

NEW ISSUE – BOOK ENTRY ONLY

RATING: Moody's: "Aa2"
(See "RATING" herein.)

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

\$26,500,000*

**SAN RAFAEL CITY HIGH SCHOOL DISTRICT
(MARIN COUNTY, CALIFORNIA)
ELECTION OF 2022
GENERAL OBLIGATION BONDS, SERIES C**

\$12,965,000*

**SAN RAFAEL CITY HIGH SCHOOL DISTRICT
(MARIN COUNTY, CALIFORNIA)
2025 GENERAL OBLIGATION
REFUNDING BONDS**

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

The San Rafael City High School District (Marin County, California) Election of 2022 General Obligation Bonds, Series C (the "Series C Bonds") are being issued by the San Rafael City High School District (the "District") to finance the acquisition, construction, furnishing and equipping of District facilities and to pay certain costs of issuance associated therewith, as more fully described herein under the caption "THE PROJECTS." The Series C Bonds were authorized at an election within the District held on June 7, 2022 (the "Election") at which at least fifty-five percent of the registered voters voting on the proposition voted to authorize the issuance and sale of \$216,000,000 aggregate principal amount of general obligation bonds of the District (the "2022 Authorization"). The Series C Bonds are the third series of general obligation bonds issued under the 2022 Authorization.

The San Rafael City High School District 2025 General Obligation Refunding Bonds (the "Refunding Bonds") are being issued by the District to (i) refund certain outstanding general obligation bonds of the District described herein, and (ii) pay certain costs of issuance associated therewith, as more fully described herein under the caption "PLAN OF FINANCE – The Refunding." The Series C Bonds and the Refunding Bonds (together, the "Bonds") are issued on a parity basis with each other and with all other outstanding general obligation bonds of the District.

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

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2025. See "THE BONDS" herein.

The Bonds will be issued in book-entry form only, in denominations of \$5,000 or integral multiples thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry Only System."

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

MATURITY SCHEDULE

On Inside Cover Page

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

The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval of legality by Dannis Woliver Kelley, Long Beach, California, Bond Counsel, and certain other conditions. Dannis Woliver Kelley, Long Beach, California, is acting as Disclosure Counsel for the issue and Kutak Rock LLP, Denver, Colorado is acting as counsel to the Underwriter. It is anticipated that the Bonds will be available for delivery in definitive form in New York, New York, through the facilities of DTC on or about May 21, 2025.

STIFEL

The Date of this Official Statement is: _____, 2025

* Preliminary; subject to change.

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

MATURITY SCHEDULES

\$26,500,000*

**SAN RAFAEL CITY HIGH SCHOOL DISTRICT
(MARIN COUNTY, CALIFORNIA)
ELECTION OF 2022 GENERAL OBLIGATION BONDS, SERIES C**

\$ _____ Serial Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹ (799289)</u>
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\$ _____ % Term Bonds due August 1, 20__; Yield ____%, CUSIP¹ 799289

* Preliminary; subject to change.

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\$12,965,000*
SAN RAFAEL CITY HIGH SCHOOL DISTRICT
(MARIN COUNTY, CALIFORNIA)
2025 GENERAL OBLIGATION REFUNDING BONDS

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP²</u> <u>(799289)</u>
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* Preliminary; subject to change.

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

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

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Marin, the County of Marin has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "THE MARIN COUNTY INVESTMENT POOL."

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, institutional investors, banks or others at prices lower or higher than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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

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

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Marin County, State of California

Board of Education

Carolina Martín, *President*
Mark Koerner, *Vice President*
Dr. Wing Keung Jason Lau, *Member*
Maureen de Nieva-Marsh, *Member*
Isai Rodas, *Member*

District Administrators

Carmen Diaz Ghysels, *Superintendent of Schools*
Bob Marcucci, *Deputy Superintendent, Business Services*
Cecilia Quintana Pérez, *Assistant Superintendent, Educational Services*
Darlene Avalos, *Senior Director of Human Resources*
Tim Ryan, *Senior Director of Strategic Facility Planning*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
Long Beach, California

Municipal Advisor

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

Paying Agent, Transfer Agent, Registration Agent and Escrow Agent

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

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\$26,500,000*
SAN RAFAEL CITY HIGH SCHOOL DISTRICT
(MARIN COUNTY, CALIFORNIA)
ELECTION OF 2022
GENERAL OBLIGATION BONDS, SERIES C

\$12,965,000*
SAN RAFAEL CITY HIGH SCHOOL DISTRICT
(MARIN COUNTY, CALIFORNIA)
2025 GENERAL OBLIGATION
REFUNDING BONDS

INTRODUCTION

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

General

The San Rafael City High School District (the “District”) proposes to issue \$26,500,000* aggregate principal amount of its Election of 2022 General Obligation Bonds, Series C (the “Series C Bonds”) under and pursuant to a bond authorization (the “Authorization”) for the issuance and sale of not more than \$216,000,000 of general obligation bonds approved by more than 55% of the requisite qualified voters of the District voting on the proposition at a general election held on June 7, 2022 (the “Election”). The Series C Bonds are the third series of bonds to be issued pursuant to the Authorization. Subsequent to the issuance of the Bonds, \$79,500,000* aggregate principle amount of general obligation bonds will remain for issuance pursuant to the Authorization.

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

The District also proposes to issue \$12,965,000* aggregate principal amount of its 2025 General Obligation Refunding Bonds (the “Refunding Bonds” and, together with the Series C Bonds, the “Bonds”) in order to (i) refund a portion of the District’s outstanding Election of 2015 General Obligation Bonds, Series A (the “Refunded Bonds”) and (ii) pay certain costs of issuance associated therewith. See “THE BONDS – Purpose of Issue” and “PLAN OF FINANCE – The Refunding” herein.

The Series C Bonds and the Refunding Bonds are issued on a parity basis with each other and all outstanding general obligation bonds of the District

Registration

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

* Preliminary; subject to change.

The District

The District was established in 1861 by the Charter of the City of San Rafael (the “City”) and provides ninth through twelfth grade education services to students residing in a territory consisting of most of the City and portions of the city of Larkspur, the town of Ross and unincorporated areas of the County of Marin (the “County”), encompassing an estimated population of about 76,700 residents. The District operates two high schools and one continuation high school. The District also operates an alternative community day school for students in grades kindergarten through eight. The District’s average daily attendance (“ADA”) for fiscal year 2024-25 is 2,531 students and the District has a 2024-25 total assessed valuation of \$22,917,389,901.

The District shares a common governing board, the Board of Education (the “Board”), and administration with San Rafael City Elementary School District (the “Elementary School District”), although the District and the Elementary School District are legally separate and independent school districts. Students residing within the Elementary School District as well as one other elementary school district feed students into the District.

The District’s audited financial statements for the fiscal year ended June 30, 2024, are attached hereto as APPENDIX B. For further information concerning the District, see the caption “SAN RAFAEL CITY HIGH SCHOOL DISTRICT” herein.

Sources of Payment for the Bonds

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

Continuing Disclosure

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

Professionals Involved in the Offering

Dannis Woliver Kelley, Long Beach, California, is acting as Bond Counsel to the District with respect to the Bonds. Dannis Woliver Kelley, Long Beach, California is acting as Disclosure Counsel to the District with respect to the Bonds. Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California, is acting as Municipal Advisor to the District in connection with the issuance of the Bonds. Kutak Rock LLP is serving as counsel to the Underwriter with respect to the Bonds. Dannis Woliver Kelley and Isom Advisors, a Division of Urban Futures, Inc. will receive compensation from the District contingent upon the sale and delivery of the Bonds. Kutak Rock LLP will receive compensation from the Underwriter contingent upon the sale and delivery of the Bonds.

Forward Looking Statements

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

Closing Date

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about May 21, 2025.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Series C Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the Government Code of the State of California (the “Government Code”) (commencing with Section 53506), applicable provisions of the Education Code of the State (the “Education Code”) and pursuant to a resolution of the Board of Education of the District (the “Board”) adopted on April 21, 2025 (the “Series C Resolution”).

The Refunding Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Articles 9 and 11 of the Government Code (commencing with Section 53550) and pursuant to a resolution of the Board adopted on April 21, 2025 (the “Refunding Resolution” and together with the Series C Resolution, the “Resolutions”).

Purpose of Issues

The net proceeds of the Series C Bonds will be used to finance certain capital improvements for the District as specified in the District bond proposition submitted at the Election, which includes modernizing high schools in San Rafael and Terra Linda, including: updating science labs, technology and career/ job training classrooms for current educational standards; updating classrooms for arts/ music; and updating classrooms/ facilities for health, safety and wellness. See “PLAN OF FINANCE - The Projects” herein.

The net proceeds of the Refunding Bonds will be applied to refund the Refunded Bonds. See “PLAN OF FINANCE – The Refunding” herein.

Description of the Bonds

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

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

Book-Entry Only System

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

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or by wire transfer of same day funds by The Bank of New York Mellon Trust Company, N.A., as Paying Agent, to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM” herein.

Payment of the Bonds

Interest on the Bonds is payable commencing August 1, 2025, and semiannually thereafter on February 1 and August 1 of each year (each, an “Interest Payment Date”). Principal of the Bonds is payable on August 1 of each year as shown on the inside front cover page hereto until maturity, or the earlier redemption thereof. The Bonds shall be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof.

Interest on each Bond shall accrue from its dated date at the interest rates applicable thereto as set forth on the inside cover page hereof. Interest shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date (the “Record Date”). Interest will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered as of an Interest Payment Date, in which event interest shall be payable from such date, or (ii) it is registered prior to an Interest Payment Date and after a Record Date, in which event interest shall be payable from such Interest Payment Date, or (iii) it is registered prior to the close of business on July 15, 2025, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of \$1,000,000 or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed

therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Redemption *

Optional Redemption. The Series C Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their stated maturity dates. The Series C 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.

The Refunding Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their stated maturity dates. The Refunding 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 Redemption. The Series C Bonds maturing August 1, 20__ are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Payment Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Payment Date (August 1)	Principal Amount to be Redeemed
<hr/>	<hr/>

⁽¹⁾ Maturity.

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

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* Preliminary; subject to change.

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

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

⁽¹⁾ Maturity.

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

Selection of Bonds for Redemption

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

Notice of Redemption

When redemption is authorized, the Paying Agent, upon written instruction from the District, shall give notice of the redemption of the Bonds at least 20 but not more than 60 days prior to the redemption date to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds to be redeemed including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

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

Right to Rescind Notice of Redemption

The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of and interest and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Effect of Notice of Redemption

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

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

Transfer and Exchange

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

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

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

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

Whenever any Bonds shall be surrendered for exchange, the designated District officials shall execute and the Paying Agent shall authenticate and deliver, new Bonds of the same maturity and interest

rate for a like aggregate principal amount. The Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

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

Defeasance

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

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

Continuing Disclosure Agreement

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

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SOURCES AND USES OF FUNDS

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

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

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

District Investments; Application of Proceeds

The Marin County Director of Finance (the "Treasurer") manages, in accordance with Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by school and community college districts located in the County, various special districts, and some cities within the State of California. State law generally requires that all moneys of the County, school and community college districts and certain special districts located in the County be held in the County's pooled investment fund (the "Pooled Investment Fund").

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

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

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The net proceeds of the Refunding Bonds will be deposited into the Escrow Fund established pursuant to the Escrow Agreement and invested in those certain non-callable direct obligations of the United States of America, the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America. See “PLAN OF FINANCE -The Refunding” and “SOURCES AND USES OF FUNDS.”

DEBT SERVICE SCHEDULE

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

DEBT SERVICE ON THE BONDS

Bond Year Ending August 1	Series C Bonds		Refunding Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
2052					
2053					
2054					
Total					

The following table summarizes the annual debt service payments for all of the District's outstanding bonds, comprised of the Election of 2002 Series B Bonds ("2002 Series B Bonds"), the Election of 2015 Series A Bonds (the "2015 Series A Bonds"), the Election of 2015 Series B Bonds (the "2015 Series B Bonds"), the Election of 2015 Series C Bonds (the "2015 Series C Bonds"), the 2019 General Obligation Refunding Bonds (the "2019 Refunding Bonds"), the Election of 2022 Series A Bonds (the "2022 Series A Bonds"), the Election of 2022 Series B Bonds (the "2022 Series B Bonds"), the Series C Bonds and the Refunding Bonds, assuming no optional redemption.

DEBT SERVICE ON ALL OUTSTANDING GENERAL OBLIGATION BONDS

Bond Year Ending August 1	2002 Series B Bonds	2015 Series A Bonds ¹	2015 Series B Bonds	2015 Series C Bonds	2019 Refunding Bonds	2022 Series A Bonds	2022 Series B Bonds	Series C Bonds	Refunding Bonds	Total Debt Service
2025	\$ 4,505,000	\$ 1,231,350	\$ 2,139,500	\$ 2,781,900	\$1,509,142	\$ 2,430,313	\$ 5,790,150			
2026	4,735,000	1,295,150	2,139,500	2,972,300	1,578,768	2,430,313	4,576,400			
2027	4,970,000	1,351,150	2,564,500	2,764,100	1,649,714	2,430,313	2,129,900			
2028	5,220,000	1,419,550	2,658,250	2,877,900	1,076,103	2,430,313	2,129,900			
2029	6,605,000	1,484,750	2,766,250	3,001,100	--	2,430,313	2,129,900			
2030	-	1,552,250	2,872,500	3,128,100	--	2,530,313	2,129,900			
2031	--	1,630,250	2,981,750	3,262,350	--	2,630,313	2,184,900			
2032	--	1,704,450	3,093,500	3,387,100	--	2,735,063	2,277,150			
2033	--	1,784,650	3,200,531	3,522,350	--	2,844,063	2,364,650			
2034	--	1,871,900	3,312,431	3,662,100	--	2,961,812	2,457,400			
2035	--	1,962,650	3,426,431	3,804,900	--	3,077,562	2,558,400			
2036	--	2,053,900	3,546,181	3,958,900	--	3,201,062	2,660,150			
2037	--	2,151,400	3,672,519	4,113,300	--	3,326,562	2,770,650			
2038	--	2,256,000	3,797,844	4,279,000	--	3,463,562	2,874,150			
2039	--	2,359,200	3,936,994	4,447,750	--	3,601,062	2,990,650			
2040	--	2,470,800	4,074,319	4,623,850	--	3,743,062	3,114,150			
2041	--	2,590,200	4,216,400	4,806,850	--	3,897,062	3,233,900			
2042	--	2,711,800	4,364,650	4,994,450	--	4,052,262	3,363,500			
2043	--	2,840,200	4,513,400	5,198,650	--	4,213,262	3,500,700			
2044	--	2,974,800	4,671,200	5,403,250	--	4,378,600	3,644,900			
2045	--	3,120,000	4,832,200	5,615,300	--	4,557,675	3,785,500			
2046	--	-	8,265,800	5,841,700	--	4,739,425	3,935,250			
2047	--	--	8,595,600	6,066,700	--	4,928,212	4,097,000			
2048	--	--	--	--	--	5,123,187	4,259,500			
2049	--	--	--	--	--	5,329,750	4,432,000			
2050	--	--	--	--	--	5,544,788	4,607,000			
2051	--	--	--	--	--	5,766,725	4,789,600			
2052	--	--	--	--	--	5,993,988	4,984,000			
2053	--	--	--	--	--	--	11,419,200			
Total*	\$26,035,000	\$42,816,400	\$89,642,250	\$94,513,900	\$5,813,727	\$104,790,937	\$105,190,450			

¹ Includes debts service on the Refunded Bonds intended to be refunded with proceeds of the Refunding Bonds.

* Values may not sum due to rounding.

SECURITY FOR THE BONDS

General

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

The District received authorization to issue \$216,000,000 aggregate principal amount of general obligation bonds pursuant to an election of the qualified electors within the District on June 7, 2022. The Series C Bonds are the third series of bonds issued under the Authorization. Subsequent to the issuance of the Series C Bonds, \$79,500,000* aggregate principal amount of general obligation bonds will remain for issuance under the Authorization.

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

Property Taxation System

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

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

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

Under State of California ("State") law, school districts may levy *ad valorem* taxes (in addition to their share of the 1% county tax to pay operating expenses) only to pay principal of and interest on general obligation bonds that, like the Bonds, are approved at an election to finance specified projects or are bonds issued to refund such general obligation bonds. Moreover, State law provides that the *ad valorem* taxes may be levied to pay the principal of and interest on bonds and for no other purpose. Consequently, under State law, the District is not authorized to divert revenue from *ad valorem* taxes levied to pay the Bonds to a purpose other than payment of the Bonds. Such *ad valorem* taxes are held

* Preliminary; subject to change.

by the County separate and apart from other funds of the County and the District. See “SOURCES AND USES OF FUNDS – District Investments; Application of Proceeds” hereinabove.

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

Pledge of Tax Revenues

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

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

PLAN OF FINANCE

The Projects

The District intends to apply the net proceeds of the Series C Bonds to finance the acquisition, construction, furnishing and equipping of school facilities of the District in accordance with the bond proposition approved at the Election which includes the ballot measure and a project list.

The “Smaller Classes, Safer Schools, and Financial Accountability Act,” a Constitutional amendment known as Proposition 39, controls the method by which the District will expend Series C Bond proceeds on its capital improvements. Prior to the Election, the District prepared and submitted to the Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the Series C Bonds, which was then submitted to the voters at the Election (the “Project List”). The District will prioritize the projects and may not undertake to complete all components of the Project List.

The Refunding

The District intends to apply the proceeds of the sale of the Refunding Bonds to (i) refund the Refunded Bonds and (ii) pay certain costs of issuance associated therewith.

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The Refunded Bonds intended to be refunded by the Refunding Bonds are as follows*:

**San Rafael City High School District
Election of 2015 General Obligation Bonds, Series A**

Maturity Date (August 1)	Principal Amount to be Refunded	Interest Rate	Redemption Date	Redemption Price	CUSIP ¹ (799289)
2026	\$225,000	4.000%	08/19/2025	100%	KH5
2027	290,000	4.000	08/19/2025	100	KJ1
2028	370,000	4.000	08/19/2025	100	KK8
2029	450,000	5.000	08/19/2025	100	KL6
2030	540,000	5.000	08/19/2025	100	KM4
2031	645,000	4.000	08/19/2025	100	KN2
2032	745,000	4.000	08/19/2025	100	KP7
2033	855,000	5.000	08/19/2025	100	KQ5
2034	985,000	5.000	08/19/2025	100	KR3
2035	1,125,000	3.000	08/19/2025	100	KS1
2036	1,250,000	3.000	08/19/2025	100	KT9
2040 ⁽¹⁾	6,530,000	4.000	08/19/2025	100	KU6

⁽¹⁾ Term Bond.

The 2015 Series A Bonds that are not intended to be refunded by the Refunding Bonds are as follows*:

**San Rafael City High School District
Election of 2015 General Obligation Bonds, Series A**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP ¹ (799289)
2025	\$155,000	4.000%	KG7
2045 ⁽¹⁾	12,630,000	4.000	KV4

⁽¹⁾ Term Bond.

Upon the issuance of the Refunding Bonds, the District will transfer the net proceeds of the Refunding Bonds to The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”), for deposit into an escrow fund (the “Escrow Fund”) established pursuant to that certain Escrow and Deposit Agreement by and between the District and the Escrow Agent (the “Escrow Agreement”), to be applied to the redemption of the Refunded Bonds on or about August 19, 2025*, at a redemption price of the par amount of the Refunded Bonds plus accrued interest to the date of redemption.

* Preliminary; subject to change.

¹ Copyright 2025, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriters take any responsibility for the accuracy of such CUSIP number.

* Preliminary; subject to change.

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

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

TAX BASE FOR REPAYMENT OF THE BONDS

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

Ad Valorem Property Taxation

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

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

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee's fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee's fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer's enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

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

The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the respective County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

Assessed Valuations

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

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

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

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The following table presents the historical assessed valuation in the District since fiscal year 2014-15. The District's total assessed valuation is \$22,917,389,901 for fiscal year 2024-25, representing an increase of 4.2% from fiscal year 2023-24.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Summary of Assessed Valuations
Fiscal Years 2014-15 Through 2024-25

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2014-15	\$13,400,788,822	\$5,246,402	\$463,207,939	\$13,869,243,163	--%
2015-16	14,223,882,447	5,246,402	453,665,799	14,682,794,648	5.9
2016-17	15,086,581,448	26,867,933 ¹	479,443,289	15,592,892,670	6.2
2017-18	15,884,676,207	26,867,933 ¹	474,958,494	16,386,502,634	5.1
2018-19	16,767,752,710	633,253	466,425,339	17,234,811,302	5.2
2019-20	17,669,211,008	633,253	492,753,861	18,162,598,122	5.4
2020-21	18,431,116,710	633,253	516,004,007	18,947,753,970	4.3
2021-22	19,065,159,384	633,253	522,039,864	19,587,832,501	3.4
2022-23	20,262,293,345	662,982	552,702,880	20,815,659,207	6.3
2023-24	21,410,165,892	662,982	594,381,961	22,005,210,835	5.7
2024-25	22,210,145,509	662,982	706,581,410	22,917,389,901	4.2

¹ Increase is due to inclusion of property owned by Pacific Gas & Electric Company. Subsequent decrease is due to such property being sold to a private owner and improvements commencing.

Source: *California Municipal Statistics, Inc.*

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

Natural Disasters Impacting Assessed Valuations

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

During fiscal years 2020-21, 2021-22, and 2022-23, much of the State experienced Severe or Extreme Drought, pursuant to the U.S. Drought Monitor Classification Scheme. Beginning in April, 2021, Governor Newsom signed several executive orders relating to the drought, including declaring states of emergency due to drought in the State. On January 4, 2022, State Water Board adopted emergency use regulations prohibiting certain wasteful water practices such as watering ornamental landscapes during rain and using potable water to clean hard surfaces and driveways. In June, 2022, additional emergency water conservation regulations took effect limiting watering of ornamental grasses in certain locations followed by additional water use regulations in December prohibiting wasteful water use practices. On March 24, 2023, as a result of rain and snowfall in the State, Governor Newsom rolled

back many of the water use restrictions in his previous drought-related executive orders but left in place certain measures aimed at wasteful water uses as well as preserving ground water supplies. In September, 2024, Governor Newsom lifted the drought states of emergency in 19 counties, including the County.

Currently, according to the U.S. Drought Monitor, Currently, according to the U.S. Drought Monitor, approximately 44% of the State is not experiencing any drought, while 16% percent of the State is experiencing abnormally dry conditions, approximately 15% of the State is experiencing Moderate Drought, 16% is experiencing Severe Drought, 8% is experiencing Extreme Drought and one percent is experiencing Exceptional Drought. The County is not currently experiencing drought. The District cannot predict if or when drought conditions might occur in the County or if water usage restrictions might be imposed again or what impact such restrictions, if imposed, might have on the assessed valuation of the District and the local economy.

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

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

The District is located in the San Francisco Bay area, which has a high likelihood of future earthquakes as it straddles the San Andreas fault system. According to a United States Geological Survey study published March 2015, there is a 51% chance of a major earthquake within the greater San Francisco Bay area within a 30-year period commencing in 2014.

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

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

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

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

Re-assessments and Appeals of Assessed Valuations

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

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

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

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

No assurance can be given that property tax appeals and reassessments in the future will not significantly reduce the assessed valuation of property within the District. However, any reduction in assessed value within the District would simply increase the tax rate necessary to pay the Bonds and any

outstanding general obligations bonds of the District. The Board of Supervisors of the County is obligated to levy and collect *ad valorem* taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on outstanding general obligation bonds of the District.

Assessed Valuation by Jurisdiction

The table below sets forth the assessed valuation of the taxable property within the District by jurisdiction.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT 2024-25 Assessed Valuation by Jurisdiction

<u>Jurisdiction:</u>	Assessed Valuation <u>in District</u>	% of <u>District</u>	Assessed Valuation <u>of Jurisdiction</u>	% of Jurisdiction <u>in District</u>
City of Larkspur	\$ 610,426,634	2.66%	\$ 5,936,603,199	10.28%
Town of Ross ⁽¹⁾	1	0.00	2,804,432,579	0.00
City of San Rafael	18,023,026,361	78.64	18,062,154,647	99.78
Unincorporated Marin County	<u>4,283,936,905</u>	<u>18.69</u>	29,215,377,654	14.66
Total District	\$22,917,389,901	100.00%		
Marin County	\$22,917,389,901	100.00%	\$105,913,846,835	21.64%

Source: *California Municipal Statistics, Inc.*

⁽¹⁾ Consists of one parcel.

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Assessed Valuation by Land Use

The table below sets forth the assessed valuation of the taxable property within the District by land use.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT 2024-25 Assessed Valuation and Parcels by Land Use

	2024-25 <u>Assessed Valuation⁽¹⁾</u>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>	No. of Taxable <u>Parcels</u>	% of <u>Total</u>
Non-Residential:						
Rural/Agricultural	\$ 135,248,453	0.61%	30	0.13%	28	0.13%
Commercial	3,867,183,585	17.41	1,089	4.66	1,088	4.89
Vacant Commercial	48,439,594	0.22	122	0.52	110	0.49
Industrial	397,067,048	1.79	248	1.06	248	1.11
Vacant Industrial	8,910,097	0.04	28	0.12	24	0.11
Miscellaneous/ Tax-exempt	<u>46,162,474</u>	<u>0.21</u>	<u>1,165</u>	<u>4.98</u>	<u>251</u>	<u>1.13</u>
Subtotal Non-Residential	\$4,503,011,251	20.27%	2,682	11.47%	1,749	7.85%
Residential:						
Single Family Residence	\$13,343,181,279	60.08%	14,253	60.97%	14,236	63.92%
Vacant Single Family Residential	70,817,111	0.32	756	3.23	634	2.85
Condominium/Townhome	2,179,360,525	9.81	4,282	18.32	4,280	19.22
Mobile Home	10,559,591	0.05	176	0.75	172	0.77
Multiple Residential	2,095,235,851	9.43	1,196	5.12	1,174	5.27
Vacant Multiple Family Residential	<u>7,979,901</u>	<u>0.04</u>	<u>33</u>	<u>0.14</u>	<u>26</u>	<u>0.12</u>
Subtotal Residential	\$17,707,134,258	79.73%	20,696	88.53%	20,522	92.15%
Total	\$22,210,145,509	100.00%	23,378	100.00%	22,271	100.00%

⁽¹⁾ Local secured assessed valuation, excluding tax-exempt property.

Source: *California Municipal Statistics, Inc.*

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Assessed Valuation of Single Family Homes

The following table sets forth ranges of assessed valuations of single family homes in the District for fiscal year 2024-25, including the median and average assessed value per single family parcel.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT Per Parcel 2024-25 Assessed Valuation of Single Family Homes

	No. of <u>Parcels</u>	2024-25 <u>Assessed Valuation</u>	Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>
Single Family Residential	14,236	\$13,343,181,279	\$937,284	\$843,780

2024-25 <u>Assessed Valuation</u>	No. of <u>Parcels</u> ⁽¹⁾	% of <u>Total</u>	Cumulative <u>% of Total</u>	Total <u>Valuation</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>
\$0 - \$99,999	281	1.974%	1.974%	\$ 23,080,637	0.173%	0.173%
\$100,000 - \$199,999	1,466	10.298	12.272	217,591,030	1.631	1.804
\$200,000 - \$299,999	835	5.865	18.137	207,246,506	1.553	3.357
\$300,000 - \$399,999	713	5.008	23.146	248,301,745	1.861	5.218
\$400,000 - \$499,999	808	5.676	28.821	364,860,403	2.734	7.952
\$500,000 - \$599,999	858	6.027	34.848	472,243,018	3.539	11.491
\$600,000 - \$699,999	860	6.041	40.889	559,504,241	4.193	15.685
\$700,000 - \$799,999	871	6.118	47.008	654,206,724	4.903	20.588
\$800,000 - \$899,999	983	6.905	53.913	837,129,516	6.274	26.861
\$900,000 - \$999,999	964	6.772	60.684	916,542,129	6.869	33.730
\$1,000,000 - \$1,099,999	942	6.617	67.301	987,380,256	7.400	41.130
\$1,100,000 - \$1,199,999	770	5.409	72.710	882,736,256	6.616	47.746
\$1,200,000 - \$1,299,999	668	4.692	77.402	833,455,942	6.246	53.992
\$1,300,000 - \$1,399,999	522	3.667	81.069	703,631,491	5.273	59.266
\$1,400,000 - \$1,499,999	499	3.505	84.574	722,033,323	5.411	64.677
\$1,500,000 - \$1,599,999	397	2.789	87.363	614,131,652	4.603	69.279
\$1,600,000 - \$1,699,999	287	2.016	89.379	472,989,741	3.545	72.824
\$1,700,000 - \$1,799,999	266	1.869	91.248	464,871,528	3.484	76.308
\$1,800,000 - \$1,899,999	199	1.398	92.645	367,938,015	2.757	79.066
\$1,900,000 - \$1,999,999	162	1.138	93.783	315,448,318	2.364	81.430
\$2,000,000 and greater	885	6.217	100.000	2,477,858,808	18.570	100.000
	14,236	100.000%		\$13,343,181,279	100.000%	

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

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Largest Taxpayers

The table below sets forth the largest local secured taxpayers within the District in fiscal year 2024-25.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT 2024-25 Largest Total Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2024-25 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	California Corporate Center Acquisition	Commercial	\$ 333,722,890	1.50%
2.	MGP XI Northgate LLC	Commercial	209,653,809	0.94
3.	NCP Multifamily LLC	Apartments	125,211,106	0.56
4.	Skywalker Properties Ltd.	Rural/Commercial	124,565,813	0.56
5.	Kaiser Foundation Health Plan Inc.	Commercial	116,673,304	0.53
6.	PUR San Rafael LLC	Apartments	112,435,767	0.51
7.	JPPF Larkspur Landing Office Park	Commercial	95,191,418	0.43
8.	Teachers Insurance & Annuity Association	Residential Properties	85,438,890	0.38
9.	Marin Country Mart LLC	Commercial	82,261,868	0.37
10.	BRE Properties Inc.	Apartments	71,371,069	0.32
11.	NCP Commercial LLC	Commercial	65,205,209	0.29
12.	South Valley Apartments LLC	Commercial	60,327,158	0.27
13.	Lofts Albert Park LLC	Apartments	59,802,811	0.27
14.	North Bay 4040 TT LLC	Commercial	57,546,809	0.26
15.	Marin Sanitary Service	Commercial	56,352,532	0.25
16.	San Rafael Land Company LLC	Commercial	55,709,963	0.25
17.	Northbay Properties II	Apartments	52,437,649	0.24
18.	Garbarino Investments II LP	Commercial	50,569,052	0.23
19.	San Rafael Manor Inc.	Apartments	49,899,585	0.22
20.	Coastal City Partners LLC	Residential Properties	<u>47,483,672</u>	<u>0.21</u>
			<u>\$1,911,860,374</u>	<u>8.61%</u>

⁽¹⁾ 2024-25 local secured assessed valuation: \$22,210,145,509.

Source: *California Municipal Statistics, Inc.*

The top 20 taxpayers on the secured roll for 2024-25 account for 8.61% of the local secured assessed value in the District which is \$22,210,145,509. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for fiscal year 2024-25 was California Corporate Center Acquisition accounting for 1.50% of the total secured assessed value in the District. No other secured taxpayer accounts for more than 0.94% of the total secured assessed value in the District. The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner.

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Tax Rates

The following table sets forth typical tax rates levied in Tax Rate Area 8-100 by the County within the District for fiscal years 2020-21 through 2024-25:

SAN RAFAEL CITY HIGH SCHOOL DISTRICT Typical Tax Rate per \$100 Assessed Valuation (8-100)

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
General Tax Rate	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
San Rafael City Elem. School District	0.0695	0.0740	0.0686	0.0958	0.0934
San Rafael City High School District	0.0583	0.0463	0.0503	0.0773	0.0671
Marin Community College District	0.0265	0.0275	0.0258	0.0245	0.0237
Marin Healthcare District	<u>0.0218</u>	<u>0.0218</u>	<u>0.0207</u>	<u>0.0197</u>	<u>0.0152</u>
Total Tax Rate	\$1.1761	\$1.1696	\$1.1654	\$1.2173	\$1.2048

⁽¹⁾ 2024-25 assessed valuation of TRA 8-100 is \$8,117,088,086 which is 35.42% of the District's total assessed valuation.
Source: *California Municipal Statistics, Inc.*

The Teeter Plan

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

The Teeter Plan for the County is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County Treasury is the legal depository of tax collections.

Under the Teeter Plan, the District will receive 100% of its *ad valorem* property tax levied on the secured roll with respect to the Bonds irrespective of actual delinquencies in the collection of property taxes by the County.

The Teeter Plan of the County is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors of the County orders discontinuance of its Teeter Plan, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency. In addition, if the delinquency rate for all *ad valorem* property taxes levied within the District exceeds 3%, the Board of Supervisors can terminate the Teeter Plan with respect to the District. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes would depend upon the collection of *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

The District is not aware of any petitions for the discontinuance of the Teeter Plan now pending in the County.

Direct and Overlapping Debt

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

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

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness

2024-25 Assessed Valuation: \$22,917,389,901

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/25</u>
Marin Community College District	21.668%	\$116,389,662
San Rafael City High School District	100.000	259,688,156⁽¹⁾
Miller Creek School District	100.000	26,459,820
San Rafael City Elementary School District	100.000	194,522,189
Marin Healthcare District	25.869	119,654,473
Twin Cities Police Authority Community Facilities District No. 2008-1	9.042	1,220,218
Marin Emergency Radio Authority (Measure A)	21.638	6,174,403
City of San Rafael 1915 Act Bonds	100.000	<u>893,500</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$725,002,421
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Marin County General Fund Obligations	21.638%	\$14,918,319
Marin County Pension Obligation Bonds	21.638	6,210,106
Marin Community College District General Fund Obligations	21.668	2,298,295
San Rafael City Elementary School District Certificates of Participation	100.000	2,235,000
City of Larkspur General Fund and Pension Obligation Bonds	10.282	3,912,775
City of San Rafael General Fund and Pension Obligation Bonds	99.783	40,447,039
Marinwood Community Services District	100.000	<u>470,529</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$70,492,063
Less: City of San Rafael General Fund Obligations supported by enterprise revenues		<u>3,058,349</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$67,433,714
 GROSS COMBINED TOTAL DEBT		 \$795,494,484 ⁽²⁾
NET COMBINED TOTAL DEBT		\$792,436,135

Ratios to 2024-25 Assessed Valuation:

Direct Debt (\$259,688,156)	1.13%
Total Direct and Overlapping Tax and Assessment Debt	3.16%
Combined Total Debt.....	3.47%
Net Combined Total Debt.....	3.46%

⁽¹⁾ Does not include the Bonds and includes the Refunded Bonds.

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

Source: *California Municipal Statistics, Inc.*

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DISTRICT FINANCIAL INFORMATION

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal and interest on the Bonds is payable from the General Fund of the District. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County on all taxable property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

State Funding of Education

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

For fiscal year 2024-25, the LCFF provides to school districts and charter schools a Target Base Grant for each Local Education Agency ("LEA") equivalent to (a) \$11,068 per ADA for transitional kindergarten/kindergarten through grade 3; (b) \$10,177 per ADA for grades 4 through 6; (c) \$10,478 per ADA for grades 7 and 8; and (d) \$12,460 per ADA for grades 9 through 12. For fiscal year 2024-25, the LCFF also provides an adjusted add-on for Transitional Kindergarten ("TK") equal to \$3,077.

Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. With full implementation of the LCFF, the provision of a cost-of-living-adjustment ("COLA") is now subject to appropriation for such adjustment in the annual State budget. For fiscal year 2023-24, a 8.22% COLA was included, however, the COLA for fiscal year 2024-25 is significantly lower, at 1.07%. See "-- State Budget Measures "-- 2024-25 State Budget" and "-- Proposed 2025-26 State Budget" for information regarding the COLA for fiscal year 2024-25 and proposed for fiscal year 2025-26. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

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

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

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

ADA and Enrollment

The following table sets forth the historical ADA and enrollment for fiscal years 2016-17 through 2023-24.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT Historical ADA and Enrollment Fiscal Years 2016-17 through 2023-24

Fiscal Year	ADA	Enrollment
2016-17	2,401	2,519
2017-18	2,453	2,648
2018-19	2,524	2,714
2019-20	2,620	2,768
2020-21 ¹	2,612	2,666
2021-22	2,452	2,630
2022-23	2,452	2,668
2023-24	2,531	2,653

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

Enrollment Trends

The District is projecting a small decline in enrollment over the next ten years, with a gradual leveling off.

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The following table sets forth the ADA, enrollment and the percentage of EL/LI enrollment for fiscal year 2023-24, budgeted for fiscal year 2024-25 and projections for fiscal years 2025-26 through 2026-27.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
ADA, English Language/Low Income Enrollment
Fiscal Years 2023-24 through 2026-27

<u>Fiscal Year</u>	<u>Total ADA</u>	<u>Total Enrollment</u>	<u>% of EL/LI Enrollment</u>
2023-24	2,531	2,653	64.72%
2024-25 ¹	2,592	2,695	63.62
2025-26 ²	2,564	2,688	64.37
2026-27 ²	2,502	2,611	64.35

¹ Budgeted.

² Projected.

Source: *The District*.

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

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

Certain schools districts, known as "community-funded" districts (formerly, "basic aid" districts), have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Community-funded school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for community-funded districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District has, in recent years, qualified as a community-funded district but for fiscal year 2023-24, flipped out of community-funded status and is funded under the LCFF. The District is predicting that it may continue to switch between LCFF funding and community-funded in future years due to projected declines in enrollment and LCFF COLAs in amounts that increase LCFF funding beyond property tax growth. Beginning in

fiscal year 2021-22, there was a substantial increase to the LCFF COLA. During the following three fiscal years, the District's LCFF revenues, which are based on ADA, increased by 26.55% while enrollment remained generally flat causing the District to move out of community-funded status. Future decreases in LCFF COLAs could, though, cause the District to once again become community-funded if property tax growth is greater than increases in LCFF funding. The District cannot predict what changes there may be to factors such as border policies that might impact future District enrollment.

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

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

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

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

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or

rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement. The District has not previously been subject to any of the above-described support and intervention procedures.

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

Revenue Sources

The District categorizes its General Fund revenues into four sources. Each of these revenue sources is briefly described below.

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

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

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

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

President Trump has also signed an executive order aimed at terminating the United States Department of Education. 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 revenues or operations, if any, as a result of a possible termination of the Department of Education.

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

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

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

The following table presents each revenue source as a percentage of total General Fund revenues for fiscal years 2020-21 through 2024-25.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Percentage of Revenue by Source⁽¹⁾
Fiscal Years 2020-21 through 2024-25

Revenue Source	2020-21	2021-22	2022-23	2023-24	2024-25 ⁽²⁾
LCFF sources	68.01%	70.02%	62.31%	67.66%	71.44%
Federal revenues	6.97	3.93	5.37	4.69	3.76
Other State revenues	11.98	9.97	16.70	10.87	9.47
Other local revenues	13.05	16.08	15.62	16.78	15.33

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

⁽²⁾ Based on Second Interim results.

Source: *The District*.

Developer Fees

The District receives developer fees per square foot pursuant to Education Code Section 17620 which must be used to fund construction or reconstruction of school facilities. Effective June 20, 2025, developer fees will be collected in the amount of \$3.57 per square foot for residential housing and \$0.58 per square foot for commercial or industrial development. For fiscal years 2020-21, 2021-22, 2022-23 and 2023-24 the District received \$184,604.94, \$151,924.99, \$103,595.03 and \$118,357.87 in Developer Fees, respectively. The District projects to receive \$237,002 in Developer Fees for fiscal year 2024-25.

COVID-19 Outbreak and its Economic Impact

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

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

Budget Procedures

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

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

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

For districts whose budgets have been disapproved, the district must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than November 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

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

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim reports with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The school district governing board must certify its financial condition as either positive, negative or qualified. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. The school district must file the report with the county superintendent of schools, who may either agree with the school district's certification or change the certification.

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

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

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**SAN RAFAEL CITY HIGH SCHOOL DISTRICT
GENERAL FUND BUDGETING**

	Adopted Budget 2020-21	Audited Actuals 2020-21 ⁽¹⁾⁽²⁾	Adopted Budget 2021-22	Audited Actuals 2021-22 ⁽¹⁾⁽²⁾	Adopted Budget 2022-23	Audited Actuals 2022-23 ⁽¹⁾⁽²⁾	Adopted Budget 2023-24	Audited Actuals 2023-24 ⁽¹⁾⁽²⁾	Adopted Budget 2024-25 ⁽³⁾	Second Interim Report 2024-25 ⁽⁴⁾
REVENUES										
LCFF	\$30,000,000	\$30,377,849	\$31,309,885	\$31,434,756	\$32,668,237	\$32,759,875	\$36,169,798	\$36,691,572	\$38,077,749	\$38,250,012
Federal Sources	1,053,175	3,111,743	1,148,221	1,762,685	1,040,383	2,824,785	2,391,280	2,544,739	1,374,932	2,012,751
Other State Sources	2,762,167	5,351,654	3,086,442	4,474,952	3,306,738	8,778,363	3,612,025	5,895,370	4,574,513	5,067,975
Other Local Sources	<u>5,326,855</u>	<u>5,827,051</u>	<u>6,065,329</u>	<u>7,218,549</u>	<u>6,694,338</u>	<u>8,211,783</u>	<u>7,481,495</u>	<u>9,098,155</u>	<u>8,866,367</u>	<u>8,208,789</u>
Total Revenues	39,182,657	44,668,297	41,609,876	44,890,942	43,709,696	52,574,806	49,654,598	54,229,836	52,893,561	53,539,527
EXPENDITURES										
Certificated Salaries	16,812,750	17,360,590	17,653,252	18,210,306	18,754,773	20,294,905	19,333,696	21,982,864	21,196,970	22,076,760
Classified Salaries	4,772,782	4,778,679	4,903,128	5,032,167	3,223,778	3,821,265	3,435,306	4,425,193	4,641,638	4,245,887
Employee Benefits	9,452,720	9,009,413	10,184,034	9,973,845	11,049,438	10,316,495	10,119,118	11,185,315	11,527,494	11,420,264
Books & Supplies	1,290,519	2,414,345	1,354,242	1,637,526	2,233,673	2,985,503	2,146,190	1,072,825	1,268,068	2,806,306
Services & Other Operating Expenses	6,348,751	5,880,013	6,311,688	8,250,675	10,217,793	12,461,735	13,199,558	14,509,901	14,738,560	15,983,135
Capital Outlay	80,219	59,603	22,167	118,577	7,000	143,500	206,165	95,183	88,302	87,157
Intergovernmental Transfers	1,183,062	1,037,218	1,204,564	958,307	--	799,303	950,394	1,424,375	--	1,307,511
Other Outgo	--	--	--	--	1,018,643	--	--	--	1,130,483	--
Direct Support/Indirect Costs	--	--	--	--	--	--	--	--	--	--
Total Expenditures	39,940,803	40,539,861	41,633,076	44,181,403	46,505,099	50,822,706	49,390,427	54,695,656	54,591,245	57,927,020
Excess (Deficiency) of Revenues Over Expenditures	(758,146)	4,128,436	(23,199)	709,539	(2,795,403)	1,752,100	264,171	(465,820)	(1,697,684)	(4,387,493)
Other Financing Sources (Uses)										
Interfund Transfers In ⁽⁵⁾	29,572	29,572	29,572	29,572	--	33,698	32,784	253,448	140,748	140,748
Interfund Transfers Out	(92,158)	(365,058) ⁽⁶⁾	(3,935)	--	(139,443)	--	(139,443)	--	(139,443)	--
Net Financing Sources (Uses)	(62,586)	(335,486)	25,637	29,572	(139,443)	33,698	(106,659)	253,448	1,305	140,748
NET CHANGE IN FUND BALANCES	<u>(820,732)</u>	<u>3,792,950</u>	<u>2,438</u>	<u>739,111</u>	<u>(2,934,946)</u>	<u>1,785,798</u>	<u>157,512</u>	<u>(212,372)</u>	<u>(1,696,379)</u>	<u>(4,246,745)</u>
Fund Balances, July 1	4,454,322	6,586,152	10,379,102	10,379,102	11,771,767	11,118,213	12,624,629	12,904,011	9,652,369	12,691,369
Fund Balances, June 30	<u>\$3,633,590</u>	<u>\$10,379,102</u>	<u>\$10,381,540</u>	<u>\$11,118,213</u>	<u>\$8,836,921</u>	<u>\$12,904,011</u>	<u>\$12,782,141</u>	<u>\$12,691,639</u>	<u>\$7,955,990</u>	<u>\$8,444,893</u>

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

² Only includes the general fund and does not match the amounts shown in the Audited Statement of Revenues, Expenditures and Fund Balances under Audited Financial Statements of the District as that table also includes the Deferred Maintenance Fund and the Special Reserve for Postemployment Benefits.

³ From the adopted budget of the District for fiscal year 2024-25.

⁴ From the second interim report of the District for fiscal year 2024-25.

⁵ Transfers in consist of contributions from facilities use fees to cover related personnel.

⁶ Transfers out are a combination of contributions to food service and contributions to support future work on the Terra Linda High School turf

Source: *The District*

Comparative Financial Statements

The District's General Fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2024, and prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District, 310 Nova Albion Way, San Rafael, California 94903. See APPENDIX B hereto for the fiscal year 2023-24 Audited Financial Statements of the District.

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

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SAN RAFAEL CITY HIGH SCHOOL DISTRICT
GENERAL FUND
Statement of Revenues, Expenditures and Change in Fund Balances
for Fiscal Years 2020-21 through 2023-24

	2020-21 Audit	2021-22 Audit	2022-23 Audit	2023-24 Audit
REVENUES				
LCFF	\$30,377,849	\$31,511,738	\$32,795,875	\$36,691,572
Federal sources	3,111,743	1,762,685	2,824,785	2,544,739
Other state sources	5,358,827	4,474,952	8,778,363	5,895,370
Other local sources	<u>6,103,193</u>	<u>7,220,116</u>	<u>8,258,529</u>	<u>9,212,887</u>
Total Revenues	44,951,612	44,969,491	52,621,552	54,344,568
EXPENDITURES				
Current:				
Instruction	25,030,073	25,802,060	29,440,463	31,721,103
Instruction-related services:				
Supervision of instruction	1,643,845	1,492,810	2,197,765	1,553,242
Instructional library, media and technology	224,518	624,199	846,252	518,291
School site administration	2,621,817	2,821,818	3,331,608	3,219,538
Pupil support services:				
Home-to-school transportation	405,068	785,270	1,063,781	1,357,905
Food services	643	789	7,485	64,677
All other pupil services	2,853,863	3,143,685	3,719,195	3,979,955
Ancillary services	614,629	794,484	922,764	967,530
Community services	24,015	462,312	688,635	559,461
General administration services:				
Data processing services	390,473	387,968	461,140	205,396
Other general administration	2,000,766	2,415,668	2,492,917	4,117,275
Plant services	3,906,764	4,426,329	4,785,166	5,048,609
Transfers of indirect costs	(19,609)	(21,546)	(26,224)	(41,701)
Facility acquisition and construction	--	--	--	--
Capital Outlay	27,334	134,100	173,786	--
Intergovernmental transfers	1,037,218	979,852	825,527	1,424,375
Debt service – principal	--	--	--	--
Debt service – interest	--	--	--	--
Total Expenditures	<u>40,761,417</u>	<u>44,249,789</u>	<u>50,930,260</u>	<u>54,695,656</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	4,190,195	719,693	1,691,292	(351,088)
OTHER FINANCING SOURCES (USES)				
Interfund transfers in ⁽¹⁾	29,572	29,572	33,698	49,345
Interfund transfers out	(365,058) ⁽²⁾	--	--	--
Proceeds from capital leases	--	--	--	--
Total Other Financing Sources and Uses	<u>(335,486)</u>	<u>29,572</u>	<u>33,698</u>	<u>49,345</u>
Net Change in Fund Balance	3,854,709	749,265	1,724,990	(301,743)
Fund Balance, July 1, as originally stated	9,081,160	12,852,505	13,601,770	15,326,760
Fund Balance , June 30	\$12,935,869	\$13,601,770	\$15,326,760	\$15,025,017

⁽¹⁾ Transfers in consist of contributions from facilities use fees to cover related personnel.

⁽²⁾ Transfers out are a combination of contributions to food service and contributions to support future work on the Terra Linda High School turf.
Source: *The District*.

Accounting Practices

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

State Budget Measures

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

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

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

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

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

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

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

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

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

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

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

Proposed 2025-26 State Budget. The proposed budget for fiscal year 2025-26 for the State (“Proposed 2025-26 State Budget”) was released by the Governor on January 10, 2025. The Proposed 2025-26 State Budget recognizes a budget surplus of \$16.5 billion over fiscal years 2023-24, 2024-25, and 2025-26 above that projected in the 2024-25 State Budget. The budget surplus is due primarily to increased revenues from personal income taxes, corporate taxes, and interest on certain pooled money investments.

The Proposed 2025-26 State Budget projects approximately \$225.1 billion in general fund revenues with a prior year balance of \$26.3 billion for total resources of \$251.4 billion and \$228.9 billion in expenditures for fiscal year 2025-26. For fiscal year 2024-25, the Proposed 2025-26 State Budget estimates \$258.4 billion in resources and \$232.1 billion in expenditures.

The Proposed 2025-26 State Budget maintains the planned withdrawal of approximately \$7.1 billion from the BSA during fiscal year 2025-26 included in the 2024-25 State Budget. Accounting for withdrawals, the Proposed 2025-26 State Budget includes setting aside a total of \$17 billion, including \$10.9 billion in the BSA for fiscal emergencies, \$1.5 billion in the PSSSA, and an estimated \$4.5 billion in the State’s Special Fund for Economic Uncertainties. The balance of \$1.2 billion in fiscal year 2024-25 in

the PSSSA does not trigger school district reserve caps in fiscal year 2025-26. To remove the existing statutory cap on deposits to the Rainy Day Fund in order to provide budget resiliency, the Proposed 2025-26 State Budget proposes statutory changes to allow the State to increase the mandatory deposit level in the BSA from the current 10% to 20% of General Fund revenues and exempt deposits into the BSA from the State Appropriations Limit. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICTS – Proposition 2” herein for more information regarding school district reserves.

The Proposed 2025-26 State Budget includes total K-12 funding of \$137.1 billion (\$83.3 billion general fund and \$53.8 billion from other funds). K-12 per-pupil funding totals \$24,764 from all sources, including \$18,918 Proposition 98 funds. The Proposed 2025-26 State Budget includes an LCFF COLA of 2.43%.

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

- *Universal Transitional Kindergarten* — \$1.5 billion Proposition 98 funds to expand TK eligibility from children turning five years old between September 2 and April 2 to children turning five between September 2 and June 2; \$516.7 million Proposition 98 funds to add one additional certificated or classified staff person to every transitional kindergarten class; \$2.4 billion Proposition 98 funds to support full implementation of universal transitional kindergarten allowing children who turn four years old by September 1 of the school year to enroll in transitional kindergarten; and \$1.5 billion Proposition 98 funds to further lower the average student-to-adult ratio from 12:1 to 10:1 in every transitional kindergarten classroom.
- *Expanded Learning Opportunities Program* — \$435 million Proposition 98 funds to increase access to the Expanded Learning Opportunities Program from school districts with an unduplicated pupil percentage of 75% to those with 55% percent unduplicated students.
- *Literacy Instruction* — \$500 million Proposition 98 funds for TK-12 Literacy and Mathematics Coaches; \$40 million Proposition 98 funds to support costs to administer literacy screenings; \$5 million Proposition 98 funds annually through the 2029-30 fiscal year to launch a Literacy Network within the Statewide System of Support; \$300,000 non-Proposition 98 funds in fiscal year 2024-25 for the Instructional Quality Commission to develop a curriculum guide and resources in personal finance; and \$1.8 billion for the Student Support and Discretionary Block Grant.
- *Teacher Preparation and Professional Development* — \$150 million Proposition 98 funds to provide financial assistance for teacher candidates through the new Teacher Recruitment Incentive Grant Program and \$100 million Proposition 98 funds to extend the timeline of the existing National Board Certification Incentive Program to support National Board Certified teachers to teach and mentor instructional staff in high poverty schools.
- *Student Support and Professional Development Discretionary Block Grant* — \$1.8 billion Proposition 98 funds for: (i) professional development for teachers on the ELA/ELD Framework and the Literacy Roadmap; (ii) professional development for teachers on the Mathematics Framework; (iii) teacher recruitment and retention strategies; and (iv) career pathways and dual enrollment expansion efforts consistent with the Master Plan for Career Education.
- *Learning Recovery Emergency Block Grant* — \$378.6 million Proposition 98 funds to support the Learning Recovery Emergency Block Grant in establishing learning recovery initiatives through the 2027-28 school year.

- *Kitchen Infrastructure and Training* — \$150 million Proposition 98 funds for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.
- *Nutrition* — \$106.3 million in additional Proposition 98 General Fund to fully fund the universal school meals program in fiscal year 2025-26.
- *English Language Proficiency Screener for Transitional Kindergarten Students* — \$10 million Proposition 98 General Fund for the statewide use of English language proficiency screeners to support multilingual learnings in transitional kindergarten.
- *Master Plan for Career Education: TK-12 Education* — \$1.8 billion Student Support and Discretionary Block Grant for dual enrollment and pathways programs. Increase of \$3 million Proposition 98 General Fund to support the California College Guidance Initiative and the Cradle-to-Career Data System.

Future Actions. The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs previously borne by the State. No prediction can be made as to whether the State will, in the future, take further measures which would, in turn, adversely affect the District. Further State actions taken to address any budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions. See also “DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact” for a discussion of COVID-19 and its impact on the State economy.

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

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES

Article XIII A of the California Constitution

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

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

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

Proposition 19

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

Legislation Implementing Article XIII A

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

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

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

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

Unitary Property

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

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

Article XIII B of the California Constitution

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

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

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

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

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

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

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

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See “–Proposition 98” and “–Proposition 111” below.

Article XIII C and Article XIII D of the California Constitution

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

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts and community college districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

Proposition 26

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

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (the “Accountability Act”). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State’s appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as “K-14 school districts”) at a level equal to the greater of (a) the same percentage of the State General Fund revenues as the percentage appropriated to such districts in 1986-87, or (b) the amount actually appropriated to such districts from the State General Fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts, and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional

moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

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

Proposition 111

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

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

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

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

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

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

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

Proposition 39

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

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per \$100,000 of taxable property value projected to be levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district), when assessed valuation is projected to increase in accordance with Article XIII A of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California (the “Controller”)). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent

the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's General Fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total General Fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's General Fund costs by approximately \$1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide. ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The

Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a “Successor Agency”). All property tax revenues that would have been allocated to such redevelopment agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities and to any other “enforceable obligations” (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines “enforceable obligations” to include bonds, loans, legally requirement payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

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

Proposition 30

On November 6, 2012, voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending January 1, 2019, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

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

Proposition 55

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

Proposition 2 (Facilities)

K-12 School Facilities. The State school facilities bond approved by voters on November 5, 2024 (the “2024 State School Facilities Bond”) includes \$3.3 billion for the new construction of K-12 facilities and an additional \$4 billion for the modernization of existing K-12 facilities. Up to \$10 million of the allocation for new constructions will be reserved for small school districts with an enrollment of fewer than 2,501 students. Of the \$4 billion assigned for modernization of existing K-12 facilities, up to \$115 million will be allocated for the repairment of lead in water at school facilities. Generally, K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. However, some districts that have lower assessed property values and meet certain other socio-economic criteria will be required to pay as low as 45% and 35% of new construction costs and modernization costs, respectively. In addition, a total of \$1.2 billion will be available for the modernization and new construction of charter school facilities (\$600 million) and technical education facilities (\$600 million). The State will award funds to technical education and charter school through an application process, and charter schools must be deemed financially sound before project approval.

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

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

Proposition 2

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

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

In the event the Governor were to declare a budget emergency, Proposition 2 would permit a smaller deposit to the BSA. A budget emergency may be called if there is a natural disaster such as an earthquake or flood or General Fund revenues reach a certain minimum level. Withdrawals from the BSA, under Proposition 2, are permitted upon a majority vote of the legislature only when the Governor has

declared a budget emergency. If a budget emergency is called for two straight years in a row, in the second budget emergency year, the entire amount on hand might be withdrawn.

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

SB 858 and SB 751. State regulations require school districts to budget a reserve for economic uncertainties. The recommended minimum amounts vary from 1% to 5% of total expenditures and other financing uses, depending on the district's ADA. SB 858, adopted in June 2014, imposed limitations relating to ending fund balances for school districts. Beginning in fiscal year 2015–16, a school district that proposes to adopt or revise a budget that includes an ending fund balance that is two to three times higher than the state’s minimum recommended reserve for economic uncertainties must substantiate the need for the higher balance. SB 751, which was adopted in October 2017 and amended Section 42127.01 of the Education Code, placed certain restrictions on the amount of a school district’s ending fund balances if a certain amount of funds is available in the PSSSA. In a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total of General Fund revenues appropriated for school districts for that fiscal year, (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 98”), a school district’s adopted or revised budget may not contain an assigned or unassigned ending fund balance higher than 10% of expenditures and other financing uses. A county superintendent could waive the prohibition, pursuant to specified conditions, for up to two consecutive years within a three-year period. SB 751 does not apply to school districts with an ADA of less than 2,501 students and community-funded school districts.

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

Reserve for Economic Uncertainty. The District is required to maintain a reserve for economic uncertainties at least equal to 3.00% of General Fund expenditures and other financing uses, however, the Board has designated a reserve goal of 14% of expenditures. On June 30, 2024, the District had unassigned available reserves of \$3,238,055, or 5.9% of General Fund expenditures and other financing uses. The District is unable to predict what the effect on its budget will be following implementation of these new rules. It is anticipated that if the cap is triggered, it will materially change the District’s current policies on reserves.

Proposition 28. On November 8, 2022, voters approved The Arts and Music in Schools - Funding Guarantee and Accountability Act which provides additional funding for arts and music education in all K–12 public schools (including charter schools) by annually allocating from the State General Fund an amount equal to 1% of total State and local revenues received by public schools in the preceding fiscal year under Proposition 98. Amounts provided under Proposition 28 are in addition to and not considered a part of the Proposition 98 guarantee. Funds appropriated under Proposition 28 are to be allocated 70% based on a school district’s share of Statewide enrollment and 30% based on such school district’s share of Statewide enrollment of economically disadvantaged students and must be distributed to school sites following such allocation. School districts must expend funds received pursuant to Proposition 28 within three years or such funds revert to CDE for reallocation under Proposition 28.

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

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

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Introduction

The District was established in 1861 by the Charter of the City and provides ninth through twelfth grade education services to students residing in a territory consisting of most of the City and portions of the city of Larkspur, the town of Ross and unincorporated areas of the County encompassing an estimated population of about 76,700 residents. The District operates two high schools and one continuation high school. The District also operates an alternative community day school for students in grades kindergarten through eight. The ADA for the District for fiscal year 2024-25 is 2,531 students and the District has a 2024-25 total assessed valuation of \$22,917,389,901. The District's audited financial statements for the fiscal year ended June 30, 2024 are attached hereto as APPENDIX B.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial reports of the District may be obtained by contacting: San Rafael City High School District, 310 Nova Albion Way, San Rafael, California 94903, Attention: Superintendent.

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Board of Education

The District is governed by the Board, which consists of five members who are elected to serve by-trustee area to overlapping four-year terms at elections held in staggered years. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board members or by a special election. The years in which the current terms for each member of the Board expire are set forth in the following table.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT Board of Education

Name	Office	Trustee Area	Term Expires December
Carolina Martín	President	4	2026
Mark Koerner	Vice President	1	2028
Dr. Wing Keung Jason Lau	Member	2	2026
Maureen de Nieva-Marsh	Member	3	2028
Isai Rodas	Member	5	2028

Source: *The District*.

Key Personnel

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

Name	Title
Carmen Diaz Ghysels	Superintendent of Schools
Bob Marcucci	Deputy Superintendent, Business Services
Cecilia Pérez	Assistant Superintendent, Educational Services
Darlene Avalos	Senior Director of Human Resources
Tim Ryan	Senior Director of Strategic Facility Planning

Carmen Diaz Ghysels, Superintendent of Schools. Superintendent Diaz Ghysels began her tenure as the Superintendent of the District at the start of the 2023-24 school year. Prior to joining the District, Superintendent Diaz Ghysels was the superintendent of the Tahoe Truckee Unified School District. She has worked in education for 38 years, serving as a bilingual teacher, special education specialist, special day class teacher, instructional coach, principal, special education director, assistant superintendent of human resources, student services and health services and deputy superintendent. Superintendent Diaz Ghysels graduated from Texas A&M University with a Bachelor of Science in Special Education and she earned a Master's in Instructional and Educational Technology from San Jose State University.

Employees and Labor Relations

The District employs approximately 154 full-time equivalent ("FTE") certificated academic professionals, approximately 54 FTE classified employees, and approximately 17 FTE management/supervisor/confidential employees.

The certificated employees of the District have assigned the San Rafael Federation of Teachers (“SRFT”) as their exclusive bargaining agent. The contract between the District and SRFT expires on June 30, 2025.

The classified employees of the District have assigned the California School Employees Association (“CSEA”) as their exclusive bargaining agent and the contract between the District and CSEA expired on June 30, 2024. The parties are operating under the terms of the prior contract while negotiations are underway for a new contract.

District Retirement Systems

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

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

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

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 (“AB 1469”) which implemented a new funding strategy for STRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% in fiscal year 2015-16, and will continue to increase annually as further described below. Teacher contributions also increased from 8.00% to a total of 10.25% of pay for employees (“Classic Members”) hired before the Implementation Date (defined herein) and 10.205% for employees (“PEPRA Members”) hired after the Implementation Date (defined herein), over the three year period from 2014-15 through 2017-18. The State’s total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Teachers’ Retirement Board (the “STRS Board”) is required, with certain limitations, to increase or decrease the State’s contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy. Once the State has eliminated its share of the STRS’ unfunded actuarial obligation, the State contribution will be immediately reduced to the base contribution rate of 2.017% of payroll.

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

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

The District contributed \$2,850,032 to STRS for fiscal year 2019-20, \$2,665,864 for fiscal year 2020-21, \$2,997,107 for fiscal year 2021-22, \$3,772,844 for fiscal year 2022-23 and \$4,170,353 for fiscal year 2023-24. Such contributions were equal to 100% of the required contributions for the respective years. The District has budgeted a contribution of \$5,991,785.00 for fiscal year 2024-25, based on its second interim report. With the implementation of AB 1469, the District's required contributions to STRS have increased in recent fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to STRS in future fiscal years.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Law. The District is currently required to contribute to PERS at an actuarially determined rate, which is 27.05% of eligible salary expenditures for fiscal year 2024-25, while Classic Members contribute at a rate established by statute which is 7% of their respective salaries, and PEPRA Members contribute at an actuarially determined rate which is 8.00% of their respective salaries. See –"California Public Employees' Pension Reform Act of 2013" below.

On April 14, 2025, the PERS Board adopted the fiscal year 2025-26 contribution rate for school districts of 26.81% and revised downward its projections of future rates. PERS estimates future employer contribution rates as follows:

Fiscal Year	Projected Employer Contribution Rates (PERS Actuarial Report) ⁽¹⁾
2025-26	26.81%
2026-27	26.90
2027-28	27.80
2028-29	27.40
2029-30	27.00
2030-31	26.20

⁽¹⁾As of April 14, 2025.

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

The District contributed \$963,540 to PERS for fiscal year 2019-20, \$863,690 for fiscal year 2020-21, \$1,071,361 for fiscal year 2021-22, \$902,260 for fiscal year 2022-23 and \$1,144,384 for fiscal year 2023-24 which amounts equaled 100% of required contributions to PERS. The District has budgeted a contribution of \$1,183,989 for fiscal year 2024-25, based on its second interim report.

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

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for PERS as of June 30, 2023 and STRS as of July 1, 2023.

FUNDED STATUS
STRS (DEFINED BENEFIT PROGRAM) and PERS
Actuarial Valuation
(Dollar Amounts in Millions) ⁽¹⁾

Plan	Accrued Liability	Market Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	\$124,924	\$84,292	\$(40,632)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	359,741	299,148	(60,593)

⁽¹⁾ Amounts may not add due to rounding.

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

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

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

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

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The District's proportionate shares of the net pension liability of STRS and PERS, as of June 30, 2024, are as shown in the following table.

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>
STRS	\$23,643,942
PERS	<u>7,737,654</u>
Total	\$31,381,596

Source: *The District.*

For further information about the District's contributions to PERS and STRS, see Note 9 in the District's audited financial statements for fiscal year ended June 30, 2024 attached hereto as APPENDIX B.

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

Other Post-Employment Benefits

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

Employees who are eligible to receive retiree employment benefits other than pensions ("Health & Welfare Benefits") while in retirement must meet specific criteria, *i.e.*, age and years with the District. Contribution requirements are established and may be amended by agreement between the District and each of its bargaining units. On June 30, 2023, the most recent data available, 104 inactive employees were receiving Health & Welfare Benefits with 232 active employees earning service credit towards eligibility.

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

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Total June 30, 2024 Health & Welfare Benefits

Service Cost	\$492,877
Interest on Total OPEB Liability	307,615
Change of benefit terms	--
Differences between expected and actual experience	(1,315,656)
Changes of assumptions or other inputs	(37,910)
Benefit payments	(243,410)
Net Change in Total OPEB Liability	(796,484)
Total OPEB Liability – Beginning	7,642,858
Total OPEB Liability – Ending	\$6,486,374

Source: *The District*.

Medicare Premium Payment Program. The District participates in the Medicare Premium Prepayment Program (“MPP Program”), a cost-sharing multiple-employer OPEB plan. The MPP Program is funded on a pay-as-you-go basis and pays Medicare Part A premiums and Medicare Part A and B late enrollment surcharges for eligible members. Members who retire on or after July 1, 2012 are not eligible for coverage under the MPP Program. As of June 30, 2023, the most recent data available, 4,457 retirees participated in the MPP Program.

Risk Management and Joint Powers Agencies

The District participates in a joint venture under the joint powers authority the Marin Schools Insurance Authority (the “MSIA”). The relationship between the District and MSIA is such that the MSIA is not component units of the District for financial reporting purposes.

The MSIA has 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 MSIA and the District are included in these statements. The audited financial statements are generally available from the respective entities.

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

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District Debt Structure

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Balance Due In One Year
General Obligation Bonds					
Principal payments	\$215,795,091	\$55,000,000	\$3,407,758	\$267,387,333	\$7,699,177
Accreted interest	17,910,238	1,477,538	2,592,242	16,795,534	2,825,823
Unamortized premium, net	12,751,289	2,548,859	559,057	14,741,091	615,698
Total Bonds	246,456,618	59,026,397	6,559,057	298,923,958	11,140,698
Compensated Absences	231,895	--	1,225	230,670	--
Total	\$246,688,513	\$59,026,397	\$6,560,282	\$299,154,628	\$11,140,698

Source: *The District*.

General Obligation Bonds. On December 7, 1999, there was submitted to and approved by the requisite two-thirds or more affirmative vote of the qualified electors of the District voting on the proposition a question as to the issuance and sale of general obligation bonds for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of \$13,000,000 (the "1999 Authorization"). Pursuant to the 1999 Authorization, on July 18, 2000, the County issued on behalf of the District \$6,500,000 of the District's 1999 General Obligation Bonds, Series A (the "1999 Series A Bonds") and on August 15, 2002, the County issued on behalf of the District \$6,500,000 of the District's Election of 1999 General Obligation Bonds, Series B (the "1999 Series B Bonds"). No aggregate principal amount of general obligation bonds remain for issuance pursuant to the 1999 Authorization.

On November 5, 2002 there was submitted to and approved by the requisite 55% or more affirmative vote of the qualified electors of the District voting on the proposition a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of \$49,500,000 (the "2002 Authorization"). Pursuant to the 2002 Authorization, on August 6, 2003, the County issued on behalf of the District \$10,000,000 of the District's Election of 2002 General Obligation Bonds, Series A (the "2002 Series A Bonds") and on August 4, 2004, the County issued on behalf of the District \$39,495,314.50 of the District's Election of 2002 General Obligation Bonds, Series B (the "2002 Series B Bonds"). No meaningful aggregate principal amount of general obligation bonds remain for issuance pursuant to the 2002 Authorization.

On July 21, 2011, the District issued \$28,125,000 of its 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds"), the proceeds of which were used to refund portions of the then-outstanding 1999 Series A Bonds, 1999 Series B Bonds, 2002 Series A Bonds, and 2002 Series B Bonds.

On November 3, 2015, voters of the District approved the issuance of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of \$160,500,000 (the "2015 Authorization"). On March 10, 2016, the District issued its \$35,000,000 Election of 2015 General Obligation Bonds, Series A, on July 26, 2018, the District issued its \$60,000,000 Election of 2015 General Obligation Bonds, Series B and on November 13, 2019, the District issued its \$65,500,000 Election of 2015 General Obligation Bonds, Series C pursuant to the 2015 Authorization. No aggregate principal amount of general obligation bonds remain for issuance pursuant to the 2015 Authorization.

On November 13, 2019, the District issued \$11,055,000 of its 2019 General Obligation Refunding Bonds to refund a portion of the District's 2011 Refunding Bonds.

On June 7, 2022, there was submitted to and approved by the requisite 55% or more of the qualified electors of the District voting on the proposition a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of \$216,000,000 (the "2022 Authorization"). On September 22, 2022 the District issued its \$55,000,000 Election of 2022 General Obligation Bonds, Series A and on February 22, 2024 the District issued its \$55,000,000 Election of 2022 General Obligation Bonds, Series B pursuant to the 2022 Authorization. The Series C Bonds are the third series of general obligation bonds to be issued under the 2022 Authorization, subsequent to which \$79,500,000* of general obligation bonds will remain for issuance under the 2022 Authorization.

Private Placement

In August 2022, the District entered into a five-year lease with Verkada/TEQlease to finance security cameras, particulate sensors, and installation. The estimated total in lease payments is \$340,567, with 0% interest, to be paid in annual installments from August 2022 through August 2026.

Short-term Debt. The District does not expect to issue tax and revenue anticipation notes in fiscal year 2024-25.

Cyber Security

School districts, like other governmental and business entities, face significant risks relating to the use and application of computer software and hardware for educational and operational and management purposes. The District also collects, processes, and distributes an enormous amount of private, protected and personal information on students, staff, parents, visitors, and contractors. As the custodian of such information, the District may face cybersecurity threats from time to time. Given the importance of cybersecurity for school districts, federal lawmakers recently approved the K-12 Cybersecurity Act of 2021 to study cybersecurity risks that school districts face and develop recommended guidelines and an online training toolkit for school district officials to address such cybersecurity risks. The District is not aware of any major cybersecurity attack or breach of its systems during the last five years. To protect itself from cybersecurity attacks, the District utilizes firewalls, multifactor authentication, antivirus and anti-malware software, and provides cybersecurity training to District employees. In addition, the District has an informal general technology use policy. As a result, the District expects that any such disruptions caused by a cyberattack would be temporary in nature. The District currently maintains a policy of cyber liability insurance. There can be no assurance that a future cyberattack or attempted cyberattack would not compromise the personal information that the District collects, processes and stores or cause a disruption in District operations, particularly given that students, teachers, and staff are accessing District computer systems and platforms remotely which may increase the risks of intrusion by third parties.

Charter Schools

There are no charter schools operating within the District's boundaries. The District can make no representations regarding whether District students will transfer to charter schools in the future or back to the District from charter schools, and the corresponding financial impact on the District.

* Preliminary, subject to change.

MARIN COUNTY INVESTMENT POOL

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

The County Board of Supervisors approved the current County Investment Policy Statement (the “Investment Policy”) effective May 21, 2024. See APPENDIX E – “MARIN COUNTY INVESTMENT POLICY STATEMENT.” The Investment Policy applies to all funds managed by the Treasurer as delegated by the County Board of Supervisors. The objective of the Investment Policy is to obtain the highest feasible return consistent with a high degree of safety of principal and the level of liquidity necessary to meet the needs of the County and the agencies participating in the Pooled Investment Fund. In that regard, safety and liquidity sufficient to meet cash flow needs are of primary concern. Under the Investment Policy, return is secondary and subordinate to safety and liquidity in making investment decisions.

Under California law, the District is required to pay all monies received from any source into the Marin County Treasury to be held on behalf of the District. The Treasurer has authority to implement and oversee the investment of funds on deposit in commingled funds of the Treasury.

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

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**MARIN COUNTY
POOLED INVESTMENT FUND
REPORT AS OF FEBRUARY 28, 2025**

Description:	Ending Balance	Average Balance	Weighted Average Days to Maturity	Annualized Yield	Yield
Local Agency Investment Funds ⁽¹⁾	\$280,129.35	\$280,129.35	1	4.333%	4.333%
Money Market Funds	30,934,981.48	32,211,935.54	1	4.233	4.240
Federal Agency Issues- Coupon	925,256,383.40	946,448,854.80	503	4.999	4.562
Federal Agency Issues- Discount	1,696,488,940.30	1,610,638,216.90	187	4.405	4.409
Treasury Securities- Coupon	9,740,625.00	9,791,692.42	425	4.216	4.177
Treasury Securities- Discount	9,554,051.95	9,554,051.95	131	4.716	4.726
Amortized Note	<u>62,609,39.39</u>	<u>62,209.39</u>	<u>361</u>	<u>6.175</u>	<u>6.175</u>
Totals and Averages	\$2,672,317,720.87	\$2,608,987,490.35	295	4.619%	4.460%

⁽¹⁾ The Local Agency Investment Funds is an open ended account and is not included in the weighted average days to maturity.

Source: *Marin County Treasurer-Tax Collector.*

Neither the District nor the Underwriter has made an independent investigation of the investments in the Pooled Investment Fund and has made no assessment of the current Investment Policy. The value of the various investments in the Pooled Investment Fund will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, after a review by the Committee and approval by the County Board of Supervisors may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pooled Investment Fund will not vary significantly from the values described therein.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Report”) by not later than 8 months following the end of the District’s fiscal year (currently ending June 30), which date would be March 1, commencing with the report for the 2024-25 fiscal year, and to provide notices of the occurrence of certain enumerated events. The District will enter into a Continuing Disclosure Agreement (“Continuing Disclosure Agreement”) for the benefit of the Owners of the Bonds. The Annual Report and each notice of enumerated events will be filed by the District with the Electronic Municipal Markets Access system (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”), or any other repository then recognized by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT hereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Within the last five years, the District failed to timely file the unaudited financial statements for fiscal year 2019-20, but filed the audited financial statements for fiscal year 2019-20 once available, and failed to timely file notice of a rating change in September, 2024. The District timely filed the unaudited financial statements for fiscal year 2021-22, but then failed to timely file the audited financial statements for fiscal year 2021-22.

The District has engaged Isom Advisors, a Division of Urban Futures, Inc. to act as Dissemination Agent with respect to the undertaking to be entered into with respect to the Bonds and to assist the District with compliance with its current and future continuing disclosure obligations.

LEGAL MATTERS

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

Limitation on Remedies; Amounts Held in the County Treasury Pool

The opinion of Bond Counsel, the proposed form of which is attached hereto as APPENDIX A, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights. The rights of the Owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

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

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

California Senate Bill 222

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

TAX MATTERS

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

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

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

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

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

The initial public offering price of certain of the Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. The tax rules requiring inclusion in income annually by the holder of a debt instrument having original issue discount of the daily portion of original issue discount for each day during a taxable year in which such holder held such debt instrument is inapplicable to the Bonds. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, and will be added to the holder's basis in the Discount Bond, for federal income tax purposes, on the same terms and conditions as those for other interest on the bonds described above under "TAX MATTERS." Such interest is considered to be accrued in accordance with the constant-yield-to-maturity method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

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

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount

Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

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

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

LEGALITY FOR INVESTMENT

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

RATING

Moody’s Investors Service (“Moody’s”) has assigned its municipal bond rating of “Aa2” to the Bonds. Such rating reflects only the views of Moody’s and an explanation of the significance of such rating may be obtained as follows: Moody’s at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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

UNDERWRITING

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

The Underwriter has agreed to purchase the Refunding Bonds pursuant to the terms of a bond purchase agreement by and between the District and the Underwriter (“Refunding Purchase Agreement” and together with the Series C Purchase Agreement, the “Purchase Agreements”) at the purchase price of \$_____ (reflecting the principal amount of the Bonds plus [net] original issue premium in the amount of \$_____ less an Underwriter’s discount of \$_____), at the rates and yields shown on the inside cover hereof.

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

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

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

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

NO LITIGATION

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

[Remainder of page intentionally left blank.]

OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made such documents and reports for full and complete statements of the contents thereof. Copies of the Resolutions are available upon request from the San Rafael City High School District, 310 Nova Albion Way, San Rafael, California 94903.

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

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

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

FORM OF BOND COUNSEL OPINION

_____, 2025

Board of Education
San Rafael City High School District
310 Nova Albion Way
San Rafael, California 94902

Re: \$ _____ San Rafael City High School District (Marin County, California)
 Election of 2022 General Obligation Bonds, Series C

Members of the Board:

We have acted as bond counsel for the San Rafael City High School District (Marin County, California) (the “District”), in connection with the issuance by the District of \$ _____ aggregate principal amount of the District’s Election of 2022 General Obligation Bonds, Series C (the “Series C Bonds”). The Series C Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53506), as amended, applicable provisions of the Education Code of the State and that certain resolution adopted by the Board of Education of the District on April 21, 2025 (the “Resolution”). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

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

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

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

Resolutions may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Series C Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series C Bonds and express no opinion herein with respect thereto.

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

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

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

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

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

Dannis Woliver Kelley

Board of Education
San Rafael City High School District
310 Nova Albion Way
San Rafael, California 94902

Re: \$ _____ San Rafael City High School District (Marin County, California)
 2025 General Obligation Refunding Bonds

Members of the Board:

We have acted as bond counsel for the San Rafael City High School District (Marin County, California) (the "District"), in connection with the issuance by the District of \$ _____ aggregate principal amount of the District's 2025 General Obligation Refunding Bonds (the "Refunding Bonds"). The Refunding Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53550), and that certain resolution adopted by the Board of Education of the District on April 21, 2025 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

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

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Refunding Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Refunding Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Refunding Bonds. Finally, we undertake no responsibility for the

accuracy, completeness or fairness of the Official Statement or other offering material relating to the Refunding Bonds and express no opinion herein with respect thereto.

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

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

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

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

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

Dannis Woliver Kelley

APPENDIX B

**SAN RAFAEL CITY HIGH SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

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**SAN RAFAEL CITY HIGH SCHOOL DISTRICT
MARIN COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2024**

**NIGRO
& NIGRO^{PC}**

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2024

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SAN RAFAEL CITY HIGH SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2024

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Financial Section

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INDEPENDENT AUDITORS' REPORT

Board of Education
San Rafael City High School District
San Rafael, 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 San Rafael City High School District, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 San Rafael City High School District, as of June 30, 2024, and the respective changes in financial position for the fiscal 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 (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditors' 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 auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by 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), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the LEA 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 the materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024 on our consideration of the 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 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 the District's internal control over financial reporting and compliance.

Nix + Nix, PC.

Murrieta, California
December 12, 2024

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

This discussion and analysis of San Rafael City High School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status increased overall as a result of this year's operations. Net position of governmental activities increased by \$10.5 million.
- Governmental expenses were about \$73.2 million. Revenues were about \$83.7 million.
- The District acquired \$12.4 million in new capital assets during the year.
- Governmental funds increased by \$55.2 million, or 59.2%.

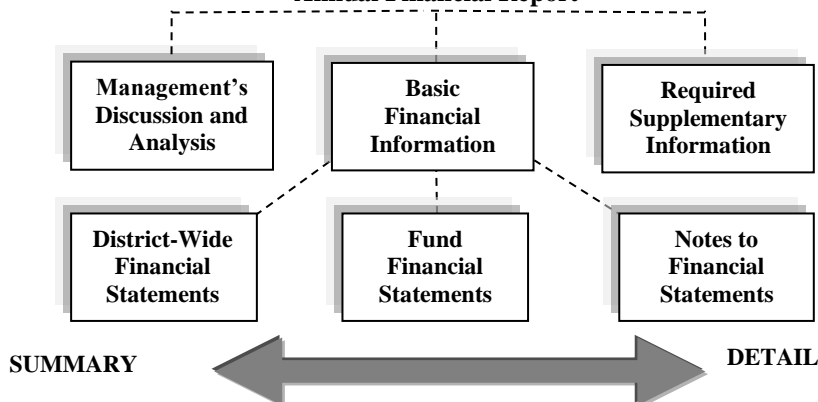
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial* statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.

Figure A-1. Organization of San Rafael City High School District's Annual Financial Report

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The District-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 District'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 District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has one kind of fund:

- ***Governmental funds*** – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements 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. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information on a separate reconciliation page that explain the relationship (or differences) between them.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2024, than it was the year before – increasing from (\$6.8) million to \$3.7 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance
	2024	2023	Increase (Decrease)
Assets			
Current assets	\$ 154,589,045	\$ 102,238,516	\$ 52,350,529
Capital assets	199,494,189	191,238,287	8,255,902
Total assets	354,083,234	293,476,803	60,606,431
Deferred outflows of resources	14,570,081	18,046,854	(3,476,773)
Liabilities			
Current liabilities	10,540,757	12,334,376	(1,793,619)
Long-term liabilities	337,521,933	293,174,031	44,347,902
Total liabilities	348,062,690	305,508,407	42,554,283
Deferred inflows of resources	16,913,466	12,807,846	4,105,620
Net position			
Net investment in capital assets	26,814,929	24,671,385	2,143,544
Restricted	33,320,965	21,745,248	11,575,717
Unrestricted	(56,458,735)	(53,209,229)	(3,249,506)
Total net position	\$ 3,677,159	\$ (6,792,596)	\$ 10,469,755

Changes in net position, governmental activities. The District's total revenues increased 14.2% to \$83.7 million (See Table A-2). The increase is due primarily to state aid.

The total cost of all programs and services increased 13.1% to \$73.2 million. The District's expenses are predominantly related to educating and caring for students, 56.7%. The purely administrative activities of the District accounted for just 5.9% of total costs. A significant contributor to the increase in costs was instruction related costs.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance Increase (Decrease)
	2024	2023	
Revenues			
Program Revenues:			
Charges for services	\$ 378,376	\$ 505,472	\$ (127,096)
Operating grants and contributions	12,273,745	12,512,205	(238,460)
Capital grants and contributions	1,363,716	4,656,412	(3,292,696)
General Revenues:			
Property taxes	52,918,377	42,861,045	10,057,332
Federal and state aid not restricted	7,999,115	7,229,033	770,082
Other general revenues	8,731,952	5,497,532	3,234,420
Total Revenues	83,665,281	73,261,699	10,403,582
Expenses			
Instruction-related	35,161,075	32,137,872	3,023,203
Pupil services	6,369,884	5,604,532	765,352
Administration	4,314,646	2,961,209	1,353,437
Plant services	6,903,316	5,686,628	1,216,688
All other activities	20,446,605	18,335,526	2,111,079
Total Expenses	73,195,526	64,725,767	8,469,759
Increase (decrease) in net position	\$ 10,469,755	\$ 8,535,932	\$ 1,933,823
Net position	\$ 3,677,159	\$ (6,792,596)	

FINANCIAL ANALYSIS OF THE DISTRICT'S 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 \$148.3 million, which is above last year's ending fund balance of \$93.2 million. The primary cause of the increased fund balance is bond proceeds in the Building Fund.

Table A-3: The District's Fund Balances

Fund	Fund Balances				
	July 1, 2023	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2024
General Fund	\$ 12,904,011	\$ 54,229,836	\$ 54,695,656	\$ 253,448	\$ 12,691,639
Student Activity Fund	117,501	330,179	332,161	-	115,519
Adult Education Fund	207,463	297,263	400,993	-	103,733
Cafeteria Fund	575,150	1,394,310	1,411,047	-	558,413
Deferred Maintenance Fund	254,078	12,355	-	-	266,433
Special Reserve Fund (Postemployment Benefits)	2,168,671	102,377	-	(204,103)	2,066,945
Building Fund	62,467,441	4,304,532	12,322,809	55,000,000	109,449,164
Capital Facilities Fund	767,467	116,457	-	(2,289)	881,635
County School Facilities Fund	5,016	1,363,713	1,366,382	-	2,347
Special Reserve Fund (Capital Outlay)	1,483,168	1,692,377	770,137	(47,056)	2,358,352
Bond Interest and Redemption Fund	12,230,909	19,290,123	14,216,170	2,548,859	19,853,721
	\$ 93,180,875	\$ 83,133,522	\$ 85,515,355	\$ 57,548,859	\$ 148,347,901

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$4.8 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased \$4.8 million to reflect revised cost estimates.
- Other non-personnel expenses – increased \$3.2 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$2.9 million, the actual results for the year show that expenditures exceeded revenues by roughly \$0.5 million. Actual revenues were \$0.2 million less than anticipated, and expenditures were \$2.7 million less than budgeted. That amount consists primarily of restricted program dollars that were not spent as of June 30, 2024, that will be carried over into the 2024-25 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2023-24 the District had acquired \$12.4 million in new capital assets, related to land, construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$4.1 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Governmental Activities		Variance
	2024	2023*	Increase (Decrease)
Land	\$ 240,413	\$ 240,413	\$ -
Improvement of sites	1,900,045	2,210,460	(310,415)
Buildings	62,362,212	65,962,590	(3,600,378)
Equipment	1,819,766	1,676,959	142,807
Construction in progress	133,171,753	121,147,865	12,023,888
Total	<u>\$ 199,494,189</u>	<u>\$ 191,238,287</u>	<u>\$ 8,255,902</u>

* As restated

Long-Term Debt

At year-end the District had \$337.5 million in long-term liabilities – an increase of 15.1% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance
	2024	2023	Increase (Decrease)
General obligation bonds	\$ 298,923,958	\$ 246,456,618	\$ 52,467,340
Other postemployment benefits	6,985,709	7,801,085	(815,376)
Compensated absences	230,670	231,895	(1,225)
Net Pension Liability	31,381,596	38,684,433	(7,302,837)
Total	<u>\$ 337,521,933</u>	<u>\$ 293,174,031</u>	<u>\$ 44,347,902</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed an initial budget on June 15, 2024. The main structural difference between the legislative package and the May Revision was that the legislative package started the proposed limitation on NOLs and tax credits one year earlier—resulting in roughly \$5 billion in additional revenue. The Legislature's budget used that additional budget capacity to reject some of the Governor's spending solutions and/or provide other augmentations. The legislative package also included a large number of other smaller changes across a variety of programs. The legislative package used slightly more (nearly \$1 billion) in general purpose reserves than the May Revision.

K-14 Education

Funds Modest COLA and a Few Smaller Augmentations

For 2024-25, the budget provides \$1 billion to cover a 1.07 percent COLA for existing school and community college programs. For schools, the budget also provides an increase of \$300 million (\$179 million ongoing and \$121 million one time) to cover cost increases related to universal school meals. A small portion of the budget's remaining funds are allocated to cover enrollment- and caseload-driven increases in a few specific areas.

Implements Small Payment Deferral

The budget reduces spending in 2024-25 by deferring \$487 million in payments to 2025-26. Of this deferral, half applies to schools and half applies to community colleges. The state will implement the deferral by delaying a portion of the payment districts ordinarily would receive in June 2025 to July 2025. The law allows school districts to be exempt from this deferral (meaning they would receive all of their funding on time) if they can show the delay would cause fiscal insolvency. The purpose of the deferral is to reduce spending in 2024-25 to the minimum level required by Proposition 98.

Suspends Proposition 98 Requirement and Reduces Spending

For 2023-24, the budget invokes a provision allowing the state to suspend the minimum Proposition 98 requirement and reduce spending on schools and community colleges by \$8.3 billion relative to the level otherwise required that year. Separate from this action, the budget makes a \$2.6 billion reduction attributable to 2022-23. Both of these reductions lower the Proposition 98 requirement on an ongoing basis. The combined effect of these reductions is to reduce General Fund spending by \$12.7 billion over the 2022-23 through 2024-25 period. As required by the State Constitution, the budget also withdraws the entire balance from the Proposition 98 Reserve (\$8.4 billion) in 2023-24 to supplement the funding provided to schools and community colleges. In 2024-25, the budget begins to build back the Proposition 98 Reserve by making a discretionary deposit of nearly \$1.1 billion.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Bond Funds

The state is seeking approval of two bond measures on the November 2024 ballot: Proposition 2 and Proposition 4. Proposition 2 would allow the state to borrow \$10 billion to build new facilities and renovate existing facilities at school districts and community colleges. The cost to repay this bond would be about \$500 million each year for 35 years. Proposition 4 would allow the state to borrow \$10 billion to pay for various natural resources and climate activities. The cost to repay this bond would be about \$400 million each year for 40 years. The cost to repay both bonds would total about \$900 million each year.

Scores Savings Related to Attendance and a Few Other Adjustments

In response to significant declines in attendance over the past several years, the state adopted a series of policies temporarily funding school districts based on the attendance they reported prior to the COVID-19 pandemic. For 2024-25, the budget assumes savings of \$1.8 billion as these higher pre-pandemic attendance levels phase out of district funding calculations. In addition, the budget obtains \$1.2 billion in savings by (1) deferring some payments from 2024-25 to 2025-26, (2) reducing funding for State Preschool that is expected to go unused, and (3) repurposing certain unspent appropriations from previous years. Under the Constitution, the state must dedicate all of these savings to other school and community college purposes.

All of these factors were considered in preparing the San Rafael City High School District budget for the 2024-25 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at (415) 492-3205.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT*Statement of Net Position**June 30, 2024*

	Total Governmental Activities
ASSETS	
Deposits and investments	\$ 149,123,102
Accounts receivable	5,450,228
Inventories	11,771
Other current assets	3,944
Capital assets:	
Non-depreciable capital assets	133,412,166
Depreciable capital assets	147,580,253
Less, accumulated depreciation	<u>(81,498,230)</u>
Total assets	<u>354,083,234</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	13,121,093
Deferred outflows of resources - OPEB	<u>1,448,988</u>
Total deferred outflows of resources	<u>14,570,081</u>
LIABILITIES	
Accounts payable	6,194,970
Accrued interest payable	4,299,613
Unearned revenues	46,174
Noncurrent liabilities	
Due or payable within one year	11,140,698
Due in more than one year:	
Other than OPEB and Pensions	288,013,930
Total OPEB Liability	6,985,709
Net Pension Liability	<u>31,381,596</u>
Total liabilities	<u>348,062,690</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB	4,632,173
Deferred inflows of resources - pensions	<u>12,281,293</u>
Total deferred inflows of resources	<u>16,913,466</u>
NET POSITION	
Net investment in capital assets	26,814,929
Restricted for:	
Capital projects	3,242,334
Debt service	19,853,721
Student activity	115,519
Categorical programs	10,109,391
Unrestricted	<u>(56,458,735)</u>
Total net position	<u>\$ 3,677,159</u>

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 30,036,365	\$ 289,051	\$ 5,034,552	\$ 1,363,716	\$ (23,349,046)
Instruction-related services:					
Supervision of instruction	1,442,907	18,383	870,150	-	(554,374)
Instructional library, media and technology	564,675	1,847	96,459	-	(466,369)
School site administration	3,117,128	52,634	70,759	-	(2,993,735)
Pupil services:					
Home-to-school transportation	1,357,905	4,490	292,382	-	(1,061,033)
Food services	1,251,722	2,412	1,302,754	-	53,444
All other pupil services	3,760,257	3,636	1,460,176	-	(2,296,445)
General administration:					
Data processing	205,396	-	-	-	(205,396)
All other general administration	4,109,250	851	164,587	-	(3,943,812)
Plant services	6,903,316	32	2,397,365	-	(4,505,919)
Ancillary services	1,294,202	6	330,377	-	(963,819)
Community services	553,131	162	7,599	-	(545,370)
Interest on long-term debt	12,706,388	-	-	-	(12,706,388)
Other outgo	1,783,125	4,872	246,585	-	(1,531,668)
Depreciation (unallocated)	4,109,759	-	-	-	(4,109,759)
Total governmental activities	<u>\$ 73,195,526</u>	<u>\$ 378,376</u>	<u>\$ 12,273,745</u>	<u>\$ 1,363,716</u>	<u>(59,179,689)</u>
General Revenues:					
Property taxes					52,918,377
Federal and state aid not restricted to specific purposes					7,999,115
Interest and investment earnings					2,571,185
Interagency revenues					427,910
Miscellaneous					<u>5,732,857</u>
Total general revenues					<u>69,649,444</u>
Change in net position					10,469,755
Net position- July 1, 2023					<u>(6,792,596)</u>
Net position - June 30, 2024					<u>\$ 3,677,159</u>

SAN RAFAEL CITY HIGH SCHOOL DISTRICT*Balance Sheet – Governmental Funds**June 30, 2024*

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 15,917,097	\$ 109,959,648	\$ 19,853,721	\$ 3,392,636	\$ 149,123,102
Accounts receivable	4,518,253	500	-	931,475	5,450,228
Due from other funds	123,540	-	-	18,068	141,608
Inventories	-	-	-	11,771	11,771
Other current asset	-	-	-	3,944	3,944
Total Assets	<u>\$ 20,558,890</u>	<u>\$ 109,960,148</u>	<u>\$ 19,853,721</u>	<u>\$ 4,357,894</u>	<u>\$ 154,730,653</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 5,469,631	\$ 510,984	\$ -	\$ 214,355	\$ 6,194,970
Due to other funds	18,068	-	-	123,540	141,608
Unearned revenue	46,174	-	-	-	46,174
Total Liabilities	<u>5,533,873</u>	<u>510,984</u>	<u>-</u>	<u>337,895</u>	<u>6,382,752</u>
Fund Balances					
Nonspendable	5,600	-	-	11,771	17,371
Restricted	9,447,984	109,449,164	19,853,721	4,007,489	142,758,358
Assigned	2,333,378	-	-	739	2,334,117
Unassigned	3,238,055	-	-	-	3,238,055
Total Fund Balances	<u>15,025,017</u>	<u>109,449,164</u>	<u>19,853,721</u>	<u>4,019,999</u>	<u>148,347,901</u>
Total Liabilities and Fund Balances	<u>\$ 20,558,890</u>	<u>\$ 109,960,148</u>	<u>\$ 19,853,721</u>	<u>\$ 4,357,894</u>	<u>\$ 154,730,653</u>

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position *June 30, 2024*

Total fund balances - governmental funds		\$	148,347,901
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In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital and subscription assets less accumulated depreciation and amortization.

Capital assets at historical cost:	280,992,419	
Accumulated depreciation:	<u>(81,498,230)</u>	199,494,189

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

	(4,299,613)
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In governmental funds, deferred outflows and inflows of resources related to other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported.

Deferred outflows of resources	1,448,988	
Deferred inflows of resources	<u>(4,632,173)</u>	(3,183,185)

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 related to pensions are reported as follows:

Deferred outflows of resources	13,121,093	
Deferred inflows of resources	<u>(12,281,293)</u>	839,800

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General obligation bonds payable	298,923,958	
Compensated absences payable	230,670	
Net pension liability	31,381,596	
Total OPEB liability	<u>6,985,709</u>	<u>(337,521,933)</u>

Total net position - governmental activities		<u><u>\$</u></u>	<u><u>3,677,159</u></u>
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SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2024

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 36,691,572	\$ -	\$ -	\$ -	\$ 36,691,572
Federal sources	2,544,739	-	-	866,537	3,411,276
Other state sources	5,895,370	-	66,491	1,889,532	7,851,393
Other local sources	9,212,887	4,304,532	19,223,632	2,438,230	35,179,281
Total Revenues	54,344,568	4,304,532	19,290,123	5,194,299	83,133,522
EXPENDITURES					
Current:					
Instruction	31,721,103	-	-	294,567	32,015,670
Instruction-related services:					
Supervision of instruction	1,553,242	-	-	26,180	1,579,422
technology	518,291	-	-	-	518,291
School site administration	3,219,538	-	-	80,246	3,299,784
Pupil support services:					
Home-to-school transportation	1,357,905	-	-	-	1,357,905
Food services	64,677	-	-	1,369,346	1,434,023
All other pupil services	3,979,955	-	-	-	3,979,955
Ancillary services	967,530	-	-	332,161	1,299,691
Community services	559,461	-	-	-	559,461
General administration services:					
Accrued interest payable					
Data processing services	205,396	-	-	-	205,396
Other general administration	4,117,275	-	-	-	4,117,275
Plant services	5,048,609	-	-	36,967	5,085,576
Transfers of indirect costs	(41,701)	-	-	41,701	-
Capital outlay	-	11,964,059	-	2,099,552	14,063,611
Intergovernmental transfers	1,424,375	-	-	-	1,424,375
Debt service:					
Principal	-	-	3,407,758	-	3,407,758
Interest	-	-	10,808,412	-	10,808,412
Issuance costs	-	358,750	-	-	358,750
Total Expenditures	54,695,656	12,322,809	14,216,170	4,280,720	85,515,355
Excess (Deficiency) of Revenues Over (Under) Expenditures	(351,088)	(8,018,277)	5,073,953	913,579	(2,381,833)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	49,345	-	-	-	49,345
Interfund transfers out	-	-	-	(49,345)	(49,345)
Premiums on bond issuance	-	-	2,548,859	-	2,548,859
Proceeds from bond issuance	-	55,000,000	-	-	55,000,000
Total Other Financing Sources and Uses	49,345	55,000,000	2,548,859	(49,345)	57,548,859
Net Change in Fund Balances	(301,743)	46,981,723	7,622,812	864,234	55,167,026
Fund Balances, July 1, 2023	15,326,760	62,467,441	12,230,909	3,155,765	93,180,875
Fund Balances, June 30, 2024	\$ 15,025,017	\$ 109,449,164	\$ 19,853,721	\$ 4,019,999	\$ 148,347,901

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Fiscal Year Ended June 30, 2024

Total net change in fund balances - governmental funds \$ 55,167,026

Amounts reported for governmental *activities* in the statement of activities are different because:

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	12,378,161	
Depreciation expense	<u>(4,109,759)</u>	8,268,402

Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Expenditures for the repayment of the principal portion of long-term liabilities were:

3,407,758

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. Accreted interest paid exceeded accreted interest earned by:

1,114,704

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 that 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 is:

(1,022,878)

In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amount recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(57,548,859)

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

709,912

In governmental funds, if debt is issued at a premium, the premium is recognized as an other financing source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. The premium amortized for the period is:

559,057

In governmental funds, other postemployment benefit (OPEB) costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contribution was:

(174,092)

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets the resulting gain or loss is:

(12,500)

In the statement of activities, certain operating expenses such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences earned exceeded the amounts used by:

1,225

Change in net position of governmental activities \$ 10,469,755

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San Rafael City High School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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 of the District.

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 identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial 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 revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District also maintains, a Deferred Maintenance Fund, and a Special Reserve Fund for Postemployment Benefits. The Deferred Maintenance Fund does not currently meet the definition of special revenue funds as they are not primarily composed of restricted or committed revenue sources. In addition, the Special Reserve Fund for Postemployment Benefits is not substantially composed of restricted or committed revenue sources. Because these funds do not meet the definition of special revenue funds under GASB 54, the activity in those funds is being reported within the 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.

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

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

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 and 38093).

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

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

County School Facilities Fund: This fund is used primarily to account 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 17070.10 et seq.).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. Revenues- Exchange and Non-Exchange Transactions (continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

C. 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 budget purposes, on behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

D. Encumbrances

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

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

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Capital Assets (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 years

4. 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 combined 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.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position 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 Statement of Net Position 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 will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. Leases

Lessee:

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Leases (continued)

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

If material, lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor:

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Subscription-Based Information Technology Arrangements

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend or to terminate.

If material, the District recognizes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the District which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. The District recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

9. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program 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, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

10. Pensions

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

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

12. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than five percent of total General Fund expenditures and other financing uses.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

I. Change in Accounting Principle

For the fiscal year ended June 30, 2024, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net positions, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Governmental funds/activities	\$ 149,123,102
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Deposits and investments as of June 30, 2024 consist of the following:

Cash on hand and in banks	\$ 121,154
Cash in revolving fund	5,600
Investments	148,996,348
Total deposits and investments	<u>\$ 149,123,102</u>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Marin County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Marin 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 Marin County Treasurer, which is recorded on the amortized basis.

Custodial Credit Risk – Deposits

Custodial credit risk 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. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2024, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Pooled Investments

The District maintains deposits in the State's Local Agency Investment Fund (LAIF).

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2024, consist of the following:

	Reported Amount	Maturity		Fair Value Measurement	Rating
		Less Than One Year	One Year Through Five Years		
Investments:					
Marin County Pool	\$ 148,505,096	\$ 148,505,096	\$ -	Uncategorized Level 1	N/A
Local Agency Investment	491,252	491,252	-		N/A
Total Investments	<u>\$ 148,996,348</u>	<u>\$ 148,996,348</u>	<u>\$ -</u>		

Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2024, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2024, the District had no investments that represents more than five percent of the District's net investments, outside of the County treasury.

Fair Value Measurements

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

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

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

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements (continued)

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 date if reasonably 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 State's Local Agency Investment Fund 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.

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

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal Government:				
Categorical aid programs	\$ 939,828	\$ -	\$ 136,056	\$ 1,075,884
State Government:				
LCFF	2,180,005	-	-	2,180,005
Lottery	176,318	-	-	176,318
Special Education	202,989	-	-	202,989
Categorical aid programs	415,389	-	140,355	555,744
Local:				
Other local resources	603,724	500	655,064	1,259,288
Total	<u>\$ 4,518,253</u>	<u>\$ 500</u>	<u>\$ 931,475</u>	<u>\$ 5,450,228</u>

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2024, consisted of the following:

Special Reserve Fund for Capital Outlay Projects due to General Fund for contribution	\$ 47,056
Capital Facilities Fund due to General Fund to transfer expenditures	2,289
Cafeteria Fund due to General Fund for indirect costs	74,195
General Fund due to Cafeteria Fund for contribution	<u>18,068</u>
Total	<u>\$ 141,608</u>

B. Transfers To/From Other Funds

Transfers to/from other funds during the year ended June 30, 2024, consisted of the following:

Capital Facilities Fund to General Fund to transfer expenditures	\$ 2,289
Special Reserve Fund for Capital Outlay Projects to General Fund for contribution	<u>47,056</u>
	<u>\$ 49,345</u>

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 5 – FUND BALANCES

At June 30, 2024, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	\$ 5,600	\$ -	\$ -	\$ -	\$ 5,600
Inventories	-	-	-	11,771	11,771
Total Nonspendable	5,600	-	-	11,771	17,371
Restricted:					
Categorical programs	9,447,984	-	-	102,994	9,550,978
Food services program	-	-	-	546,642	546,642
Student activity	-	-	-	115,519	115,519
Capital projects	-	109,449,164	-	3,242,334	112,691,498
Debt service	-	-	19,853,721	-	19,853,721
Total Restricted	9,447,984	109,449,164	19,853,721	4,007,489	142,758,358
Assigned:					
Postemployment benefits	2,066,945	-	-	-	2,066,945
Other assignments	-	-	-	739	739
Deferred maintenance program	266,433	-	-	-	266,433
Total Assigned	2,333,378	-	-	739	2,334,117
Unassigned:					
Remaining unassigned balances	3,238,055	-	-	-	3,238,055
Total Unassigned	3,238,055	-	-	-	3,238,055
Total	\$ 15,025,017	\$ 109,449,164	\$ 19,853,721	\$ 4,019,999	\$ 148,347,901

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2023	Restatements	Restated Balance, July 1, 2023	Additions	Retirements	Balance, June 30, 2024
Capital assets not being depreciated:						
Land	\$ 240,413	\$ -	\$ 240,413	\$ -	\$ -	\$ 240,413
Construction in progress	4,653,946	116,493,919	121,147,865	12,023,888	-	133,171,753
Total capital assets not being depreciated	4,894,359	116,493,919	121,388,278	12,023,888	-	133,412,166
Capital assets being depreciated:						
Improvement of sites	23,033,251	(10,699,346)	12,333,905	-	-	12,333,905
Buildings	238,129,363	(106,069,379)	132,059,984	-	-	132,059,984
Equipment	2,743,738	307,802	3,051,540	354,273	219,449	3,186,364
Total capital assets being depreciated	263,906,352	(116,460,923)	147,445,429	354,273	219,449	147,580,253
Accumulated depreciation for:						
Improvement of sites	(10,123,445)	-	(10,123,445)	(310,415)	-	(10,433,860)
Buildings	(66,097,394)	-	(66,097,394)	(3,600,378)	-	(69,697,772)
Equipment	(1,341,585)	(32,996)	(1,374,581)	(198,966)	(206,949)	(1,366,598)
Total accumulated depreciation	(77,562,424)	(32,996)	(77,595,420)	(4,109,759)	(206,949)	(81,498,230)
Total capital assets being depreciated, net	186,343,928	(116,493,919)	69,850,009	(3,755,486)	12,500	66,082,023
Governmental activity capital assets, net	\$ 191,238,287	\$ -	\$ 191,238,287	\$ 8,268,402	\$ 12,500	\$ 199,494,189

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2024, were as follows:

	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024	Amount Due Within One Year
General Obligation Bonds:					
Principal payments	\$ 215,795,091	\$ 55,000,000	\$ 3,407,758	\$ 267,387,333	\$ 7,699,177
Accreted interest	17,910,238	1,477,538	2,592,242	16,795,534	2,825,823
Unamortized premium, net	12,751,289	2,548,859	559,057	14,741,091	615,698
Total - Bonds	246,456,618	59,026,397	6,559,057	298,923,958	11,140,698
Compensated Absences	231,895	-	1,225	230,670	-
Totals	\$ 246,688,513	\$ 59,026,397	\$ 6,560,282	\$ 299,154,628	\$ 11,140,698

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Compensated absences will be paid for by the fund for which the employee worked.

A. General Obligation Bonds

Election of 1999

An election was held on December 7, 1999, at which more than two-thirds of the voters in the District authorized the issuance and sale of \$13.0 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were used to repair roofs, replace fire alarms, replace portable classrooms with permanent classrooms, make earthquake safety improvements, renovate and update classrooms, acquire school facilities, and improve school sites and facilities. These bonds were refunded by the 2011 General Obligation Refunding Bonds as explained under Prior-Year Defeasance of Debt.

Election of 2002

An election was held on November 5, 2002, at which time more than fifty-five percent of the voters in the District authorized the issuance and sale of \$49.5 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were used to finance the upgrading, construction, acquisition and equipping of school libraries, art facilities, classrooms, and science labs, modernization of plumbing, bathroom, and locker facilities, upgrading of technology infrastructure, installation of energy efficient heating and cooling systems, removal of hazardous conditions, and to pay all necessary legal, financial, and contingent costs associated with the bonds.

Election of 2015

An election was held on November 3, 2015, at which time more than fifty-five percent of the voters in the District authorized the issuance and sale of \$160.5 million of general obligation bonds. Bond proceeds were used to finance the repair, upgrading, acquisition, construction, and equipping of certain district property and facilities and to pay the costs of issuing the bonds. On November 13, 2019, the District issued Series C in the amount of \$65,500,000.

Election of 2022

An election was held on June 7, 2022, at which time more than fifty-five percent of the voters in the District authorized the issuance and sale of \$216 million in general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were issued to modernize high schools in San Rafael and Terra Linda, including: updating science labs, technology and career/job training classrooms for current educational standards; updating arts/music; and updating classrooms/ facilities for health, safety and wellness.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

2019 General Obligation Refunding Bonds

On November 13, 2019, the District issued \$11,055,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 1.694% and 2.486% with annual maturities from August 1, 2020 through August 1, 2028. The net proceeds of \$10,904,008 were used to refund a portion of the outstanding 2011 General Obligation Refunding Bonds, and to pay costs of issuance of the refunding bonds.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability.

A summary of outstanding general obligation bonds issued is presented below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024
2002B	8/4/2004	8/1/2029	4.93%-5.70%	\$ 39,495,315	\$ 10,140,091	\$ -	\$ 1,497,758	\$ 8,642,333
2015A	3/10/2016	8/1/2045	3.0%-5.0%	35,000,000	26,895,000	-	-	26,895,000
2015B	7/26/2018	8/1/2047	3.0%-5.0%	60,000,000	52,855,000	-	-	52,855,000
2015C	11/13/2019	8/1/2047	2.63%-5.00%	65,500,000	61,995,000	-	250,000	61,745,000
2019R	11/13/2019	8/1/2028	1.69%-2.49%	11,055,000	8,910,000	-	1,660,000	7,250,000
2022A	9/22/2022	8/1/2052	3.95%-5.0%	55,000,000	55,000,000	-	-	55,000,000
2022B	2/22/2024	8/1/2053	4.00%-5.00%	55,000,000	-	55,000,000	-	55,000,000
					<u>\$ 215,795,091</u>	<u>\$ 55,000,000</u>	<u>\$ 3,407,758</u>	<u>\$ 267,387,333</u>

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2024, were as follows:

Fiscal Year	Principal	Interest	Total
2024-2025	\$ 7,699,177	\$ 13,169,037	\$ 20,868,214
2025-2026	6,952,635	13,319,758	20,272,393
2026-2027	6,261,446	13,369,607	19,631,053
2027-2028	4,329,255	13,481,591	17,810,846
2028-2029	4,113,557	13,648,607	17,762,164
2029-2034	17,796,263	52,066,346	69,862,609
2034-2039	34,795,000	41,740,775	76,535,775
2039-2044	59,865,000	32,802,672	92,667,672
2044-2049	79,250,000	18,015,300	97,265,300
2049-2054	46,325,000	5,491,175	51,816,175
Total	<u>\$ 267,387,333</u>	<u>\$ 217,104,868</u>	<u>\$ 484,492,201</u>

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2024, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 6,846,374	\$ 1,448,988	\$ 4,632,173	\$ 363,555
MPP Program	139,335	-	-	(18,892)
Total	<u>\$ 6,985,709</u>	<u>\$ 1,448,988</u>	<u>\$ 4,632,173</u>	<u>\$ 344,663</u>

The details of each plan are as follows:

District Plan

Plan Description

The District's single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The District contributes toward post-retirement benefits for employees who retire after meeting certain age and service requirements.

Eligibility for benefits: Classified employees are eligible upon retirement under PERS if they elect medical coverage under CalPERS plans. Certificated employees are eligible upon retirement under PERS or STRS if they elect medical coverage under CalPERS plans.

Benefits payable: Retired employees will receive the PEMHCA minimum amount. This amount is \$151.00 per month in 2023, and \$157.00 in 2024.

A certificated retiree who retired after at least age 55 with at least 10 years of District service will also receive \$230 per month for five years or until age 65, whichever comes first. A classified retiree who retired after at least age 60 with at least 11 years of District service will also receive \$230 per month (pro-rated if part-time) for five years or until age 65, whichever comes first.

PEMHCA minimum benefits are paid for the life of the retired employee, and cease upon the retiree's death. The surviving spouse may choose to continue medical coverage under CalPERS medical plans, in which case the PEMHCA minimum amount will continue for the remainder of the spouse's life.

No other benefits are paid to retirees besides those described above.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	104
Active employees	232
Total	<u>336</u>

Total OPEB Liability

The District's total OPEB liability of \$6,846,374 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Inflation	2.75 percent
Salary increases	3.00 percent
Healthcare cost trend rates	5.00 percent

Discount Rate

The discount rate is equal to 4.09% as of June 30, 2022 and 4.13% as of June 30, 2023. This complies with the new requirements of GASB 75 that the discount rate for an unfunded program should reflect the yield on high-quality 20-year municipal bonds. The District has elected to use the "S&P Municipal Bond 20 Year High Grade Rate Index" for this purpose.

Mortality Rates

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for the pension valuations.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2022	<u>\$ 7,642,858</u>
Changes for the year:	
Service cost	492,877
Interest	307,615
Differences between expected and actual experience	(1,315,656)
Changes of assumptions	(37,910)
Benefit payments	<u>(243,410)</u>
Net changes	<u>(796,484)</u>
Balance at June 30, 2023	<u><u>\$ 6,846,374</u></u>

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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

The following presents the total OPEB liability of the 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:

Discount Rate	OPEB Liability
1% decrease	\$ 7,896,579
Current discount rate	\$ 6,846,374
1% increase	\$ 5,996,266

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ 6,026,167
Current trend rate	\$ 6,846,374
1% increase	\$ 7,865,468

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$363,555. In addition, at June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date of the net OPEB liability	\$ 234,732	\$ -
Differences between expected and actual experience	-	2,366,899
Changes of assumptions	1,214,256	2,265,274
Total	\$ 1,448,988	\$ 4,632,173

The deferred outflows and inflows of resources related to changes of assumptions and differences between expected and actual experience in the measurement of the total OPEB liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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

Amounts reported as deferred outflows and deferred inflows will be recognized in OPEB expenses as follows:

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2025	\$ (436,937)
2026	(436,937)
2027	(436,937)
2028	(436,937)
2029	(457,940)
Thereafter	(1,212,229)
	<u>\$ (3,417,917)</u>

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2023, 4,457 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Total OPEB Liability

At June 30, 2024, the District reported a liability of \$139,335 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2023, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total OPEB liability to June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<u>Percentage Share of MPP Program</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2024</u>	<u>Fiscal Year Ending June 30, 2023</u>	
Measurement Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>	
Proportion of the Net OPEB Liability	0.045919%	0.048033%	(0.002114%)

For the year ended June 30, 2024, the District reported OPEB expense of \$(18,892).

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2023
Valuation Date	June 30, 2022
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.65%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population of 138,780.

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

Sensitivity of the proportionate share of the net OPEB liability to changes in the discount rate

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

		MPP OPEB
	Discount Rate	Liability
	1% decrease	\$ 151,429
	Current discount rate	\$ 139,335
	1% increase	\$ 128,820

Sensitivity of the proportionate share of the net OPEB liability to changes in the Medicare costs trend rates

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

		MPP OPEB
	Medicare Cost Trend Rates	Liability
	1% decrease	\$ 128,202
	Current trend rate	\$ 139,335
	1% increase	\$ 151,904

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS

Qualified employees are covered under multiple-employer defined benefit pension 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).

For the fiscal year ended June 30, 2024, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 23,643,942	\$ 9,168,533	\$ 3,260,765	\$ 3,398,312
CalPERS	7,737,654	3,952,560	9,020,528	1,052,000
Total	<u>\$ 31,381,596</u>	<u>\$ 13,121,093</u>	<u>\$ 12,281,293</u>	<u>\$ 4,450,312</u>

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Benefits Provided (continued)

The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

Contributions

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

The contribution rates for each program for the year ended June 30, 2024, are presented above, and the District's total contributions were \$4,170,353.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$	23,643,942
State's proportionate share of the net pension liability associated with the District		11,328,477
Total	\$	34,972,419

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2024	Fiscal Year Ending June 30, 2023	
	June 30, 2023	June 30, 2022	
Measurement Date	June 30, 2023	June 30, 2022	
Proportion of the Net Pension Liability	0.031045%	0.032005%	(0.000961%)

For the year ended June 30, 2024, the District recognized pension expense of \$3,398,312. In addition, the District recognized pension expense and revenue of \$(164,513) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,170,353	\$ -
Net change in proportionate share of net pension liability	2,902,044	1,995,694
Difference between projected and actual earnings on pension plan investments	101,206	-
Changes of assumptions	136,907	-
Differences between expected and actual experience	1,858,023	1,265,071
Total	\$ 9,168,533	\$ 3,260,765

The 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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 7 years.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 605,946	\$ 865,443
2026	605,946	1,249,951
2027	2,435,131	409,416
2028	610,014	265,614
2029	333,939	265,614
Thereafter	407,204	204,727
Total	<u>\$ 4,998,180</u>	<u>\$ 3,260,765</u>

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2023, include:

Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (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 investment staff and investment consultants as inputs to the process.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

The actuarial investment rate of return assumption was adopted by the board in January 2020 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, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	38.0%	5.25%
Real Estate	15.0%	4.05%
Private Equity	14.0%	6.75%
Fixed Income	14.0%	2.45%
Risk Mitigating Strategies	10.0%	2.25%
Inflation Sensitive	7.0%	3.65%
Cash/Liquidity	2.0%	0.05%

Discount Rate

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

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 39,660,826
Current discount rate (7.10%)	\$ 23,643,942
1% increase (8.10%)	\$ 10,340,053

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the *Education Code* and *Public Resources Code* Section 6217.5. Under accounting principles generally accepted in the United States of America, these contributions are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$1,812,007.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	26.68%	26.68%

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024 are presented above, and the total District contributions were \$1,144,384.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$7,737,654. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2024	Fiscal Year Ending June 30, 2023	
	June 30, 2023	June 30, 2022	
Measurement Date	June 30, 2023	June 30, 2022	
Proportion of the Net Pension Liability	0.021375%	0.047822%	(0.026447%)

For the year ended June 30, 2024, the District recognized pension expense of \$1,052,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,144,384	\$ -
Net change in proportionate share of net pension liability	414,992	7,973,837
Difference between projected and actual earnings on pension plan investments	1,754,344	927,852
Changes of assumptions	356,471	-
Differences between expected and actual experience	282,369	118,839
Total	\$ 3,952,560	\$ 9,020,528

The 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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 1,099,998	\$ 2,737,166
2026	945,252	2,712,833
2027	737,205	1,983,627
2028	25,721	1,586,902
2029	-	-
Thereafter	-	-
Total	<u>\$ 2,808,176</u>	<u>\$ 9,020,528</u>

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	2000-2019
Actuarial Cost Method	Entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.9%)	\$ 11,186,648
Current discount rate (6.9%)	\$ 7,737,654
1% increase (7.9%)	\$ 4,887,140

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans

At June 30, 2024, the District did not have any outstanding payables for outstanding contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2024.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 10 – JOINT VENTURES

The San Rafael City High School District participates in a joint venture under a joint powers agreement (JPA), the Marin Schools Insurance Authority (MSIA). The relationship between the San Rafael City High School District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA arranges for and provide workers' compensation, property and liability and health insurance for its member school districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

Separately issued financial statements can be requested from the JPA.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Construction Commitments

As of June 30, 2024, the District had commitments with respect to unfinished capital projects of approximately \$72.7 million to be paid from local funds.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2024.

NOTE 12 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, the District participated in the MSIA public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the MSIA public entity risk pool for workers compensation, with excess coverage provided by the Schools Excess Liability Fund (SELF) public entity risk pool.

Employee Medical Benefits

The District has contracted with CalPERS to provide employee medical and surgical benefits. Additional dental benefits and basic life insurance benefits are provided through the MSIA public entity risk pool.

Required Supplementary Information

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SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF Sources	\$ 36,169,798	\$ 37,314,156	\$ 36,691,572	\$ (622,584)
Federal Sources	2,391,280	2,974,877	2,544,739	(430,138)
Other State Sources	3,612,025	5,254,103	5,895,370	641,267
Other Local Sources	7,481,495	8,929,594	9,098,155	168,561
Total Revenues	49,654,598	54,472,730	54,229,836	(242,894)
Expenditures				
Current:				
Certificated Salaries	19,333,696	22,007,047	21,982,864	24,183
Classified Salaries	3,435,306	4,458,011	4,425,193	32,818
Employee Benefits	10,119,118	11,265,471	11,185,315	80,156
Books and Supplies	2,146,190	2,187,970	1,072,825	1,115,145
Services and Other Operating Expenditures	13,199,558	16,163,530	14,509,901	1,653,629
Capital Outlay	206,165	186,609	95,183	91,426
Intergovernmental Transfers	950,394	1,130,483	1,424,375	(293,892)
Total Expenditures	49,390,427	57,399,121	54,695,656	2,703,465
Excess (Deficiency) of Revenues Over (Under) Expenditures	264,171	(2,926,391)	(465,820)	2,460,571
Other Financing Sources (Uses)				
Interfund transfer in	32,784	32,784	253,448	220,664
Interfund transfers out	(139,443)	(139,443)	-	139,443
Total Other Financing Sources and Uses	(106,659)	(106,659)	253,448	360,107
Net Change in Fund Balance	157,512	(3,033,050)	(212,372)	2,820,678
Fund Balance, July 1, 2023	12,624,629	12,624,629	12,904,011	279,382
Fund Balance, June 30, 2024	<u>\$ 12,782,141</u>	<u>\$ 9,591,579</u>	<u>\$ 12,691,639</u>	<u>\$ 3,100,060</u>
Fund Balances included in the Statement of Revenues, Expenditures and				
Changes in Fund Balances:				
Deferred Maintenance Fund			266,433	
Special Reserve Fund for Postemployment Benefits			2,066,945	
Reported General Fund balance on the Statement of Revenues, Expenditures				
and Changes in Fund Balances:			<u>\$ 15,025,017</u>	

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalSTRS For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years				
	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19
District's proportion of the net pension liability	0.0310%	0.0320%	0.0301%	0.0314%	0.0286%
District's proportionate share of the net pension liability	\$ 23,643,942	\$ 22,239,213	\$ 13,688,863	\$ 30,412,819	\$ 25,874,939
State's proportionate share of the net pension liability associated with the District	11,328,477	11,137,311	6,887,705	15,677,812	14,116,507
Totals	<u>\$ 34,972,419</u>	<u>\$ 33,376,524</u>	<u>\$ 20,576,568</u>	<u>\$ 46,090,631</u>	<u>\$ 39,991,446</u>
District's covered-employee payroll	<u>\$ 19,753,109</u>	<u>\$ 17,713,398</u>	<u>\$ 16,506,897</u>	<u>\$ 16,666,855</u>	<u>\$ 15,193,526</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	119.70%	125.55%	87.81%	182.47%	170.30%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	81%	87%	72%	73%
Employer's Fiscal Year Measurement Period	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15	2014-15 2013-14
District's proportion of the net pension liability	0.0299%	0.0287%	0.0290%	0.0310%	0.0280%
District's proportionate share of the net pension liability	\$ 27,455,994	\$ 26,552,449	\$ 23,455,490	\$ 20,870,440	\$ 16,362,360
State's proportionate share of the net pension liability associated with the District	15,719,840	15,708,204	13,354,758	11,038,132	9,880,399
Totals	<u>\$ 43,175,834</u>	<u>\$ 42,260,653</u>	<u>\$ 36,810,248</u>	<u>\$ 31,908,572</u>	<u>\$ 26,242,759</u>
District's covered-employee payroll	<u>\$ 15,442,134</u>	<u>\$ 14,368,355</u>	<u>\$ 14,279,925</u>	<u>\$ 13,677,185</u>	<u>\$ 12,495,200</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	177.80%	184.80%	164.25%	152.59%	130.95%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalPERS For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years				
	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19
District's proportion of the net pension liability	0.0214%	0.0478%	0.0462%	0.0492%	0.0479%
District's proportionate share of the net pension liability	\$ 7,737,654	\$ 16,455,220	\$ 9,398,695	\$ 15,091,725	\$ 13,972,108
District's covered-employee payroll	\$ 3,556,405	\$ 5,123,678	\$ 4,172,415	\$ 4,885,858	\$ 4,604,579
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	213.31%	351.88%	214.60%	308.89%	303.44%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%
Employer's Fiscal Year Measurement Period	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15	2014-15 2013-14
	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15	2014-15 2013-14
District's proportion of the net pension liability	0.0507%	0.0485%	0.0475%	0.0484%	0.0485%
District's proportionate share of the net pension liability	\$ 13,518,980	\$ 11,580,494	\$ 9,381,279	\$ 7,134,208	\$ 5,505,931
District's covered-employee payroll	\$ 4,792,055	\$ 4,438,731	\$ 4,026,825	\$ 3,890,638	\$ 3,741,592
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	282.11%	260.90%	232.97%	183.37%	147.15%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year	Last Ten Fiscal Years				
	2023-24	2022-23	2021-22	2020-21	2019-20
Contractually required contribution	\$ 4,170,353	\$ 3,772,844	\$ 2,997,107	\$ 2,665,864	\$ 2,850,032
Contributions in relation to the contractually required contribution	4,170,353	3,772,844	2,997,107	2,665,864	2,850,032
Contribution deficiency (excess):				\$ -	\$ -
District's covered-employee payroll	\$ 21,834,307	\$ 19,753,109	\$ 17,713,396	\$ 16,506,897	\$ 16,666,855
Contributions as a percentage of covered-employee payroll	19.10%	19.10%	16.92%	16.15%	17.10%
Employer's Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	\$ 2,473,506	\$ 2,228,300	\$ 1,807,539	\$ 1,532,236	\$ 1,214,534
Contributions in relation to the contractually required contribution	2,473,506	2,228,300	1,807,539	1,532,236	1,214,534
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 15,193,526	\$ 15,442,134	\$ 14,368,355	\$ 14,279,925	\$ 13,677,185
Contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year	Last Ten Fiscal Years				
	2023-24	2022-23	2021-22	2020-21	2019-20
Contractually required contribution	\$ 1,144,384	\$ 902,260	\$ 1,071,361	\$ 863,690	\$ 963,540
Contributions in relation to the contractually required contribution	1,144,384	902,260	1,071,361	863,690	963,540
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,289,295	\$ 3,556,405	\$ 5,123,678	\$ 4,172,415	\$ 4,885,858
Contributions as a percentage of covered-employee payroll	26.680%	25.370%	20.910%	20.700%	19.721%

Employer's Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	\$ 831,679	\$ 744,254	\$ 616,451	\$ 477,058	\$ 457,967
Contributions in relation to the contractually required contribution	831,679	744,254	616,451	477,058	457,967
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,604,579	\$ 4,792,055	\$ 4,438,731	\$ 4,026,825	\$ 3,890,638
Contributions as a percentage of covered-employee payroll	18.062%	15.531%	13.888%	11.847%	11.771%

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*						
	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
Total OPEB liability							
Service cost	\$ 492,877	\$ 732,125	\$ 463,429	\$ 435,068	\$ 532,729	\$ 498,386	\$ 537,236
Interest	307,615	203,642	261,225	255,511	279,859	268,982	235,686
Changes of benefit terms	-	-	(1,288,398)	-	-	-	-
Differences between expected and actual experience	(1,315,656)	-	(806,586)	-	(1,084,950)	-	-
Changes of assumptions or other inputs	(37,910)	(2,454,448)	1,209,097	215,310	248,704	234,712	(643,637)
Benefit payments	(243,410)	(359,713)	(276,017)	(210,969)	(208,026)	(200,993)	(264,014)
Net change in total OPEB liability	(796,484)	(1,878,394)	(437,250)	694,920	(231,684)	801,087	(134,729)
Total OPEB liability - beginning	7,642,858	9,521,252	9,958,502	9,263,582	9,495,266	8,694,179	8,828,908
Total OPEB liability - ending	<u>\$ 6,846,374</u>	<u>\$ 7,642,858</u>	<u>\$ 9,521,252</u>	<u>\$ 9,958,502</u>	<u>\$ 9,263,582</u>	<u>\$ 9,495,266</u>	<u>\$ 8,694,179</u>
Covered-employee payroll	<u>\$ 22,276,098</u>	<u>\$ 23,764,309</u>	<u>\$ 22,819,196</u>	<u>\$ 22,745,830</u>	<u>\$ 22,646,905</u>	<u>\$ 20,797,782</u>	<u>\$ 34,864,850</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>30.73%</u>	<u>32.16%</u>	<u>41.72%</u>	<u>43.78%</u>	<u>40.90%</u>	<u>45.66%</u>	<u>24.94%</u>

This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*						
	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
District's proportion of net OPEB liability	0.0459%	0.4800%	0.0452%	0.0476%	0.0443%	0.0470%	0.0457%
District's proportionate share of net OPEB liability	\$ 139,335	\$ 158,227	\$ 180,347	\$ 201,555	\$ 164,895	\$ 179,816	\$ 192,251
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)	(0.81%)	0.40%	0.01%

This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* and provisions of the *California Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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 adoptions 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

Change in benefit terms – There were no changes in benefit terms since the previous valuations for either CalSTRS and CalPERS.

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

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

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

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 4.09 percent to 4.13 percent since the previous valuation.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

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

Change of assumptions – The discount rate was changed from 3.54 percent to 3.65 percent since the previous valuation.

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Supplementary Information

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SAN RAFAEL CITY HIGH SCHOOL DISTRICT

*Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2024*

	Second Period Report	Annual Report
Regular & Extended Year ADA:		
Grades 9 - 12	2,460.99	2,459.07
Total Regular ADA	2,460.99	2,459.07
Special Education, Nonpublic, Nonsectarian Schools:		
Grades 9 - 12	22.65	22.25
Total Special Education, Nonpublic, Nonsectarian Schools	22.65	22.25
Total ADA	2,483.64	2,481.32

SAN RAFAEL CITY HIGH SCHOOL DISTRICT*Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2024*

<u>Grade Level</u>	<u>Instructional Minute Requirement</u>	<u>Instructional Minutes Offered</u>	<u>Instructional Days Offered</u>	<u>Status</u>
Grade 9	64,800	64,805	180	Complied
Grade 10	64,800	64,805	180	Complied
Grade 11	64,800	64,805	180	Complied
Grade 12	64,800	64,805	180	Complied

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Schedule of Financial Trends and Analysis For the Fiscal Year Ended June 30, 2024

General Fund	(Budget) ² 2025	2024 ³	2023	2022
Revenues and other financing sources	\$ 53,034,309	\$ 54,483,284	\$ 52,608,504	\$ 44,920,514
Expenditures	54,591,245	54,695,656	50,822,706	44,181,403
Other uses and transfers out	139,443	-	-	-
Total Outgo	54,730,688	54,695,656	50,822,706	44,181,403
Change in fund balance (deficit)	(1,696,379)	(212,372)	1,785,798	739,111
Ending fund balance	\$ 10,995,260	\$ 12,691,639	\$ 12,904,011	\$ 11,118,213
Available Reserves ¹	\$ 2,941,330	\$ 3,238,055	\$ 1,463,334	\$ 1,326,000
Available Reserves as a percentage of Total Outgo ⁴	5.4%	5.9%	2.9%	3.0%
Total Long-Term Debt	\$ 326,381,235	\$ 337,521,933	\$ 293,174,031	\$ 227,620,199
Average Daily Attendance at P-2.	2,595	2,484	2,471	2,366

The General Fund balance has increased by \$1.6 million over the past two years. The fiscal year 2024-25 adopted budget projects an decrease of \$1.7 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District experienced an operating surplus in two of the past three years, and anticipates incurring an operating deficit during the 2024-25 fiscal year. Total long-term debt has increased by \$109.9 million over the past two years.

ADA increased by 118 compared to 2021-22. In fiscal year 2024-25, the District projects ADA to increase by 111.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² As of September 2024.

³ The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, and the Special Reserve for Postemployment Benefits Funds in accordance with the fund type definitions promulgated by GASB Statement No. 54.

⁴ Unrestricted reserves in the General Fund were below 3% of total General Fund expenditures in 2022-23, the District has \$5.5 million available in assigned categories in the General Fund and reserve funds that can be used to make up for any shortfall.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT***Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2024***

	Student Activities Fund	Adult Education Fund
June 30, 2024, annual financial and budget report fund balance	\$ 120,063	\$ 47,282
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Accounts receivable understated	-	56,451
Accounts payable overstated (understated)	7,734	-
Cash overstated	(12,278)	-
June 30, 2024, reported financial statement fund balances	<u>\$ 115,519</u>	<u>\$ 103,733</u>

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Sub-total Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	\$ 348,107	
National School Lunch Program	10.555	13523	477,847	
USDA Donated Foods	10.555	13391	40,580	
Total Child Nutrition Cluster				\$ 866,534
Total U.S. Department of Agriculture				866,534
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I Grants to Local Educational Agencies:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	303,880	
School Improvement Funding for LEAs	84.010	15438	119,783	
Subtotal Title I Grants				423,663
Title II, Part A, Supporting Effective Instruction	84.367	14341		76,432
Career and Technical Education for the 21st Century (Perkins V)	84.048	14894		82,278
English Language Acquisition Grants:				
Title III, Immigrant Education	84.365	15146	4,681	
Title III, Limited English Proficient	84.365	14346	103,781	
Total English Language Acquisition Grants				108,462
Title IV, Part A, Student Support and Academic Enrichment Grant	84.424	15396		33,279
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	370,208	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	267,686	
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	14,648	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U	15620	214,598	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	369,930	
American Rescue Plan-Homeless Children and Youth II	84.425	15566	6,313	
Total Education Stabilization Fund				1,243,383
Individuals with Disabilities Education Act (IDEA):				
Passed through Marin County SELPA:				
Special Education Cluster:				
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	542,569	
Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	34,676	
Total Special Education Cluster				577,245
Total U.S. Department of Education				2,544,742
Total Expenditures of Federal Awards				\$ 3,411,276

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 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 Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards

The 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 the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

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Other Information

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Local Educational Agency Organization Structure

June 30, 2024

The San Rafael City High School District was established in 1861. The District boundaries encompass the City of San Rafael, as well as small portions of the City of Larkspur and the town of Ross and some unincorporated areas of central Marin County. There were no changes in the boundaries of the District during the current year. The District provides secondary education for students residing in two elementary school districts: Dixie School District and San Rafael City High School District. The District is currently operating two comprehensive high schools, and a continuation high school.

GOVERNING BOARD

Member	Office	Term Expires
Lucia Martel-Dow	President	November, 2026
Carolina Martin	Vice President	November, 2026
Maureen “Mo” de Nieva-Marsh	Member	November, 2024
Mark Koemer	Member	November, 2026
Marina Palma	Member	November, 2024

DISTRICT ADMINISTRATORS

Carmen Diaz Ghysels,
Superintendent

Bob Marcucci,
Assistant Superintendent, Business Services

Other Independent Auditors' Reports

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

Board of Education
San Rafael City High School District
San Rafael, 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 San Rafael City High School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2024 .

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 the District's financial statements are free of 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California
December 12, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
San Rafael City High School District
San Rafael, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the San Rafael City High 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 the San Rafael City High School District's major federal programs for the year ended June 30, 2024. The San Rafael City High 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, the San Rafael City High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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 the San Rafael City High 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 on compliance for each major federal program. Our audit does not provide a legal determination of the San Rafael City High 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 laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the San Rafael City High School District's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the San Rafael City High 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 material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the San Rafael City High 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, 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 the San Rafael City High School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the San Rafael City High 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 the San Rafael City High 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 a 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.

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.

Nigro + Nigro, PC.

Murrieta, California
December 12, 2024



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Board of Education
San Rafael City High School District
San Rafael, California

Report on Compliance

Opinion

We have audited the San Rafael City High School District's (District) compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, San Rafael City High School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2023-24 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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 the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the 2023-24 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2023-24 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

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

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

Areas marked as “Not Applicable” were not operated by the District.

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 in the audit.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying schedule of findings and questioned costs as Finding 2024-001. Our opinion on each state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The 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, 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 a 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 from those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Nigro + Nigro, PC

Murrieta, California
December 12, 2024

Schedule of Findings and Questioned Costs

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SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2024

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)?	<u>No</u>
Identification of major programs:	
Federal Assistance	
<u>Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425 D, U	Education Stabilization Fund
10.553, 10.555	Child Nutrition Cluster
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

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2024

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2023-24.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Federal Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2024

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2023-24.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2024

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING 2024-001 (40000) HOME TO SCHOOL TRANSPORTATION REIMBURSEMENT

Repeat Finding? No

Criteria: Expenditures coded to function 3600 must be consistent with the definition in Procedure 325 in the California School Accounting Manual (CSAM).

Condition: During our testing of expenditures, we noted five expenditures coded to function 3600 that were for field trips, and not home to school transportation.

Effect: The financial penalty is \$5,665.20 as calculated:

	Total Unadjusted HTS Transportation Expenditures	Total Unallowable HTS Transportation Expenditures	Total Adjusted HTS Transportation Expenditures	
HTS Transportation Expenditures	\$ 1,357,904.65	\$ 9,442.00	\$ 1,348,462.65	
Reimbursement percentage pursuant to EC 41850.1(a)(1)	60%		60%	
Expenditure amount for reimbursement calculation	\$ 814,742.79		\$ 809,077.59	
Estimated dollar Impact				\$ 5,665.20

Cause: The LEA coded five expenditures incorrectly to transportation.

Recommendation: We recommend that the LEA review its coding of expenditures to function 3600 and ensure that only those expenditures that align with the CSAM definition are charged to this function.

Views of Responsible Officials: Going forward, the District will review the coding of transportation expenditures to function 3600 and will ensure that only those expenditures that align with the CSAM definition are charged there.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2024

There were no findings or questioned costs in 2022-23.

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To the Board of Education
San Rafael City High School District
San Rafael, California

In planning and performing our audit of the basic financial statements of San Rafael City High School District for the year ending June 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 12, 2024 on the financial statements of San Rafael City High School District.

DISTRICT

Capital assets represent one of the largest investments of the District; control and accountability are of significant concern. Generally accepted accounting principles (GAAP), Education Code Section 35168, and District Board Policy require the District to maintain records that properly account for capital assets. Capital asset records serve as a management tool and have an important bearing on management decisions, such as long-range acquisition and abandonment projections. The need for data on capital assets should be an important aspect to the District.

Observation: The District had to adjust several capital asset categories during the year because the status of the projects had been prematurely assigned to completed assets. Also, a recent inventory discovered several discrepancies which required adjustments to capital asset and depreciation schedules.

Recommendation: The District should be more careful in maintaining and classifying capital asset listings and have such listings prepared in a timely manner.

ASSOCIATED STUDENT FUNDS

Observation: At Terra Linda High, a reimbursement lacked a detailed receipt.

Recommendation: Receipts and each line item of a reimbursement should be confirmed. Original receipts should be presented for reimbursement whenever possible. If there is no policy requiring original receipts for reimbursements, one should be developed. The ASB bookkeeper should maintain adequate records and an audit trail, including original detail receipts.

Observation: At Terra Linda High, bank reconciliations contained an old check from February 2, 2022.

Recommendation: Checks that are outstanding longer than one year should be investigated and if necessary, stale dated and returned to the ASB cash balance. Timely and accurate bank account reconciliations and review are prudent and necessary.

We will review the status of the current year comments during our next audit engagement.

Nigro + Nigro, PC

Murrieta, California
December 12, 2024

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APPENDIX C

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR MARIN COUNTY

The following information has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District or the Underwriter. The District comprises only a portion of Marin County, California (the "County"), and the Bonds are only payable from ad valorem property taxes levied on property in the District. The following information concerning the County is included only for the purpose of supplying general information regarding the area served by the District. The Bonds are not a debt of the County.

General

Marin County. The County is located in the northern portion of the San Francisco Bay Area, north of San Francisco across the Golden Gate Bridge. The County is one of the nine counties of the greater San Francisco Bay Area. The County's transportation facilities are extensive, with U.S. Highway 101 and U.S. Interstate Highway 580 providing easy access to the rest of California and the West. Buses provide commuter service to San Francisco and other Bay Area cities, and commuter ferries embark for San Francisco from the communities of Sausalito, Tiburon, and Larkspur. The County is bordered by Sonoma County to the north and the Pacific Ocean on the west and by the San Francisco Bay on the south and east. The County has a total area of 828 square miles, 308 of which is water. The County was created on February 18, 1850. The County seat is the City of San Rafael.

Population

The following table shows historical population statistics from 2020 through 2024 for the cities in the County, and the County.

POPULATION ESTIMATES Marin County and Cities Of Marin County Calendar Years 2020 through 2024

	2020	2021	2022	2023	2024
Belvedere	2,124	2,104	2,072	2,046	2,043
Corte Madera	10,211	10,167	9,965	9,926	9,882
Fairfax	7,595	7,533	7,430	7,399	7,371
Larkspur	13,080	12,998	12,744	12,638	12,655
Mill Valley	14,131	13,998	13,801	13,695	13,635
Novato	53,166	52,960	51,031	51,694	51,140
Ross	2,336	2,333	2,282	2,278	2,272
San Anselmo	12,785	12,738	12,499	12,443	12,426
San Rafael	61,597	61,265	60,161	59,855	59,585
Sausalito	7,119	7,120	6,950	6,894	6,856
Tiburon	9,133	9,112	8,905	8,841	8,809
Balance of County	<u>69,044</u>	<u>67,393</u>	<u>66,619</u>	<u>66,263</u>	<u>66,170</u>
County Total	262,321	259,721	255,459	253,972	252,844

⁽¹⁾ Provisional population estimates for January 1, 2024, for the counties and cities.

Source: California State Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020, with 2010 Census Benchmark and E-4 Population Estimates for Cities, Counties, and the State, 2021-2024, with 2020 Census Benchmark. Sacramento, California, May 2024.

Employment

The County, State, and United States civilian labor force figures are shown in the following table for the years 2019 through 2023. The County figures are County-wide and may not necessarily reflect employment trends in the District.

LABOR FORCE, EMPLOYMENT, and UNEMPLOYMENT⁽¹⁾ Marin County, State of California, and the United States Calendar Years 2019 through 2023

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽²⁾
2019				
Marin County	138,600	135,400	3,200	2.3%
California	19,385,300	18,589,600	795,700	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
Marin County	130,600	121,800	8,900	6.8%
California	18,958,600	17,037,000	1,921,600	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
Marin County	129,200	123,600	5,900	4.5%
California	18,956,600	17,568,700	1,387,800	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Marin County	131,100	127,600	3,500	2.7%
California	19,169,300	18,348,900	820,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
Marin County	132,000	127,600	4,400	3.3%
California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6

⁽¹⁾ The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

⁽²⁾ Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: California State Employment Development Department, and U.S. Bureau of Labor Statistics.

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Industry

Educational and health services are the largest employers in the County followed by professional and business services. The table below shows the estimated employment by industry group for 2019 through 2023.

EMPLOYMENT BY INDUSTRY⁽¹⁾ Marin County Calendar Years 2019 through 2023

Industry Category	2019	2020	2021	2022	2023
Total Farm	400	400	400	400	300
Goods Producing	12,600	11,900	12,000	12,000	11,900
Mining, Logging, and Construction	7,700	7,300	7,600	7,800	7,700
Manufacturing	4,900	4,600	4,400	4,200	4,300
Service Providing	103,700	92,700	94,200	98,100	100,300
Wholesale Trade	2,300	2,200	2,100	2,100	2,300
Retail Trade	14,700	13,700	13,900	13,900	13,700
Transportation, Warehousing & Util.	1,300	1,400	1,400	1,400	1,400
Information	2,600	2,600	2,700	2,800	2,900
Financial Activities	5,400	5,200	5,000	5,200	5,300
Professional and Business Services	18,700	17,500	17,700	18,200	18,000
Educational and Health Services	21,100	19,400	20,000	20,400	21,400
Leisure and Hospitality	16,000	11,200	12,100	14,000	14,500
Other Services	5,700	4,800	4,800	5,300	5,600
Government	15,800	14,800	14,500	14,800	15,300
Total All Industries	116,600	105,000	106,600	110,500	112,600

⁽¹⁾ Annual Averages. Data not seasonally adjusted; Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: *State of California Employment Development Department Labor Market Information Division*, Industry Employment and Labor Force by Annual Average, March 2023 Benchmark. Sacramento, California, March 2024.

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Major Employers

The County is host to a diverse mix of major employers representing industries ranging from health services to biotechnology. The following tables list the County's major employers in alphabetical order without regard to number of employees.

MAJOR EMPLOYERS Marin County Calendar Year of 2024

Employer	Location	Industry
Bay Club	Corte Madera	Health Clubs Studios & Gymnasiums
Bay Equity	Sausalito	Real Estate Loans
Biomarin Pharmaceutical Inc.	San Rafael	Laboratories-Research & Development
Brayton Purcell LLP	Novato	Attorneys
California Alpine Club	Mill Valley	Clubs
College of Marin	Kentfield	Schools-Universities & Colleges Academic
Community Action Marin	San Rafael	Membership Organizations NEC
Corrections Department	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 San Rafael MD	San Rafael	Hospitals
Macy's	Corte Madera	Department Stores
Managed Health Network LLC	San Rafael	Health Plans
Marcolin USA Inc.	Belvedere Tibrn	Distribution Centers (whls)
Marin Center	San Rafael	Convention Information Bureaus
Marin County Public Works Dept	San Rafael	Public Works Department
Marin Independent Journal	San Rafael	Newspapers (publishers/Mfrs)
Marin Health Medical Center	Greenbrae	Hospitals
RH (Restoration Hardware)	Corte Madera	Furniture-Dealers-Retail
San Rafael Human Resources	San Rafael	City Government-Social & Human Resources
Sutter Care At Home-Marin	Novato	Home Health Service
Township Building Svc Inc	Novato	Janitor Service
Westamerica Bancorporation	San Rafael	Holding Companies (bank)
Whole Foods Market	San Rafael	Grocers-Retail
Y YMCA San Francisco	San Rafael	Youth Organizations & Centers

Source: *California Employment Development Department*, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2025 1st Edition, last updated March 2024

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Income

The following table summarizes the personal income and *per capita* personal income for the County, the State of California, and the United States from 2019 through 2023, the most recent data available.

PERSONAL INCOME Marin County, State of California, and the United States Calendar Years 2019 through 2023

Year	Marin County	State of California	United States
2019	\$35,941,360	\$2,539,747,399	\$18,349,584,000
2020	37,991,968	2,769,103,047	19,600,945,000
2021	42,609,656	3,009,556,560	21,403,979,000
2022	43,242,299	3,003,826,087	22,077,232,000
2023	45,939,619	3,166,135,354	23,380,269,000

Source: *U.S. Bureau of Economic Analysis*, SAINC1 State annual personal income summary: personal income, population, per capita personal income and CAINC1 County and MSA personal income summary: personal income, population, per capita personal income (accessed Wednesday November 20, 2024).

PER CAPITA PERSONAL INCOME⁽¹⁾ Marin County, State of California, and the United States Calendar Years 2019 through 2023

Year	Marin County	State of California	United States
2019	\$136,630	\$64,219	\$55,566
2020	145,393	70,098	59,123
2021	164,340	76,882	64,460
2022	168,814	76,941	66,244
2023	180,575	81,255	69,810

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).

Source: *U.S. Bureau of Economic Analysis*, SAINC1 State annual personal income summary: personal income, population, per capita personal income and CAINC1 County and MSA personal income summary: personal income, population, per capita personal income (accessed Thursday, March 20, 2025).

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Commercial Activity

The tables below show the number of permits and taxable transactions in the County between 2019 and 2023, the most recent data available.

VALUATION OF TAXABLE TRANSACTION Marin County Fiscal Years 2019 through 2023

Year	Retail and Food Permits	Retail and Food Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2019	6,057	\$4,185,104,249	11,373	\$5,507,806,969
2020	6,321	3,982,041,485	12,032	5,203,056,941
2021	5,461	4,699,873,668	10,475	6,207,919,232
2022	5,137	4,900,941,772	10,161	6,550,066,249
2023	4,969	4,752,659,106	9,850	6,435,010,980

Source: *California Department of Tax and Fee Administration.*

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the San Rafael City High School District (the “District”) in connection with the execution and delivery of \$_____ aggregate principal amount of the District’s Election of 2022 General Obligation Bonds, Series C (the “Series C Bonds”) and \$_____ aggregate principal amount of the District’s 2025 General Obligation Refunding Bonds (the “Refunding Bonds” and together with the Series C Bonds, the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the District on April 21, 2025 (the “Resolutions”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolutions.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) in complying with Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolutions, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

“Bondholder” or “Holder” means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

“Dissemination Agent” shall mean any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Agent has evidenced its acceptance in writing. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Event” means any of the events listed in Section 6 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, through its electronic municipal market access system, which can be found at <http://emma.msrb.org/>, or any repository of disclosure information that may be designated by the Securities and Exchange Commission for purposes of the Rule.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated _____, 2025 (“Final Official Statement”).

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 8 months after the end of the District's fiscal year (currently ending June 30), which date would be March 1, commencing with the report for the fiscal year ending June 30, 2025, which would be due on March 1, 2026, to provide to the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District, in a timely manner, shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine the name and address of the MSRB each year prior to the date established hereunder for providing the Annual Report; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding fiscal year, or, if available, the current fiscal year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) state funding received by the District for the last completed fiscal year;

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

(iii) outstanding District indebtedness;

(iv) the District's approved annual budget for the then-current fiscal year;

(v) assessed valuation of taxable property within the District as shown on the recent equalized assessment role;

(vi) if the County of Marin no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year; and

(vii) top 20 property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable assessed value, and their percentage of total secured assessed value, if material.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Significant Events.

(a) The District agrees to provide or cause to be provided to the MSRB, in readable PDF or other electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on any debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on any credit enhancements reflecting financial difficulties.
- (iv) Substitution of or failure to perform by any credit provider.
- (v) Adverse tax opinions with respect to the tax status of the Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Bonds;
- (vi) Tender Offers;
- (vii) Defeasances;
- (viii) Rating changes;
- (ix) Bankruptcy, insolvency, receivership or similar event of the obligated person; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person which reflect financial difficulties.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the securities, if material, not later than ten (10) business days after the occurrence of the event:

- (i) Unless described in paragraph 6(a)(v) hereof, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the securities;
- (ii) Modifications of rights to security holders;
- (iii) Bond calls;
- (iv) Release, substitution or sale of property securing repayment of the Bonds;
- (v) Non-payment related defaults;
- (vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (vii) Appointment of a successor or additional Paying Agent or Trustee or the change of name of a Paying Agent or Trustee; and
- (viii) Incurrence of a Financial Obligation of the obligated person or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolutions.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the Resolutions which are incorporated by

reference herein. The Dissemination Agent agrees to perform only those duties of the Dissemination Agent specifically set forth in the Disclosure Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Dissemination Agent.

The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Disclosure Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Disclosure Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Disclosure Agreement upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Disclosure Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, cost or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Disclosure Agreement and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement under the following conditions, provided no amendment to this Disclosure Agreement shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or to include it in any future disclosure or notice of occurrence of a Listed Event.

Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other

means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State, applicable to contracts made and performed in such State.

Dated: _____, 2025

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

By: _____
Superintendent

Acceptance of duties as Dissemination Agent:

Isom Advisors, a Division of Urban Futures, Inc.

By: _____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Rafael City High School District

Name of Issue: \$_____ Election of 2022 General Obligation Bonds, Series C

\$_____ 2025 General Obligation Refunding Bonds

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Agreement dated _____, 2025. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

Isom Advisors, a Division of Urban Futures, Inc.

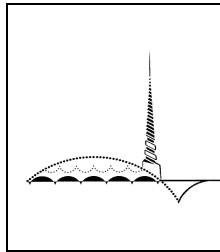
By:_____

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APPENDIX E

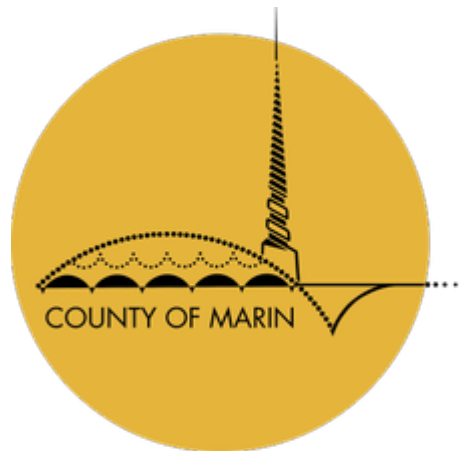
MARIN COUNTY INVESTMENT POLICY STATEMENT

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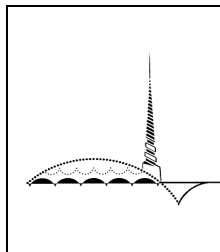
COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



Department of Finance
Mina Martinovich, Director

Fiscal Year 2024-25



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



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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

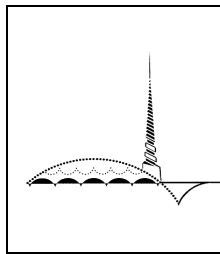
The purpose of this Statement of Investment Policy (Policy) is to establish cash management and investment guidelines for the County Treasurer (Director of Finance), who is responsible for the stewardship of the Marin County Investment Fund (Pooled Investment Fund). Each transaction and the entire portfolio 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 standards 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.



COUNTY OF MARIN

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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. **IMPLEMENTATION**

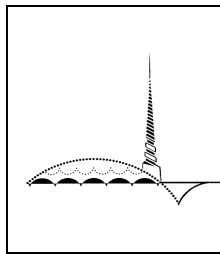
In order to provide direction to those responsible for management of the Pooled Investment Fund, the Director of Finance has established this Policy and presented it to the Treasury Oversight Committee. The County Board of Supervisors shall approve this Policy and any changes to it. The Director of Finance shall provide this policy to the legislative body of local agencies that participate in the pooled Investment Fund.

The Policy defines investible funds; 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.

5. **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.



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- (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.

6. ***AUTHORIZED PERSONS***

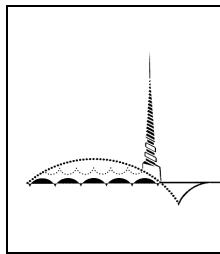
Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day-to-day business activities, Principal Staff shall use separate means of travel to attend training and conferences.

7. ***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.

8. ***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.



COUNTY OF MARIN

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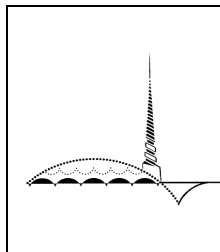
Capital Funds, Construction Funds, or money obtained through the sale of agency surplus property, may be invested by the Director of Finance in specific investments outside of the Pooled Investment Fund, provided the Director of Finance obtains written approval from the governing board of the County, 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.

9. **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 obligations.**
- (b) **United States Agency obligations.**
- (c) **Securities of U.S. Government Agencies & Instrumentalities**
- (d) **State of California Bonds and Registered Warrants.**
- (e) **Bonds, Notes, Warrants** or other evidence of indebtedness of a **local agency** within the State of California.
- (f) **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.
- (g) **Commercial paper** of "prime" quality of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc., or Standard and Poor's Corporation, to be chosen from among corporations organized and operating within the United States with assets in excess of \$500,000,000.00 and having an "A" or higher rating for the issuer's debt, other than commercial paper, as provided for by Moody's Investors Service or Standard and Poor's Corporation. 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.
- (h) **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.

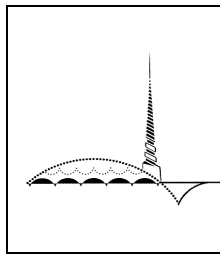


COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



- i) **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.
- (j) **Medium-term Notes** rated "A" or better, to be chosen from among corporations with assets in excess of \$500,000,000.00 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.
- (k) **Shares of beneficial interest issued by diversified management companies**, which are money market funds investing in securities and obligations as authorized by this investment policy. To be eligible for investment these companies shall attain the highest ranking, or the highest letter and numerical rating provided by no less than two nationally recognized statistical rating organizations and have assets under management in excess of \$500,000,000.00. The purchase price may not include any commissions that these companies may charge, and the purchase of shares in any one mutual fund may not exceed ten percent (10%) of the treasury balance and the total invested may not exceed twenty percent (20%) of the treasury balance. Shares of beneficial interest issued by diversified management companies may include shares in investment trusts established under provisions of the California Joint Exercise of Powers Act.
- (l) **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.
- (m) **California State Local Agency Investment Pool (LAIF)** operated by the State Treasurer's office.
- (n) **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



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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.

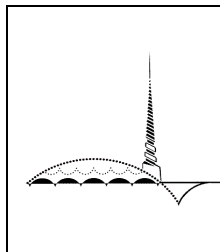
10. **PROHIBITED INVESTMENTS**

- (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.

11. **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.



COUNTY OF MARIN

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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.

12. 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.

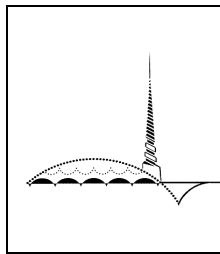
Requests for withdrawals for the purpose of investing or depositing funds outside the pool shall be made in writing at least ten (10) business days in advance of the proposed withdrawal date. The value of participants' equity withdrawn shall be based on the book value of the participants' percentage of participation as of the most recent asset valuation as reported by the Treasurer.

13. 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.

14. 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.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



15. 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 will be against delivery only, and a Due Bill or other substitution will not be acceptable. Persons authorized under section three (3) 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.

16. 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.

17. CONFLICT OF INTEREST

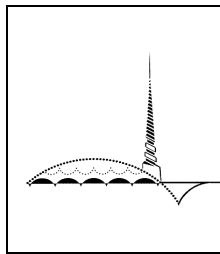
A member of the County Treasury Oversight Committee, the County Director of Finance or County employees working in the Treasurer's office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business, consistent with state law.

18. AUDITS

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.

18.1 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.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



19. 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.

20. 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 (2) 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, or impinge on the day-to-day operations of the County Treasury.



21. 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 (Earthquake, Fire, Pandemic, or other event) which disrupt 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.

Dated: May 9, 2024

Mina Martinovich
Director of Finance

Reviewed and approved by Marin Treasury Oversight Committee on May 9, 2024.

Approved by Marin County Board of Supervisors on May 21, 2024.

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)



Scope

The County of Marin's banking and investment functions are mission critical. As such, the Treasurer's Office (Department of Finance) must have a Disaster/Business Continuity Plan in place. In the event we are unable to operate from our office's primary location, the plan shall be activated. Periodically, the plan shall be tested.

The plan's goal is to protect and account for all funds on deposit with the County and to be able to continue our banking and investment functions for all participants in the event of occurrence (earthquake, fire, pandemic, or other event) which disrupts normal operations.

Chain of Command

The chain of command shall be in the order of "Authorized Persons" as identified in Section 6 of the Statement of Investment Policy and the Authorized Investor List.

Continuity Procedure

In the event we are unable to conduct normal business operations, the Authorized Persons shall interact with one another by home phone, email or cell phone to decide on the alternate location. If unable to contact one another, the authorized persons shall, through the County's Office of Emergency Services, establish contact with one another.

Functions & Tasks to be Performed

Recognizing we may be operating in less than optimal conditions, the primary functions are to protect and continue to account for all funds on deposit with the County. While normal processes may be modified, the Statement of Investment Policy shall be strictly followed.

Tasks to be performed include:

- ◆ Daily cash work up.
- ◆ Investment of maturing securities and any daily deposits after making an allowance for checks/wires expected to clear.
- ◆ Daily cash and bank reconciliation
- ◆ For deposits, the Treasurer's Office will notify all Participants in the Pooled Investment Fund, as defined in Section 5 of the Statement of Investment Policy, of any changes to their deposit location. Deposits to any account other than those established by the Treasurer's Office are prohibited.
- ◆ Disbursement activity will be coordinated with the County Director of Finance



Equipment and Emergency Access

The Authorized Investor List shall designate authorized staff to have the following equipment and online access (through the County server) such that either of them may carry out the plan. In the event that none of the Authorized Persons are able to respond, the County's Office of Emergency Services shall have a copy of this plan in a secured location within their office. All policies and procedures of this plan shall be provided to the County Executive and County Director of Finance.

The following equipment and access to items for the emergency packets are:

- ◆ Laptop with wi-fi connectivity
- ◆ All software that is currently in use shall be loaded on each laptop and be set up for remote access.
- ◆ Online access to the Statement of Investment Policy and this Disaster Recovery / Business Continuity Plan
- ◆ Online access to current monthly report of investments
- ◆ Online access to the county's financial accounting system, online banking and securities safekeeping
- ◆ Online Listing of the home phones and addresses, cell phone, and email addresses of the Authorized Persons and treasury staff. Listings shall also include the County Executive, County Director of Finance, County Counsel and the Office of Emergency Services.
- ◆ Online access to bank, custodian and authorized broker/dealers names and contact information, including phone numbers and email addresses
- ◆ Online access to district, County and school bank signature cards
- ◆ Online access to contact names, numbers, email and addresses of each agency whose funds are held within the Marin County Pooled Investment Fund.
- ◆ Emergency check stock will be housed in the Office of Emergency Services located at 1600 Los Gatos Drive (50 checks).*



Disaster Assignment

The Authorized Persons in the Treasurer's Office, including support staff, are to be considered official Disaster Service Workers within the meaning of State of California Title 19, CCR, §2570.2(a) and County Personnel Management Regulation 20.9, and as such are assigned to support this Disaster Recovery / Business Continuity Plan. Each shall have on their possession their County of Marin Identification Card.

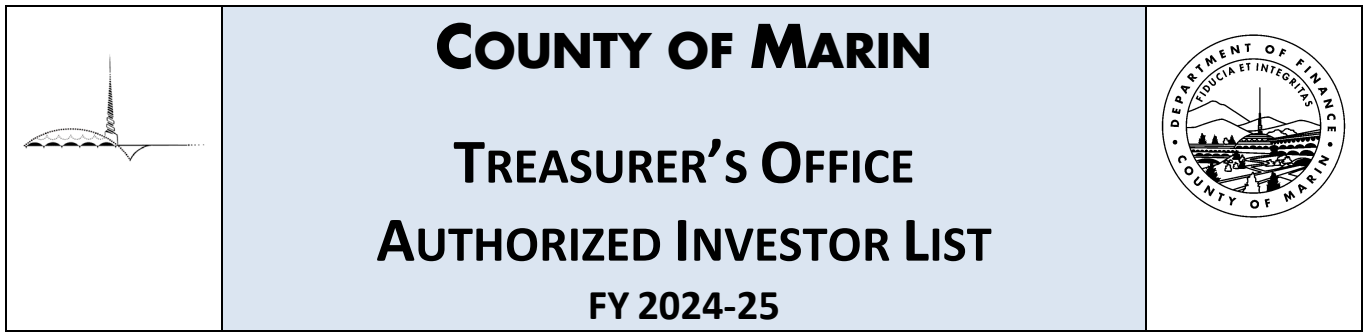
The level of disruption and assigned work location will be determined by the Director of Finance, or those individuals indicated on the Authorized Investor List. All related costs shall be absorbed by the Treasurer's Office and reimbursed pursuant to Government Code section 27013.

In all cases, the safety of treasury personnel is paramount. In no event should our alternate location or alternate procedure be employed if doing such would put an individual in danger.

* Emergency checks are issued from a separate account which is linked to the County's main account. These checks are to be used only if this plan is activated and the County is unable to issue payments. Authorized signers for these checks are designated on the Deposit Account Documentation Signature Card and include the Director of Finance, those individuals authorized under the Authorized Investor List and the County Executive. In the event that check stock cannot be accessed, electronic payments through the County's banking services can be originated.

Failing the ability to operate from the primary work location of the Treasurer's Office, County banking and investment functions and operations will move to an alternate location determined by the Director of Finance, County Office of Emergency Services, or County Executive.

Origination: Nov. 7, 2007
Revised: May 6, 2024



Effective: May 1, 2023

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 investments *with a maturity of up to five years:*

- Mina Martinovich * Director of Finance

Authorized to make investment decisions for investments *with 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/Business Continuity Plan*

Approved:

 5/21/2024
Mina Martinovich Date
Director of Finance

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The foregoing internet addresses are included for reference only, and the information on these internet sites is not incorporated by reference herein.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

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

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

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered.

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

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in St. Paul, Minnesota. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least \$1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the office of the Paying Agent, initially located in St. Paul, Minnesota, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

