Purchase	Book Value	YTM 360 Days	YTM 365 Days	Description	Market Value
14670	FAD	4,000,000.00	3.435	10/19/2026	12/1/2025	3,877,103.33	3.567	3.617	Federal Home Loan Discount	3,910,320.00
14671	FAD	4,000,000.00	3.425	10/20/2026	12/1/2025	3,877,080.56	3.557	3.606	Federal Home Loan Discount	3,909,920.00
14672	FAD	4,000,000.00	3.425	10/21/2026	12/1/2025	3,876,700.00	3.557	3.606	Federal Home Loan Discount	3,909,520.00
14673	FAD	4,000,000.00	3.425	10/22/2026	12/1/2025	3,876,319.44	3.557	3.606	Federal Home Loan Discount	3,909,160.00
14162	FAC	5,000,000.00	4.375	10/23/2026	7/23/2024	5,000,000.00	4.317	4.377	Federal Farm Credit Bank	5,022,500.00
14635	FAD	12,500,000.00	3.585	10/23/2026	10/31/2025	12,055,609.38	3.734	3.786	Federal Home Loan Discount	12,214,875.00
14675	FAD	8,000,000.00	3.435	10/26/2026	12/2/2025	7,749,626.67	3.568	3.618	Federal Home Loan Discount	7,815,200.00
14680	FAD	5,000,000.00	3.400	10/27/2026	12/5/2025	4,846,055.56	3.531	3.580	Federal Home Loan Discount	4,884,050.00
14677	FAD	5,500,000.00	3.400	10/28/2026	12/3/2025	5,329,102.78	3.531	3.580	Federal Home Loan Discount	5,371,905.00
14681	FAD	5,000,000.00	3.400	10/29/2026	12/5/2025	4,845,111.11	3.531	3.580	Federal Home Loan Discount	4,883,100.00
14686	FAD	30,000,000.00	3.440	10/30/2026	12/9/2025	29,068,333.33	3.573	3.623	Federal Home Loan Discount	29,295,600.00
14634	TRC	15,000,000.00	1.625	10/31/2026	10/31/2025	14,725,781.25	3.453	3.501	TREASURY NOTE	14,803,200.00
14334	FAC	7,500,000.00	3.280	11/2/2026	12/10/2024	7,384,822.50	4.072	4.129	Federal Farm Credit Bank	7,482,525.00
14682	FAD	5,000,000.00	3.390	11/3/2026	12/5/2025	4,843,212.50	3.564	3.613	Federal Home Loan Discount	4,882,050.00
14687	FAD	5,000,000.00	3.435	11/4/2026	12/9/2025	4,842,562.50	3.569	3.618	Federal Home Loan Discount	4,881,600.00
14688	FAD	5,000,000.00	3.435	11/5/2026	12/9/2025	4,842,085.42	3.569	3.618	Federal Home Loan Discount	4,881,150.00
14689	FAD	29,000,000.00	3.435	11/6/2026	12/9/2025	28,081,328.33	3.569	3.619	Federal Home Loan Discount	28,307,770.00
14697	FAD	8,000,000.00	3.385	11/9/2026	12/12/2025	7,750,262.22	3.516	3.565	Federal Home Loan Discount	7,806,800.00
14684	FAD	5,000,000.00	3.430	11/10/2026	12/8/2025	4,839,456.94	3.565	3.614	Federal Home Loan Discount	4,878,750.00
14691	FAD	5,000,000.00	3.450	11/12/2026	12/10/2025	4,838,520.83	3.586	3.636	Federal Home Loan Discount	4,877,800.00
14695	FAD	4,000,000.00	3.390	11/13/2026	12/11/2025	3,873,063.33	3.522	3.571	Federal Home Loan Discount	3,901,880.00
14692	FAD	18,000,000.00	3.420	11/20/2026	12/10/2025	17,410,050.00	3.588	3.638	Federal Home Loan Discount	17,546,400.00
14665	FAC	10,000,000.00	3.625	11/25/2026	11/26/2025	10,000,000.00	3.575	3.625	Fed Agric Mrg Corp (FarmerMac)	9,998,600.00
14693	FAD	30,000,000.00	3.415	11/30/2026	12/10/2025	28,989,729.17	3.569	3.618	Federal Home Loan Discount	29,215,800.00
14667	FAC	5,000,000.00	3.625	12/1/2026	12/1/2025	5,000,000.00	3.575	3.625	Federal Farm Credit Bank	5,000,600.00
14696	FAD	27,000,000.00	3.365	12/4/2026	12/11/2025	26,096,497.50	3.500	3.548	Federal Home Loan Discount	26,299,620.00
14702	FAD	5,000,000.00	3.325	12/14/2026	12/16/2025	4,832,364.58	3.458	3.506	Federal Home Loan Discount	4,865,700.00
14699	FAC	15,000,000.00	3.450	12/15/2026	12/15/2025	15,000,000.00	3.402	3.450	Federal Home Loan Bank	14,989,950.00
14701	FAD	40,000,000.00	3.335	12/15/2026	12/15/2025	38,647,472.22	3.469	3.517	Federal Home Loan Discount	38,921,600.00
14705	FAD	15,500,000.00	3.295	12/15/2026	12/19/2025	14,987,856.32	3.426	3.473	Federal Home Loan Discount	15,082,120.00
14707	FAD	10,000,000.00	3.335	12/15/2026	12/23/2025	9,669,279.17	3.468	3.516	Federal Home Loan Discount	9,730,400.00
14710	FAD	20,000,000.00	3.310	12/15/2026	12/29/2025	19,354,550.00	3.440	3.487	Federal Home Loan Discount	19,460,800.00
14711	FAD	17,000,000.00	3.305	12/15/2026	12/31/2025	16,455,317.64	3.433	3.481	Federal Home Loan Discount	16,541,680.00
14712	FAD	30,000,000.00	3.240	12/15/2026	1/2/2026	29,063,100.00	3.363	3.410	Federal Home Loan Discount	29,191,200.00
14700	TRC	30,000,000.00	4.375	12/15/2026	12/15/2025	30,255,468.75	3.453	3.501	T BILL	30,187,800.00
14703	FAD	5,000,000.00	3.330	12/16/2026	12/17/2025	4,831,650.00	3.464	3.512	Federal Home Loan Discount	4,864,750.00
14704	FAD	5,000,000.00	3.330	12/17/2026	12/17/2025	4,831,187.50	3.464	3.512	Federal Home Loan Discount	4,864,300.00
14724	FAD	10,500,000.00	3.400	12/18/2026	1/21/2026	10,171,758.33	3.530	3.579	Federal Home Loan Discount	10,213,980.00
14726	FAD	12,000,000.00	3.390	12/18/2026	1/21/2026	11,625,970.00	3.519	3.568	Federal Home Loan Discount	11,673,120.00
14729	FAD	16,000,000.00	3.390	12/18/2026	1/28/2026	15,511,840.00	3.517	3.566	Federal Home Loan Discount	15,564,160.00
14732	FAD	5,000,000.00	3.390	12/18/2026	2/2/2026	4,849,804.17	3.516	3.565	Federal Home Loan Discount	4,863,800.00
14709	FAD	10,000,000.00	3.300	12/21/2026	12/26/2025	9,670,000.00	3.431	3.478	Federal Home Loan Discount	9,724,900.00
14733	FAD	3,000,000.00	3.405	12/21/2026	2/3/2026	2,908,916.25	3.532	3.581	Federal Home Loan Discount	2,917,470.00
14706	FAC	5,000,000.00	3.500	12/22/2026	12/22/2025	5,000,000.00	3.452	3.500	Federal Farm Credit Bank	4,995,600.00
14708	FAD	5,000,000.00	3.265	12/23/2026	12/24/2025	4,834,936.11	3.394	3.441	Federal Home Loan Discount	4,861,500.00
14715	FAD	3,000,000.00	3.325	12/24/2026	1/8/2026	2,903,020.83	3.455	3.503	Federal Home Loan Discount	2,916,630.00
14716	FAD	3,000,000.00	3.320	12/28/2026	1/8/2026	2,902,060.00	3.450	3.498	Federal Home Loan Discount	2,915,520.00
14597	FAC	5,000,000.00	3.625	12/29/2026	9/29/2025	5,000,000.00	3.578	3.628	Federal Farm Credit Bank	5,000,050.00
14717	FAD	4,500,000.00	3.320	12/30/2026	1/8/2026	4,352,260.00	3.451	3.499	Federal Home Loan Discount	4,372,425.00

Invest #	Type	Face Value	Rate	Maturity	Purchase	Book Value	YTM 360 Days	YTM 365 Days	Description	Market Value
14713	FAD	12,000,000.00	3.305	12/31/2026	1/2/2026	11,600,095.00	3.437	3.484	Federal Home Loan Discount	11,658,720.00
14723	FAD	13,000,000.00	3.380	1/4/2027	1/16/2026	12,569,143.89	3.514	3.563	Federal Home Loan Discount	12,628,850.00
14720	FAD	4,000,000.00	3.365	1/5/2027	1/13/2026	3,866,521.67	3.499	3.548	Federal Home Loan Discount	3,885,440.00
14721	FAD	4,000,000.00	3.365	1/6/2027	1/13/2026	3,866,147.78	3.499	3.548	Federal Home Loan Discount	3,885,080.00
14730	FAD	15,000,000.00	3.365	1/7/2027	1/29/2026	14,519,085.42	3.496	3.544	Federal Home Loan Discount	14,567,550.00
14718	FAD	8,000,000.00	3.335	1/8/2027	1/12/2026	7,732,458.89	3.468	3.516	Federal Home Loan Discount	7,768,640.00
14722	FAD	4,500,000.00	3.350	1/11/2027	1/15/2026	4,348,831.25	3.484	3.532	Federal Home Loan Discount	4,368,645.00
14728	FAD	5,000,000.00	3.395	1/12/2027	1/27/2026	4,834,965.28	3.529	3.578	Federal Home Loan Discount	4,853,550.00
14719	FAC	5,000,000.00	3.375	1/13/2027	1/13/2026	4,996,450.00	3.400	3.447	Federal Farm Credit Bank	4,991,600.00
14734	FAD	5,000,000.00	3.390	1/14/2027	2/3/2026	4,837,562.50	3.523	3.572	Federal Home Loan Discount	4,852,650.00
14741	FAD	9,000,000.00	3.330	1/15/2027	2/17/2026	8,723,610.00	3.455	3.503	Federal Home Loan Discount	8,733,960.00
14742	FAD	10,000,000.00	3.350	1/15/2027	2/19/2026	9,692,916.67	3.476	3.524	Federal Home Loan Discount	9,704,400.00
14737	FAD	8,500,000.00	3.325	1/19/2027	2/9/2026	8,229,936.11	3.453	3.501	Federal Home Loan Discount	8,245,595.00
14743	FAD	5,000,000.00	3.355	1/20/2027	2/20/2026	4,844,365.28	3.483	3.531	Federal Home Loan Discount	4,849,900.00
14745	FAD	4,000,000.00	3.365	1/21/2027	2/20/2026	3,874,747.22	3.493	3.542	Federal Home Loan Discount	3,879,560.00
14746	FAD	3,000,000.00	3.365	1/22/2027	2/24/2026	2,906,901.67	3.493	3.541	Federal Home Loan Discount	2,909,400.00
14009	FAC	5,000,000.00	4.125	1/25/2027	1/25/2024	4,993,750.00	4.112	4.169	Federal Farm Credit Bank	5,022,150.00
14747	FAD	23,000,000.00	3.360	1/26/2027	2/24/2026	22,278,720.00	3.488	3.537	Federal Home Loan Discount	22,296,890.00
14744	FAD	4,000,000.00	3.360	1/28/2027	2/20/2026	3,872,320.00	3.490	3.538	Federal Home Loan Discount	3,877,000.00
14740	FAD	4,560,000.00	3.400	1/29/2027	2/12/2026	4,408,836.00	3.535	3.584	Federal Home Loan Discount	4,419,324.00
14751	FAD	19,000,000.00	3.375	1/29/2027	2/27/2026	18,401,500.00	3.504	3.553	Federal Home Loan Discount	18,413,850.00
14748	FAD	5,000,000.00	3.370	2/2/2027	2/26/2026	4,840,393.06	3.500	3.549	Federal Home Loan Discount	4,845,600.00
14735	FAC	5,000,000.00	3.500	2/4/2027	2/4/2026	5,000,000.00	3.452	3.500	Federal Farm Credit Bank	4,996,400.00
14736	FAC	15,000,000.00	3.580	2/5/2027	2/5/2026	15,000,000.00	3.530	3.580	Fed Agric Mrg Corp (FarmerMac)	14,983,500.00
14400	FAC	5,000,000.00	4.220	2/10/2027	2/10/2025	5,000,000.00	4.162	4.220	Fed Agric Mrg Corp (FarmerMac)	5,024,750.00
14423	FAC	5,000,000.00	4.250	2/18/2027	2/18/2025	5,000,000.00	4.191	4.250	Federal Farm Credit Bank	5,029,850.00
14538	FAC	5,000,000.00	4.000	2/26/2027	5/30/2025	5,000,000.00	3.948	4.002	Federal Farm Credit Bank	5,021,350.00
14749	FAC	10,000,000.00	3.560	2/26/2027	2/26/2026	10,000,000.00	3.511	3.560	Fed Agric Mrg Corp (FarmerMac)	9,999,200.00
14457	FAC	5,000,000.00	4.000	3/24/2027	3/24/2025	5,000,000.00	3.945	4.000	Federal Farm Credit Bank	5,023,500.00
14459	FAC	5,000,000.00	4.125	3/25/2027	3/25/2025	5,000,000.00	4.068	4.125	Federal Home Loan Bank	4,996,550.00
14468	FAC	5,000,000.00	4.150	3/25/2027	3/28/2025	5,000,000.00	4.093	4.150	Federal Home Loan Bank	4,996,600.00
14481	FAC	15,000,000.00	3.875	4/7/2027	4/7/2025	15,000,000.00	3.821	3.875	Federal Farm Credit Bank	15,052,800.00
14484	FAC	15,000,000.00	4.430	4/9/2027	4/9/2025	15,000,000.00	4.429	4.491	Federal Farm Credit Bank	15,000,900.00
14497	FAC	10,000,000.00	3.750	4/14/2027	4/14/2025	10,000,000.00	3.698	3.750	Federal Farm Credit Bank	10,022,400.00
14498	FAC	5,000,000.00	4.100	4/14/2027	4/14/2025	5,000,000.00	4.043	4.100	Fed Home Ln Mtg Corp	4,998,200.00
14111	FAC	10,000,000.00	5.000	4/15/2027	4/15/2024	10,000,000.00	4.931	5.000	Federal Home Loan Bank	10,015,200.00
14112	FAC	10,000,000.00	5.000	4/15/2027	4/15/2024	10,000,000.00	4.931	5.000	Federal Home Loan Bank	10,015,200.00
14505	FAC	5,000,000.00	4.000	4/16/2027	4/16/2025	5,000,000.00	3.945	4.000	Fed Home Ln Mtg Corp	5,001,550.00
14525	FAC	10,000,000.00	3.830	4/29/2027	4/29/2025	10,000,000.00	3.777	3.830	Fed Agric Mrg Corp (FarmerMac)	10,030,100.00
14527	FAC	10,000,000.00	3.820	4/30/2027	4/30/2025	10,000,000.00	3.767	3.820	Fed Agric Mrg Corp (FarmerMac)	10,029,000.00
14290	FAC	10,000,000.00	4.130	6/15/2027	11/4/2024	10,000,000.00	4.074	4.131	Fed Agric Mrg Corp (FarmerMac)	10,072,600.00
14545	FAC	5,000,000.00	4.180	6/17/2027	6/17/2025	5,000,000.00	4.122	4.180	Fed Home Ln Mtg Corp	5,010,100.00
14547	FAC	5,000,000.00	4.125	6/23/2027	6/23/2025	5,000,000.00	4.068	4.125	Federal Home Loan Bank	5,006,300.00
14731	FAC	5,000,000.00	3.640	7/30/2027	1/30/2026	5,000,000.00	3.590	3.640	Fed Natl Mtg Assoc	4,995,300.00
14539	FAC	5,000,000.00	3.875	8/27/2027	5/30/2025	4,994,400.00	3.876	3.929	Federal Farm Credit Bank	5,025,700.00
14495	FAC	10,000,000.00	3.900	9/14/2027	4/14/2025	10,000,000.00	3.847	3.901	Fed Natl Mtg Assoc	10,005,100.00
14213	FAC	5,000,000.00	3.375	9/17/2027	9/20/2024	4,957,200.00	3.629	3.679	Fed Natl Mtg Assoc	4,977,050.00
14456	FAC	5,000,000.00	4.250	9/20/2027	3/20/2025	5,000,000.00	4.191	4.250	Federal Home Loan Bank	5,000,450.00
14220	FAC	5,000,000.00	3.500	9/27/2027	9/27/2024	5,000,000.00	3.452	3.500	Fed Agric Mrg Corp (FarmerMac)	4,999,350.00

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14470	FAC	10,000,000.00	4.000	10/1/2027	4/1/2025	9,997,600.00	3.955	4.010	Federal Farm Credit Bank	10,074,400.00
14246	FAC	5,000,000.00	3.875	10/15/2027	10/15/2024	5,000,000.00	3.821	3.875	Federal Farm Credit Bank	5,028,650.00
14264	FAC	2,000,000.00	4.150	10/21/2027	10/23/2024	2,000,000.00	4.093	4.150	Federal Home Loan Bank	1,999,700.00
14300	FAC	5,000,000.00	4.125	11/12/2027	11/13/2024	4,978,300.00	4.222	4.280	Federal Farm Credit Bank	5,055,250.00
14307	FAC	5,000,000.00	4.250	11/18/2027	11/18/2024	4,996,550.00	4.216	4.274	Fed Agric Mrg Corp (FarmerMac)	5,061,850.00
14353	FAC	39,500,000.00	4.125	12/17/2027	12/17/2024	39,500,000.00	4.068	4.125	Fed Agric Mrg Corp (FarmerMac)	39,874,065.00
14360	FAC	5,000,000.00	4.250	12/27/2027	12/27/2024	4,994,250.00	4.232	4.291	Federal Farm Credit Bank	5,072,550.00
14714	FAC	15,000,000.00	3.375	1/7/2028	1/7/2026	15,000,000.00	3.328	3.375	Federal Farm Credit Bank	14,984,250.00
14426	FAC	5,000,000.00	4.250	2/24/2028	2/24/2025	4,990,400.00	4.259	4.318	Federal Farm Credit Bank	5,079,750.00
14443	FAC	5,000,000.00	4.375	3/10/2028	3/10/2025	5,000,000.00	4.315	4.375	Federal Home Loan Bank	5,000,700.00
14465	FAC	4,150,000.00	4.430	3/27/2028	3/27/2025	4,150,000.00	4.369	4.430	Fed Natl Mtg Assoc	4,147,095.00
14483	FAC	10,000,000.00	4.260	4/7/2028	4/7/2025	10,000,000.00	4.201	4.260	Fed Home Ln Mtg Corp	9,998,700.00
14490	FAC	10,000,000.00	4.000	4/10/2028	4/10/2025	10,000,000.00	3.945	4.000	Fed Home Ln Mtg Corp	9,993,600.00
14491	FAC	11,500,000.00	4.000	4/10/2028	4/10/2025	11,477,000.00	4.015	4.071	Fed Home Ln Mtg Corp	11,492,640.00
14499	FAC	10,000,000.00	4.300	4/14/2028	4/14/2025	10,000,000.00	4.241	4.300	Fed Home Ln Mtg Corp	9,995,200.00
14504	TRC	50,000,000.00	3.750	4/15/2028	4/15/2025	49,843,750.00	3.808	3.861	T BILL	50,363,500.00
14511	FAC	5,000,000.00	4.270	4/17/2028	4/17/2025	5,000,000.00	4.211	4.270	Fed Agric Mrg Corp (FarmerMac)	5,002,850.00
14521	FAC	5,000,000.00	3.800	4/24/2028	4/24/2025	5,000,000.00	3.747	3.800	Federal Home Loan Bank	5,031,300.00
14524	FAC	5,000,000.00	4.100	4/28/2028	4/28/2025	5,000,000.00	4.043	4.100	Federal Home Loan Bank	4,995,800.00
14528	FAC	15,000,000.00	4.000	4/28/2028	4/30/2025	15,000,000.00	3.945	4.000	Federal Home Loan Bank	14,987,850.00
14523	FAC	25,000,000.00	3.870	4/28/2028	4/28/2025	25,000,000.00	3.816	3.870	Fed Agric Mrg Corp (FarmerMac)	25,193,250.00
14531	FAC	5,000,000.00	4.000	5/15/2028	5/15/2025	5,000,000.00	3.945	4.000	Federal Home Loan Bank	4,995,250.00
14725	FAC	5,000,000.00	3.650	7/21/2028	1/21/2026	5,000,000.00	3.600	3.650	Fed Home Ln Mtg Corp	4,999,200.00
14641	FAC	5,600,000.00	3.500	11/6/2028	11/6/2025	5,582,304.00	3.562	3.612	Fed Agric Mrg Corp (FarmerMac)	5,624,192.00
14664	FAC	5,000,000.00	3.650	11/22/2028	11/25/2025	4,985,500.00	3.702	3.753	Fed Home Ln Mtg Corp	4,998,700.00
14694	FAC	10,000,000.00	3.550	12/11/2028	12/11/2025	9,985,900.00	3.550	3.600	Fed Agric Mrg Corp (FarmerMac)	10,023,100.00
14727	FAC	5,000,000.00	3.750	1/22/2029	1/22/2026	5,000,000.00	3.698	3.750	Fed Home Ln Mtg Corp	5,005,350.00
14739	FAC	5,000,000.00	3.700	2/12/2029	2/12/2026	5,000,000.00	3.649	3.700	Fed Natl Mtg Assoc	5,002,000.00
14738	FAC	5,000,000.00	3.760	2/12/2029	2/12/2026	5,000,000.00	3.708	3.760	Fed Agric Mrg Corp (FarmerMac)	4,997,650.00
14750	FAC	8,000,000.00	3.520	2/26/2029	2/26/2026	8,000,000.00	3.471	3.520	Fed Agric Mrg Corp (FarmerMac)	7,997,520.00
14596	FAC	5,000,000.00	3.800	9/26/2030	9/26/2025	4,972,250.00	3.869	3.923	Fed Natl Mtg Assoc	4,989,400.00
14636	RRP	1,600,000.00	4.731	11/1/2030	11/1/2025	1,600,000.00	4.666	4.731	MARIN COUNTY	1,600,000.00
14752	FAC	5,000,000.00	4.100	2/27/2031	2/27/2026	5,000,000.00	4.043	4.100	Fed Natl Mtg Assoc	4,997,950.00

Subtotal **2,749,357,272.65**

Subtotal **2,691,893,358.75**

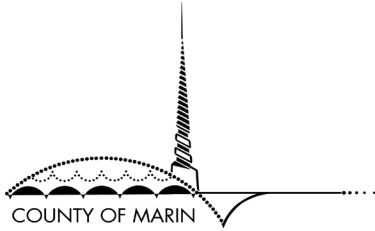
Subtotal **2,719,938,748.65**

Amortization & Accretion of Premiums & Discounts 39,759.41

Total **2,749,357,272.65**

Total **2,691,933,118.16**

Total **2,719,938,748.65**



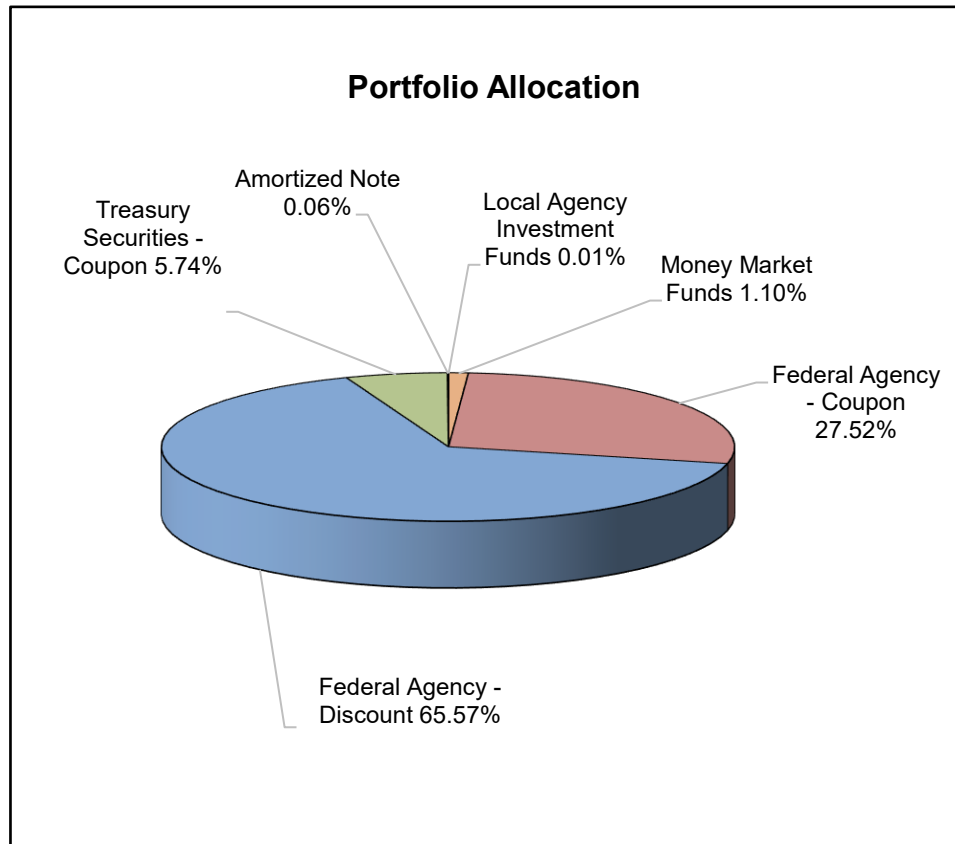
Treasurer Division - Department of Finance
 Portfolio Summary Report - Operating Funds
 County of Marin, Schools & Special Districts
 February 28, 2026

Description	Ending Balance February 28, 2026	Average Balance February 28, 2026	Weighted Average Days To Maturity	Annualized Yield February 28, 2026	Yield February 28, 2026
Local Agency Investment Funds	\$292,507.48	\$292,507.48	1	3.871	3.871
Money Market Funds	\$29,628,235.18	\$35,413,434.65	1	3.561	3.560
Federal Agency Issues - Coupon	\$740,814,125.50	\$756,586,180.28	452	4.436	4.073
Federal Agency Issues - Discount	\$1,765,032,741.85	\$1,753,114,186.76	178	3.728	3.731
Treasury Securities - Coupon	\$154,499,218.75	\$154,860,155.17	349	3.792	3.785
Treasury Securities - Discount					
Misc Securities - Coupon					
Amortized Note	\$1,626,529.99	\$1,626,529.99	1,679	4.756	4.756
Totals & Averages	\$2,691,893,358.75	\$2,701,892,994.33	262	3.928%	3.827%

The Local Agency Investment Funds is an open ended account and is not included in the total weighted days to maturity.

**Treasurer Division - Department of Finance
 Portfolio Yield Report - Operating Funds
 County of Marin, Schools & Special Districts
 February 28, 2026**

Investment Category	Book Value	Yield
Local Agency Investment Funds	\$292,507.48	3.871%
Money Market Funds	\$29,628,235.18	3.560%
Federal Agency - Coupon	\$740,814,125.50	4.073%
Federal Agency - Discount	\$1,765,032,741.85	3.731%
Treasury Securities - Coupon	\$154,499,218.75	3.785%
Amortized Note	\$1,626,529.99	4.756%
Total	\$2,691,893,358.75	3.827%

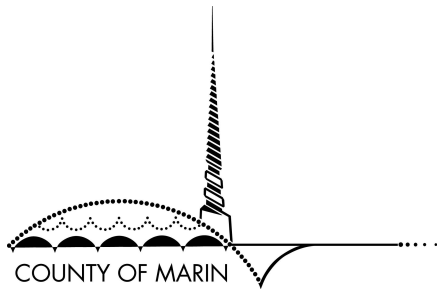


Treasurer Division - Department of Finance

Report of Investments - Non-Operating Funds

Children & Families Commission

February 28, 2026

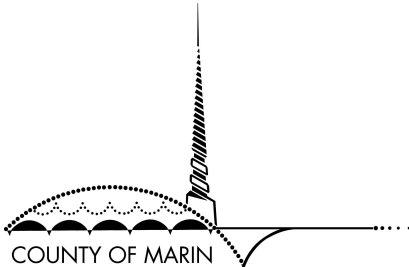


Investment #	Type	Face Value	Maturity Date	Purchase Date	Book Value	YTM 360 DAYS	YTM 365 DAYS	Description	Market Value
101	LA2	121,493.98	/ /	/ /	121,493.98	3.818	3.871	LOCAL AGENCY INVESTMENT FUND	121,493.98
		121,493.98			121,493.98				121,493.98

Treasurer Division - Department of Finance
Report Of Investments - Non-Operating Funds

San Rafael Schools

February 28, 2026



Investment #	Type	Face Value	Maturity Date	Purchase Date	Book Value	YTM 360 DAYS	YTM 365 DAYS	Description	Market Value
746	LA1	526,272.06	/ /	/ /	526,272.06	3.818	3.871	LOCAL AGENCY INVESTMENT FUND	526,272.06
		526,272.06			526,272.06				526,272.06

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