

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$6,000,000
SEBASTOPOL UNION SCHOOL DISTRICT
(Sonoma County, California)
General Obligation Bonds, Election of 2020, Series B
(Bank Qualified)

Dated: Date of Delivery

Due: August 1, as shown on inside front cover

Authority and Purpose. The above-captioned General Obligation Bonds Election of 2020, Series B (the "Bonds") are being issued by the Sebastopol Union School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on February 8, 2024. The Bonds were authorized at an election of the registered voters of the District held on March 3, 2020, which authorized the issuance of \$17,500,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the second series of bonds to be issued under the 2020 Authorization (as defined herein). See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

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

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

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing August 1, 2024. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

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

MATURITY SCHEDULE
(See inside cover)

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

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Kutak Rock LLP, Denver, Colorado is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about March 7, 2024.



Capital
Markets

MATURITY SCHEDULE

SEBASTOPOL UNION SCHOOL DISTRICT
(Sonoma County, California)
General Obligation Bonds, Election of 2020, Series B
(Bank Qualified)

Base CUSIP[†]: 812880

\$1,275,000 Serial Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
2025	\$445,000	5.000%	2.840%	102.941	FG2
2026	325,000	5.000	2.670	105.379	FH0
2039	50,000	5.000	3.100	115.387 ^C	FJ6
2040	60,000	5.000	3.190	114.597 ^C	FK3
2041	75,000	5.000	3.260	113.987 ^C	FL1
2042	90,000	5.000	3.320	113.467 ^C	FM9
2043	105,000	5.000	3.370	113.035 ^C	FN7
2044	125,000	5.000	3.420	112.606 ^C	FP2

**\$695,000 – 5.000% Term Bonds maturing August 1, 2048; Yield: 3.590%; Price: 111.161^C;
CUSIP[†]: FQ0**

**\$4,030,000 – 5.000% Term Bonds maturing August 1, 2053; Yield: 3.700%; Price: 110.238^C;
CUSIP[†]: FR8**

^C Priced to first optional par call date of August 1, 2033.

[†]CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

SEBASTOPOL UNION SCHOOL DISTRICT
(Sonoma County, California)

BOARD OF TRUSTEES

Deborah Drehmel, *President*
Elizabeth Smith, *Clerk*
Lisa Bauman, *Trustee*
Colin Foulke, *Trustee*
Olivia Leon, *Trustee*

DISTRICT ADMINISTRATION

Sara Gramm, *Superintendent*
Ryanesha Warren, *Chief Business Official*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

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

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

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

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

Stabilization of and Changes to Offering Prices. The Underwriter may overallocate or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

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

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

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

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

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\$6,000,000
SEBASTOPOL UNION SCHOOL DISTRICT
(Sonoma County, California)
General Obligation Bonds, Election of 2020, Series B
(Bank Qualified)

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the general obligation bonds captioned above (the “**Bonds**”) by Sebastopol Union School District (the “**District**”).

INTRODUCTION

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

The District. The District is a public elementary school district located in the City of Sebastopol (the “**City**”) and unincorporated areas of Sonoma County (the “**County**”) in the State of California (the “**State**”). Established on July 1, 1919, the District covers about 28 square miles. The District is located approximately 50 miles northeast of San Francisco and approximately 100 miles northwest of Sacramento.

The District operates Park Side Elementary School, which serves grades TK through 4, and Brook Haven Middle School, a grade 5 through 8 middle school. Additionally, the District operates Children’s After School Transitional Learning Environment (“**CASTLE**”). CASTLE is a preschool through grade 8 learning and aftercare program. Enrollment for the 2023-24 school year is approximately 450 students.

For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See APPENDIX C hereto for demographic and other statistical information regarding the City and the County.

Purpose of Issue. The net proceeds of the Bonds will be used to finance construction of and improvements to facilities of the District, as approved by voters in the District at an election held on March 3, 2020 (the “**Bond Election**”). See “THE BONDS - Purpose of Issue” herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election to authorize \$17,500,000 of general obligation bonds, and will be issued pursuant to certain provisions of the California Government Code and a resolution adopted by the Board of Trustees of the District on February 8, 2024 (the “**Bond Resolution**”). See “THE BONDS – Authority for Issuance” herein.

Description of the Bonds. The Bonds will be issued as current interest bonds. The Bonds will be dated their date of delivery (the “**Dated Date**”) and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue

interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2024. See “THE BONDS – Description of the Bonds” herein.

Payment and Registration of the Bonds. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “**Beneficial Owners**”) in the denominations set forth on the cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through participants in DTC’s book-entry only system (“**DTC Participants**”) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See APPENDIX F.

If the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Bond Resolution. See “THE BONDS - Registration, Transfer and Exchange of Bonds” herein.

Security and Sources of Payment for the Bonds. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and obligated to annually levy *ad valorem* property taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See “SECURITY FOR THE BONDS.”

Following the issuance of the Bonds, there will be \$5,500,000 unissued authorization remaining under the 2020 Authorization (as defined herein). See “FINANCIAL INFORMATION - Existing Debt Obligations” in APPENDIX A.

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

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, will serve as Disclosure Counsel to the District. Kutak Rock LLP, Denver, Colorado, is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel, and Underwriter’s counsel is contingent upon issuance of the Bonds.

Tax Matters; Bank Qualified. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Interest on the Bonds may be subject to the corporate alternative minimum tax. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from the State personal income taxes. The District has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a “financial institution” (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. See “TAX MATTERS” and APPENDIX D hereto for the form of Bond Counsel’s opinion to be delivered concurrently with the Bonds.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of a continuing disclosure certificate (the “**Continuing Disclosure Certificate**”), the form of which is attached as APPENDIX E. See “CONTINUING DISCLOSURE” for additional information.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement are available from the District, which may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE BONDS

Authority for Issuance

The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and the Bond Resolution. The District received authorization by more than the requisite 55% of District voters at the Bond Election to issue general obligation bonds in a principal amount of \$17,500,000 (the “**2020 Authorization**”).

On May 21, 2020, the District issued its \$6,000,000 aggregate par amount of General Obligation Bonds Election of 2020, Series A pursuant to the 2020 Authorization. The Bonds are the second series of bonds issued pursuant to the 2020 Authorization. Following the issuance of the Bonds, there will be \$5,500,000 unissued authorization remaining under the 2020 Authorization.

Purpose of Issue

Proceeds of the Bonds will be used for the purposes specified in the ballot measure approved by voters in the District on March 3, 2020, the abbreviated text of which appeared on the ballot as follows:

“To improve the quality of local schools; increase energy-efficiency by installing solar panels; make health and safety improvements; and modernize outdated classrooms, restrooms and school facilities; shall Sebastopol Union School District’s measure be adopted authorizing \$17,500,000 in bonds at legal interest rates, generating approximately \$1.0 million annually while bonds are outstanding with levies of approximately 2.5 cents per \$100 assessed value, with annual audits, citizens’ oversight, no money for salaries and all money for local projects?”

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of the ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the “**Project List**”). The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2020 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

Description of the Bonds

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

The Bonds shall be issued in the denominations of \$5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2024 (each, an “**Interest Payment Date**”). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest

from such date, (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2024, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent (the “**Paying Agent**”) to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

Book-Entry Only System

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

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

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

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2026, are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2039, 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, 2033, 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.

Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent or as otherwise directed by the District. For the purpose of selection for optional redemption, Bonds will be deemed to consist of \$5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2048 and August 1, 2053 (together, the “**Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on

the dates set forth below, respectively, without premium, together with interest accrued thereon to the date fixed for redemption.

Term Bonds Maturing August 1, 2048

Redemption Date (August 1)	Sinking Fund Redemption
2045	\$140,000
2046	160,000
2047	185,000
2048 (maturity)	210,000

Term Bonds Maturing August 1, 2053

Redemption Date (August 1)	Sinking Fund Redemption
2049	\$230,000
2050	830,000
2051	905,000
2052	990,000
2053 (maturity)	1,075,000

If any Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

Notice of Redemption

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District to be mailed, first class, postage prepaid, at least 20 but not more than 60 days prior to the date fixed for redemption, to the owners of the Bonds designated for redemption. 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 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, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Such notice may be a conditional notice of redemption and subject to rescission as set forth below.

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

Partial Redemption of Bonds

Upon surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds,

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

Effect of Redemption

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

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

If the book-entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book-entry system is discontinued, the person in whose name a Bond is registered on the Bond registration books shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution.

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Los Angeles, California for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book-entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

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

Defeasance and Discharge of Bonds

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

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

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

- (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or
- (ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

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

“Federal Securities” means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

DEBT SERVICE SCHEDULES

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

Sebastopol Union School District General Obligation Bonds, Election of 2020, Series B Debt Service Schedule

Bond Year Ending (August 1)	Principal	Interest	Total Annual Debt Service
2024	--	\$120,000.00	\$120,000.00
2025	\$445,000.00	300,000.00	745,000.00
2026	325,000.00	277,750.00	602,750.00
2027	--	261,500.00	261,500.00
2028	--	261,500.00	261,500.00
2029	--	261,500.00	261,500.00
2030	--	261,500.00	261,500.00
2031	--	261,500.00	261,500.00
2032	--	261,500.00	261,500.00
2033	--	261,500.00	261,500.00
2034	--	261,500.00	261,500.00
2035	--	261,500.00	261,500.00
2036	--	261,500.00	261,500.00
2037	--	261,500.00	261,500.00
2038	--	261,500.00	261,500.00
2039	50,000.00	261,500.00	311,500.00
2040	60,000.00	259,000.00	319,000.00
2041	75,000.00	256,000.00	331,000.00
2042	90,000.00	252,250.00	342,250.00
2043	105,000.00	247,750.00	352,750.00
2044	125,000.00	242,500.00	367,500.00
2045	140,000.00	236,250.00	376,250.00
2046	160,000.00	229,250.00	389,250.00
2047	185,000.00	221,250.00	406,250.00
2048	210,000.00	212,000.00	422,000.00
2049	230,000.00	201,500.00	431,500.00
2050	830,000.00	190,000.00	1,020,000.00
2051	905,000.00	148,500.00	1,053,500.00
2052	990,000.00	103,250.00	1,093,250.00
2053	1,075,000.00	53,750.00	1,128,750.00
TOTAL	\$6,000,000.00	\$6,950,500.00	\$12,950,500.00

Combined General Obligation Bonds. The following table shows the combined annual debt service schedule with respect to all outstanding general obligation bonds of the District secured by *ad valorem* property taxes, assuming no optional redemptions. See APPENDIX A – “FINANCIAL INFORMATION – Existing Debt Obligations” for additional information.

Bond Year Ending August 1	2001 General Obligation Bonds	Election of 2012 Series A Bonds	Election of 2012 Series B Bonds	Election of 2020 Series A Bonds	2022 Refunding Bonds*	The Bonds	Total Debt Service
2024	\$735,000.00	\$145,000.00	\$96,750.00	\$226,750.00	\$88,973.78	\$120,000.00	\$1,412,473.78
2025	735,000.00	170,000.00	96,750.00	226,750.00	88,973.78	745,000.00	2,062,473.78
2026	735,000.00	200,000.00	96,750.00	226,750.00	82,471.07	602,750.00	1,943,721.07
2027	--	384,737.50	336,750.00	226,750.00	107,471.13	261,500.00	1,317,208.63
2028	--	399,737.50	345,950.00	226,750.00	111,221.42	261,500.00	1,345,158.92
2029	--	407,568.76	364,250.00	226,750.00	114,721.46	261,500.00	1,374,790.22
2030	--	424,706.26	391,200.00	286,750.00	102,971.95	261,500.00	1,467,128.21
2031	--	435,687.50	411,700.00	299,350.00	101,721.95	261,500.00	1,509,959.45
2032	--	450,743.76	421,750.00	306,350.00	110,471.99	261,500.00	1,550,815.75
2033	--	464,643.76	441,750.00	317,950.00	113,721.24	261,500.00	1,599,565.00
2034	--	482,387.50	456,750.00	328,950.00	116,721.76	261,500.00	1,646,309.26
2035	--	498,375.00	471,750.00	339,350.00	124,471.89	261,500.00	1,695,446.89
2036	--	517,937.50	486,750.00	354,150.00	126,722.05	261,500.00	1,747,059.55
2037	--	535,837.50	501,750.00	363,150.00	133,721.78	261,500.00	1,795,959.28
2038	--	552,075.00	521,750.00	376,550.00	140,221.86	261,500.00	1,852,096.86
2039	--	571,650.00	541,750.00	389,150.00	146,221.15	311,500.00	1,960,271.15
2040	--	589,325.00	561,750.00	405,950.00	151,721.66	319,000.00	2,027,746.66
2041	--	610,100.00	606,750.00	416,750.00	131,721.05	331,000.00	2,096,321.05
2042	--	633,737.50	621,775.00	431,750.00	142,471.87	342,250.00	2,171,984.37
2043	--	--	--	448,000.00	1,137,471.62	352,750.00	1,938,221.62
2044	--	--	--	462,750.00	--	367,500.00	830,250.00
2045	--	--	--	481,000.00	--	376,250.00	857,250.00
2046	--	--	--	497,500.00	--	389,250.00	886,750.00
2047	--	--	--	512,250.00	--	406,250.00	918,500.00
2048	--	--	--	530,250.00	--	422,000.00	952,250.00
2049	--	--	--	551,250.00	--	431,500.00	982,750.00
2050	--	--	--	--	--	1,020,000.00	1,020,000.00
2051	--	--	--	--	--	1,053,500.00	1,053,500.00
2052	--	--	--	--	--	1,093,250.00	1,093,250.00
2053	--	--	--	--	--	1,128,750.00	1,128,750.00
Total	\$2,205,000.00	\$8,474,250.04	\$7,774,375.00	\$9,459,650.00	\$3,374,186.46	\$12,950,500.00	\$44,237,961.50

* Private placement.

SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Bonds	\$6,000,000.00
Original Issue Premium	589,236.05
Total Sources	\$6,589,236.05

Uses of Funds

Building Fund	\$5,845,000.00
Debt Service Fund	532,236.05
Costs of Issuance ⁽¹⁾	212,000.00
Total Uses	\$6,589,236.05

(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Paying Agent, and the rating agency.

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* property taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

Other Debt Payable from Ad Valorem Property Taxes. In addition to the Bonds, there is other debt issued by the District and other entities with jurisdiction in the District, which is payable from *ad valorem* property taxes levied on all property in the District. See “PROPERTY TAXATION – Tax Rates” and “- Direct and Overlapping Debt” below.

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

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

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

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

Natural Disasters. Economic and other factors beyond the District’s control, such as economic recession, deflation of property values, pandemics, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought, climate change or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See “PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value.”

Building Fund

Proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Bond Resolution and known as the "Election of 2020, Series B Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remains excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Debt Service Fund

Amounts to pay debt service on the Bonds will be held in the fund created and established in the Bond Resolution and known as the "Election of 2020, Series B Debt Service Fund" (the "**Debt Service Fund**") for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the District and the County. All taxes levied by the County for the payment of the principal of and interest on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the County shall transfer such amounts to the District's general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

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

PROPERTY TAXATION

Property Tax Collection Procedures

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

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county in which the property is located.

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

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (“**SBE**”) and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as “unitary

property”, a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and “operating nonunitary” property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuation

The assessed valuation of property in the District is established by the assessor of the County, except for public utility property which is assessed by the SBE, as described above. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. For a discussion of how properties currently are assessed, see APPENDIX A under the heading “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS.”

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Assessed Valuation History. The table below shows a history of the District’s assessed valuation.

SEBASTOPOL UNION SCHOOL DISTRICT Assessed Valuation Fiscal Years 2013-14 through 2023-24

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2013-14	\$1,628,734,177	\$334,448	\$54,298,805	\$1,683,367,430	--%
2014-15	1,702,103,865	231,087	56,363,790	1,758,698,742	4.5
2015-16	1,834,803,839	231,087	63,023,931	1,898,058,857	7.9
2016-17	1,941,105,045	231,087	65,617,737	2,006,953,869	5.7
2017-18	2,045,244,605	231,087	71,862,615	2,117,338,307	5.5
2018-19	2,158,501,806	236,709	72,353,125	2,231,091,640	5.4
2019-20	2,265,094,403	236,709	72,918,448	2,338,249,560	4.8
2020-21	2,361,912,718	236,709	77,085,249	2,439,234,676	4.3
2021-22	2,431,742,397	236,709	79,179,661	2,511,158,767	2.9
2022-23	2,572,105,007	245,890	82,191,418	2,654,542,315	5.7
2023-24	2,695,800,516	245,890	94,591,996	2,790,638,402	5.1

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and disasters such as wildfires, earthquakes, droughts, floods, climate change and pandemics, among others. The District cannot predict or make any representations regarding the effects that natural disasters or other conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

Wildfires. According to the State, fire season is starting earlier and ending later each year, with the increased length of the season corresponding to an increase in the extent of forest fires across the State. In addition to destroying land and structures, there have been human fatalities and negative impacts on air quality throughout the State. Fires in the State and neighboring states have threatened the region's power grids, making some power lines unreliable. The District cannot predict or make any representations regarding the effects that wildfires and related conditions have or may have on the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

Seismic Events. The District is located in a seismically active region. An earthquake of large magnitude could result in extensive damage to property within the District and could adversely affect the assessed valuation of property within the District, or more generally the region's economy.

Drought. The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation, which resulted in related severe flooding and mudslides in certain regions. As of February 6, 2024, the U.S. Drought Monitor indicates that the State is classified as experiencing mostly no drought conditions with some abnormally dry conditions, with the County in the no drought category. During 2021, the Governor of the State proclaimed a drought state of emergency for all counties in the State, culminating with an October 19, 2021, proclamation, urging Californians to step up their water conservation efforts.

In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. Local agencies can impose and enforce their own drought conservation rules.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. Projections of the impact of global climate change are complex and depend on a variety of factors outside of 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. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

Public Health Emergencies. In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the World Health Organization announced the official name for the outbreak of the disease known as COVID-19 ("**COVID-19**"), an upper respiratory tract illness, that spread across the globe. The ultimate impact of COVID-19 on the District's operations and finances and the economy, real estate market, development within the District and tax collections may not be fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the District's operations and finances. In addition, the District cannot predict whether future pandemics will occur and whether any such pandemics may impact its finances or operations. As of this date, several vaccines have been provided approval by federal health authorities and are

widely available, and both the national emergency and state of emergency have officially ended, and the World Health Organization declared an end to the COVID-19 global health emergency.

Property Tax Base Transfer Ballot Measure. On November 3, 2020, State voters approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment (“**Proposition 19**”), which will: (i) expand 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) narrow existing special rules for inherited properties; and (iii) broaden 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.

Assessed Valuation by Jurisdiction. The table below shows the assessed valuation by jurisdiction of properties within the District.

SEBASTOPOL UNION SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2023-24

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Santa Rosa	\$ 152,080	0.01%	\$30,981,510,390	0.00%
City of Sebastopol	1,639,942,430	58.77	\$1,650,625,646	99.35%
Unincorporated Sonoma County	<u>1,150,543,892</u>	<u>41.23</u>	\$46,336,481,678	2.48%
Total District	\$2,790,638,402	100.00%		
Sonoma County	\$2,790,638,402	100.00%	\$115,001,091,774	2.43%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2023-24. As shown, the majority of the District's assessed valuation is represented by residential property.

SEBASTOPOL UNION SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2023-24

	2023-24 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
<u>Non-Residential:</u>				
Agricultural	\$137,171,676	5.09%	212	4.60%
Commercial	290,833,205	10.79	267	5.80
Vacant Commercial	9,125,261	0.34	25	0.54
Industrial	79,434,582	2.95	42	0.91
Vacant Industrial	1,679,557	0.06	7	0.15
Recreational	9,143,390	0.34	8	0.17
Miscellaneous	9,599,484	0.36	52	1.13
Government/Social/Institutional	18,091,089	0.67	35	0.76
Subtotal Non-Residential	\$555,078,244	20.59%	648	14.07%
<u>Residential:</u>				
Single Family Residence	\$1,816,422,221	67.38%	3,281	71.26%
Condominium/Townhouse	41,485,263	1.54	133	2.89
Mobile Home	4,024,846	0.15	59	1.28
Mobile Home Park	3,537,944	0.13	2	0.04
2-4 Residential Units	213,347,328	7.91	335	7.28
5+ Residential Units/Apartments	47,968,779	1.78	50	1.09
Hotel	5,876,420	0.22	1	0.02
Vacant Residential	8,059,471	0.30	95	2.06
Subtotal Residential	\$2,140,722,272	79.41%	3,956	85.93%
Total	\$2,695,800,516	100.00%	4,604	100.00%

(1) Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2023-24, including the median and average assessed value of single-family parcels in the District.

SEBASTOPOL UNION SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single-Family Homes
Fiscal Year 2023-24

	<u>No. of Parcels</u>	<u>2023-24 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	3,281	\$1,816,422,221	\$553,618	\$471,659

<u>2023-24 Assessed Valuation</u>	<u>No. of Parcels ⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	40	1.219%	1.219%	\$ 1,558,251	0.086%	0.086%
\$50,000 - \$99,999	199	6.065	7.284	15,296,275	0.842	0.928
\$100,000 - \$149,999	139	4.237	11.521	17,105,974	0.942	1.870
\$150,000 - \$199,999	165	5.029	16.550	28,982,284	1.596	3.465
\$200,000 - \$249,999	221	6.736	23.286	49,985,356	2.752	6.217
\$250,000 - \$299,999	181	5.517	28.802	49,867,129	2.745	8.962
\$300,000 - \$349,999	187	5.699	34.502	60,465,468	3.329	12.291
\$350,000 - \$399,999	222	6.766	41.268	83,335,270	4.588	16.879
\$400,000 - \$449,999	209	6.370	47.638	88,497,462	4.872	21.751
\$450,000 - \$499,999	168	5.120	52.758	79,676,241	4.386	26.138
\$500,000 - \$549,999	152	4.633	57.391	80,017,659	4.405	30.543
\$550,000 - \$599,999	147	4.480	61.871	84,381,032	4.645	35.188
\$600,000 - \$649,999	112	3.414	65.285	70,179,796	3.864	39.052
\$650,000 - \$699,999	169	5.151	70.436	113,896,192	6.270	45.322
\$700,000 - \$749,999	136	4.145	74.581	98,574,002	5.427	50.749
\$750,000 - \$799,999	130	3.962	78.543	100,790,124	5.549	56.298
\$800,000 - \$849,999	115	3.505	82.048	95,012,463	5.231	61.529
\$850,000 - \$899,999	91	2.774	84.822	79,531,158	4.378	65.907
\$900,000 - \$949,999	88	2.682	87.504	81,094,392	4.465	70.372
\$950,000 - \$999,999	68	2.073	89.576	66,291,903	3.650	74.021
\$1,000,000 and greater	342	10.424	100.000	471,883,790	25.979	100.000
	3,281	100.000%		\$1,816,422,221	100.000%	

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

Reassessments and Appeals of Assessed Value

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

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

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed

because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

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

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

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

Tax Rates

Below are historical typical tax rates in a typical tax rate area within the District for fiscal years 2019-20 through 2023-24.

SEBASTOPOL UNION SCHOOL DISTRICT
Typical Total Tax Rates of Assessed Valuation
(Tax Rate Area 5-001)⁽¹⁾
Fiscal Years 2019-20 through 2023-24

	2019-20	2020-21	2021-22	2022-23	2023-24
General Tax Rate	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Warm Springs Dam Debt Service	.0070	.0070	.0070	.0070	.0070
Palm Drive Health Care District	.0030	.0030	.0026	.0026	.0025
Sebastopol Union School District	.0335	.0360	.0660	.0570	.0420
West Sonoma Union HSD	.0465	.0440	.0400	.0353	.0375
Sonoma County Joint CCD	.0370	.0370	.0370	.0350	.0335
Total Tax Rate	\$1.1270	\$1.1270	\$1.1526	\$1.1369	\$1.1225

(1) 2023-24 assessed valuation of TRA 5-001 is \$1,019,656,177, which is 36.54% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code, with respect to the 1% *ad valorem* property tax (general fund apportionment) levied on real property in the County. Under the Teeter Plan, each local taxing agency entitled to a portion of this 1% *ad valorem* property tax in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected; in exchange, such local taxing agencies forego any interest and penalties collected on delinquent taxes collected by the County. The District participates in the Teeter Plan, and thus receives 100% of its portion of the 1% *ad valorem* secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, the County includes only the portion of the 1% *ad valorem* property tax levy to which the District is entitled, and not the District’s general obligation bond levies, in its Teeter Plan.

So long as the Teeter Plan remains in effect, and the County continues to include the District in the Teeter Plan, the District’s receipt of revenues with respect to the levy of its portion of *ad valorem* property taxes on the secured roll will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes actually received by the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

Top 20 Property Owners

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2023-24. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

SEBASTOPOL UNION SCHOOL DISTRICT Top 20 Secured Property Taxpayers Fiscal Year 2023-24

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2023-24 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	Barlow Star LLC	Commercial	\$ 31,834,640	1.18%
2.	John G. & Teresa M. Balletto Trust	Winery/Vineyards	15,867,922	0.59
3.	H-1Real Estate LLC	Office Building	15,546,928	0.58
4.	Longs Drug Stores California LLC	Commercial	13,190,744	0.49
5.	Redwood Marketplace	Commercial	9,347,318	0.35
6.	Dutton Ranch Family LP	Vineyards	8,656,320	0.32
7.	Sonoma West Holdings Inc.	Food Processing	8,596,637	0.32
8.	Dutton Brothers Farming LLC	Vineyards	7,065,451	0.26
9.	970 Gravenstein Hwy LLC	Shopping Center	6,835,000	0.25
10.	C & H Sharp Properties LP	Industrial	6,525,777	0.24
11.	Michael Larry & Deb Hatfield Trust	Agricultural	6,170,039	0.23
12.	Maxwell Myers Co. & Maxwell A. Myers LLC	Commercial	6,030,490	0.22
13.	Dumol Estate Vineyards LLC	Vineyards	6,023,029	0.22
14.	Lok Sebastopol Hotel Co. LLC	Hotel	5,876,420	0.22
15.	Marimar Torres Estate Corp.	Winery/Vineyards	5,854,501	0.22
16.	JJW Real Estate LLC	Vineyards	5,610,101	0.21
17.	Sonoma Real Estate Holdings LLC	Hospital	5,466,125	0.20
18.	Diajeff LLC	Commercial	5,282,266	0.20
19.	WRI Barlow LLC	Apartments	5,218,618	0.19
20.	Southpoint Avenue Investors LLC	Warehouse	4,961,486	0.18
			<u>\$179,959,812</u>	<u>6.68%</u>

(1) 2023-24 local secured assessed valuation: \$2,695,800,516.

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. for debt issued as of January 1, 2024. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

SEBASTOPOL UNION SCHOOL DISTRICT Statement of Direct and Overlapping Bonded Debt (Debt Issued as of January 1, 2024)

2023-24 Assessed Valuation: \$2,790,638,402

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 1/1/24</u>
Sonoma County Joint Community College District	2.410%	\$ 8,847,472
West Sonoma County Union High School District	22.633	17,775,269
Sebastopol Union School District	100.000	14,664,563 ⁽¹⁾
Palm Drive Health Care District GOBs and Parcel Tax Obligations	21.200	<u>2,484,928</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$43,772,232

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Sonoma County General Fund Obligations	2.427%	\$ 146,008
Sonoma County Pension Obligation Bonds	2.427	4,462,768
Sonoma County Office of Education Certificates of Participation	2.427	64,022
West Sonoma County Union High School District General Fund Obligations	22.633	190,587
West County Transportation Agency	100.000	143,677 ⁽²⁾
City of Sebastopol General Fund Obligations	99.353	<u>1,256,135</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$6,263,197

COMBINED TOTAL DEBT **\$50,035,429** ⁽³⁾

Ratios to 2023-24 Assessed Valuation:

DIRECT DEBT (\$14,664,563)	0.53%
Total Direct and Overlapping Tax and Assessment Debt.....	1.57%
Combined Total Debt.....	1.79%

(1) Excludes the Bonds offered for sale hereunder.

(2) West County Transportation Agency 2017 Bonds (Transportation Facility Project). District has agreed to make certain payments to the Transportation Agency, which the Transportation Agency has pledged to use to pay the bonds.

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

Source: California Municipal Statistics, Inc.

TAX MATTERS

Tax Exemption

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

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

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

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

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

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

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

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

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

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

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

CERTAIN LEGAL MATTERS

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, and under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

Absence of Material Litigation

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

Claims and Lawsuits Against Public School Districts Generally. The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District. The District may be or may become a party to lawsuits and claims which are unrelated to the Bonds or actions taken with respect to the Bonds and which have arisen in the normal course of operating the District, including with respect to fees it has received or expects to receive from developers. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. The District cannot predict what types of claims may arise in the future, including but not limited to claims relating to health issues and pandemics, or claims that may be made available by future legislation.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Isom Advisors, a Division of Urban Futures, Inc., as municipal advisor to the District, and Kutak Rock LLP, as counsel to the Underwriter, are contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (an **“Annual Report”**) to the Municipal Securities Rulemaking Board Electronic Municipal Market Access website (**“EMMA”**) not later than nine months after the end of the District’s fiscal year, commencing March 31, 2025, with the report for the 2023-24 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District on EMMA. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as APPENDIX E. These covenants have been made in order to assist the Underwriter of the Bonds in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the **“Rule”**).

In the previous five years, the District has not failed to comply, in all material respects, with its existing undertakings. In order to assist it in complying with its undertakings pursuant to the Rule, including the undertaking to be entered into with respect to the Bonds, the District has engaged Isom Advisors, a Division of Urban Futures, Inc., to serve as its dissemination agent.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability with respect to the performance of the District’s duties regarding continuing disclosure. The County has not reviewed, nor is it responsible for, the content of this Official Statement.

RATING

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

The District has covenanted in the Continuing Disclosure Certificate to file on EMMA notices of any ratings changes on the Bonds on EMMA. See **“APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE”** attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agency prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to S&P’s and its website and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

The Bonds are being purchased by RBC Capital Markets, LLC (the “**Underwriter**”). The Underwriter has agreed to purchase the Bonds at a price of \$6,532,236.05 which is equal to the aggregate principal amount of the Bonds of \$6,000,000.00, plus original issue premium of \$589,236.05, less an Underwriter’s discount of \$57,000.00.

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

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

ADDITIONAL INFORMATION

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

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

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

EXECUTION

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

SEBASTOPOL UNION SCHOOL DISTRICT

By: /s/ Sara Gramm
Superintendent

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APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

GENERAL INFORMATION

The District is a public elementary school district located in the City of Sebastopol (the "**City**") and unincorporated areas of Sonoma County (the "**County**") in the State of California (the "**State**"). Established on July 1, 1919, the District covers about 28 square miles. The District is located approximately 50 miles northeast of San Francisco and approximately 100 miles northwest of Sacramento.

The District operates Park Side Elementary School, which serves grades TK through 4, and Brook Haven Middle School, a grade 5 through 8 middle school. Additionally, the District operates Children's After School Transitional Learning Environment ("**CASTLE**"). CASTLE is a preschool through grade 8 learning and aftercare program. Enrollment for the 2023-24 school year is approximately 450 students.

For more information regarding the District and its finances see APPENDIX B attached hereto. See also APPENDIX C hereto for demographic and other statistical information regarding the City and the County.

District Governance and Administration

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

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Deborah Drehmel	President	December 2026
Elizabeth Smith	Clerk	December 2024
Lisa Bauman	Trustee	December 2026
Colin Foulke	Trustee	December 2024
Olivia Leon	Trustee	December 2024

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Sara Gramm currently serves as the Superintendent of the District, and Ryanesha Warren as the Chief Business Official.

Recent Enrollment Trends

The following table shows a recent history and budgeted enrollment for the District.

ANNUAL ENROLLMENT Fiscal Years 2016-17 through 2023-24 Sebastopol Union School District

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>% Change</u>
2016-17	540	--%
2017-18	491	(9.1)
2018-19	463	(5.7)
2019-20	460	(0.6)
2020-21	418	(9.1)
2021-22	438	4.8
2022-23	428	(2.3)
2023-24 ⁽¹⁾	450	5.1

(1) Budgeted.

Source: California Department of Education; Sebastopol Union School District.

Employee Relations

The District has 28.0 certificated full-time equivalent (“FTE”) employees, 15.6 classified FTE employees, and 3.5 management/supervisor/confidential FTE employees. The employees of the District are represented by various bargaining units, as follows:

<u>Employee Group</u>	<u>Representation</u>	<u>Contract Expiration Date</u>
Certificated	Sebastopol Elementary Teachers Association	June 30, 2025
Classified	Service Employees International Union, Local 1021	June 30, 2025

Source: Sebastopol Union School District.

FINANCIAL INFORMATION

Education Funding Generally

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

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

- A base grant for each local education agency per unit of average daily attendance ("**ADA**"), which varies with respect to different grade spans and are adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 65% (which was increased from 50% as part of the State's trailer bill to the 2021-22 State Budget - Assembly Bill 130) of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and was phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

Funding levels used in the LCFF entitlement calculations for fiscal year 2023-24 are set forth in the following table.

**Fiscal Year 2023-24 Base Grant Funding* Under LCFF
by Grade Span**

Entitlement Factor	TK/K-3	4-6	7-8	9-12
A. 2022-23 Base Grant per ADA	\$9,166	\$9,304	\$9,580	\$11,102
B. 2023-24 COLA for LCFF (A x 8.22%)	\$753	\$765	\$787	\$913
C. 2023-24 Base Grant per ADA before Grade Span Adjustments (A+B)	\$9,919	\$10,069	\$10,367	\$12,015
D. Grade Span Adjustments (TK-3: C x 10.4%; 9-12: C x 2.6%)	\$1,032	n/a	n/a	\$312
E. 2023-24 Base Grant/Adjusted Base Grant per ADA (C + D)	\$10,951	\$10,069	\$10,367	\$12,327

*Add-ons to the Base Grant, as may be applicable, are: (1) Supplemental Grant: For the supplemental grant funding entitlement, for each grade span, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times Unduplicated Pupil Percentage, times 20%, (2) Concentration Grant: For the concentration grant funding entitlement, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times portion of Unduplicated Pupil Percentage that exceeds 55%, times 65%, and (3) Transitional Kindergarten Add-On: For the TK add-on funding, the amount is the rate of \$3,044 times the school district's current year TK ADA.

Source: California Department of Education.

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

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the State Budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system. When a school district's share of local property taxes exceeds its funding entitlement under LCFF, it is deemed a Basic Aid District and is entitled to keep its local property taxes in lieu of lower funding per ADA available under LCFF. The District is not a Basic Aid District.

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund

which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see Note 1 of APPENDIX B to the Official Statement.

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's draft audited financial statements for fiscal year 2022-23 were prepared by Christy White, Inc., San Diego, California, and are attached to the Official Statement as APPENDIX B. The District's final audited financial statements for fiscal year 2022-23 are expected to be approved by the Board on March 13, 2024. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Chief Business Official. The District has not requested, and the auditor has not provided, any review or update of such financial statements in connection with inclusion in this Official Statement.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District for the fiscal years 2018-19 through 2021-22 and in draft form for fiscal year 2022-23. The District expects the fiscal year 2022-23 audited financial statement to be approved by the Board on March 13, 2024.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2018-19 through 2022-23 (Audited)
Sebastopol Union School District ⁽¹⁾

	Audited 2018-19	Audited 2019-20	Audited 2020-21	Audited 2021-22	Audited 2022-23 (Draft)
<u>Revenues</u>					
LCFF	\$5,564,381	\$5,563,416	\$5,804,403	\$5,790,856	\$5,847,216
Federal revenues	322,631	307,060	783,832	422,764	886,375
Other state revenues	741,596	491,826	613,201	899,031	1,906,939
Other local revenues	1,945,637	1,766,260	1,306,148	1,834,304	1,865,711
Total Revenues	8,574,245	8,128,562	8,507,584	8,946,955	10,506,241
<u>Expenditures</u>					
Instruction	4,986,119	4,791,851	4,677,085	5,167,129	6,236,418
Instruction-related activities:					
Supervision of instruction	29,147	38,856	27,790	107,499	55,108
Library, media and technology	28,654	24,810	26,132	21,282	23,918
School site administration	643,733	607,227	699,447	753,133	823,459
Pupil services:					
Home-to-school transportation	253,303	260,993	229,013	267,379	303,498
Food services	--	--	--	15,863	10,257
All other pupil services	366,628	447,366	339,627	534,483	632,372
General Administration:					
All other general admin.	611,647	680,395	665,951	808,086	858,454
Plant services	740,607	618,365	629,261	764,086	761,977
Ancillary services	--	4,892	4,894	10,365	11,889
Community services	33,494	31,475	31,564	27,263	30,232
Facilities Acquisition & Const.	57,600	--	--	--	132,715
Other outgo	42,725	--	44,706	5,450	10,317
Debt Service	--	--	--	--	--
Total Expenditures	7,793,657	7,506,230	7,375,470	8,482,018	9,890,614
Excess of Revenues					
Over/(Under) Expend.	780,588	622,332	1,132,114	464,937	615,627
<u>Other Financing Sources (Uses)</u>					
Operating transfers in	1,300	1,300	1,300	1,300	1,300
Operating transfers out	(471,394)	(17,397)	(47,178)	(200,000)	--
Other uses	--	(30,850)	--	--	--
Total Other Fin. Source (Uses)	(470,094)	(46,947)	(45,878)	(198,700)	1,300
Net change in fund balance	310,494	575,385	1,086,236	266,237	616,927
Fund Balance, July 1	3,120,217	3,430,712	3,857,304⁽²⁾	4,943,540	5,209,777
Fund Balance, June 30	\$3,430,711	\$4,006,097	\$4,943,540	\$5,209,777	\$5,826,704

(1) Totals may not foot due to rounding.

(2) As restated.

Source: Audited financial statements of the District for fiscal years 2018-19 through 2021-22; draft audited financial statements for fiscal year 2022-23.

District Budget and Interim Financial Reporting

Budgeting and Interim Reporting Procedures. State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Sonoma County Superintendent of Schools (the "**County Superintendent**").

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

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

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

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

District's Budget and Interim Certification History. During the past five years, each of the District's adopted budgets have been approved by the County Superintendent and the District has received positive certifications on all of its interim reports.

District's General Fund. The following table shows the general fund budget figures for fiscal year 2023-24 (adopted budget and first interim projections).

SEBASTOPOL UNION SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2023-24 (Adopted Budget and First Interim Projections)

	Adopted Budget 2023-24	First Interim 2023-24
Revenues		
Total LCFF Sources	\$5,972,481	\$6,066,292
Federal Revenues	461,263	744,170
Other state revenues ⁽¹⁾	957,984	1,048,520
Other local revenues	1,098,625	1,205,825
Total Revenues	8,490,353	9,064,807
Expenditures		
Certificated Salaries	3,245,297	3,352,869
Classified Salaries	1,092,478	1,150,851
Employee Benefits	1,943,523	1,996,178
Books and Supplies	392,499	529,109
Services and Other Operating Expenditures	2,838,700	2,924,256
Capital Outlay	--	63,330
Other Outgo (excluding transfers of indirect costs)	--	3,126
Other Outgo	(12,000)	(12,000)
Total Expenditures	9,500,497	10,007,719
Excess of Revenues Over/(Under) Expenditures	(1,010,144)	(942,912)
Other Financing Sources (Uses)		
Operating transfers in	306,259	306,259
Operating transfers out	--	--
Other sources	--	--
Contributions	--	--
Total Other Financing Sources (Uses)	306,259	306,259
Net change in fund balance	(703,885)	(636,653)
Fund Balance, July 1	2,799,807	3,467,965
Audit Adjustments	--	--
Adjusted Beginning Balance	--	--
Fund Balance, June 30 ⁽¹⁾	\$2,095,922	\$2,831,312

(1) Includes Basic Aid supplemental funding of \$850,000 in fiscal year 2023-24.

Source: Sebastopol Union School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 4% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future.

Under State law, there are certain restrictions on the amounts that can be held in reserve by school districts under certain circumstances. This reserve cap requirement does not apply to small school districts (ADA of fewer than 2,501 students) or school districts funded as Basic Aid school districts. When applicable, the reserve cap requires that a school district's adopted or revised budget not contain a combined assigned or unassigned ending general fund balance of more than 10% of those funds. The applicability of the reserve cap is based on the balance in the

State's Public School System Stabilization Account and is triggered in any fiscal year in which when the balance is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period, if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multi-year infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserve cap. The reserve cap has been triggered for fiscal year 2023-24 and, as such, the cap must be taken into account in the budget process for school districts to which it applies, or an exemption must be sought. The District is exempt from the reserve cap as a small school district.

Attendance - LCFF Funding

Funding Trends under LCFF. As described herein, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth recent LCFF funding per ADA for the District for fiscal years 2018-19 through 2023-24.

SEBASTOPOL UNION SCHOOL DISTRICT ADA and LCFF Funding Fiscal Years 2018-19 through 2023-24

Fiscal Year	ADA	LCFF Funding Per ADA
2018-19	438	\$12,674
2019-20	431	12,885
2020-21	431	13,444
2021-22	401	14,417
2022-23	400	14,618
2023-24 ⁽¹⁾	408	14,868

(1) First interim projection.

Source: California Department of Education for fiscal years 2018-19 through 2021-22; Sebastopol Union School District for fiscal years 2022-23 and 2023-24.

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 54% for purposes of calculating supplemental and concentration grant funding under LCFF.

Revenue Sources

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

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

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

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

Under LCFF, a school district whose property tax revenues exceed its funding under the LCFF is entitled to keep its local property tax revenues which exceed its LCFF funding, maintaining its status as a Basic Aid District, now referred to as a "Community Supported District." For school districts that were Basic Aid prior to implementation of the LCFF, such districts are entitled to retain their status as Community Supported and keep their full local property tax revenue entitlement, provided that the per-pupil funding targets under LCFF, including economic recovery targets, are met or exceeded by local property tax revenues. The threshold for Community Supported status under the LCFF, however, is higher than under the prior funding formula, resulting in some districts falling out of Community Supported status as the result of the implementation of the LCFF. The District is not a Community Supported District. Accountability measures contained in the LCFF must be implemented by all districts, including Community Supported Districts.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under Every Student Succeeds Act, the Individuals with Disabilities Education Act, and specialized programs such as Drug Free Schools.

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

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

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings, leases and rentals.

Furthermore, the District receives additional local revenues from voter-approved parcel tax revenue and lease revenue, as more fully described below.

Parcel Tax. At an election held on November 3, 2020, Measure N was approved by 74.8% of the voters of the District voting to levy a parcel tax of \$76 per year for eight years commencing July 1, 2021, and expiring June 30, 2029. In fiscal year 2022-23 the Measure N parcel tax raised approximately \$330,000.

Lease Revenue. The District leases a closed school site to a charter school. In fiscal year 2023-24, lease revenues are expected to generate approximately \$200,000.

District Retirement Systems

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

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

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

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

STRS EMPLOYER CONTRIBUTION RATES PURSUANT TO AB 1469

Effective Date	Employer Contribution Rate
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13**
July 1, 2020*	19.10**

*Rate to continue in subsequent years unless modified by the STRS Board.

**Subsequently reduced in connection with State budget acts and related legislation. See following paragraph.

Source: AB 1469.

Under AB 1469, the rate of 19.10% in effect as of July 1, 2020 was to continue unless modified by the STRS Board. However, the State legislature subsequently modified employer contribution rates in certain years as part of trailer bills adopted in connection with State budgets. Senate Bill 90 (“**SB 90**”) was enacted in connection with the fiscal year 2019-20 State budget, appropriating \$2.25 billion to pay in advance part of the employer contributions for fiscal years 2019-20 and 2020-21. The effect was that the employer contribution rate effective July 1, 2019 was 17.10% and effective July 1, 2020 was 18.4%. However, in part in response to expected financial strain caused by the COVID-19 pandemic, the State’s 2020-21 budget redirected additional funds to reducing employer contribution rates, resulting in a rate of 16.15% in fiscal year 2020-21 and 16.92% in fiscal year 2021-22.

The employer contribution rate was 19.10% in fiscal year 2022-23 pursuant to AB 1469 and is 19.10% in fiscal year 2023-24. The State also continues to contribute to STRS, and its contribution rate in fiscal year 2022-23 was 8.328% and is 8.328% in fiscal year 2023-24.

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

STRS CONTRIBUTIONS Sebastopol Union School District Fiscal Years 2018-19 through 2023-24

Fiscal Year	Amount
2018-19	\$371,662
2019-20	379,655
2020-21	358,436
2021-22	435,782
2022-23	554,993
2023-24 ⁽¹⁾	848,807

(1) First interim projection.

Source: Sebastopol Union School District.

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately \$85.8 billion, based on a market value assets, as of June 30, 2022, which is the date of the last actuarial valuation.

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

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

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2023-24⁽¹⁾

Fiscal Year	Employer Contribution Rate⁽¹⁾
2019-20	19.721%
2020-21	20.700
2021-22	22.910
2022-23	25.370
2023-24	26.680

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

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

PERS EMPLOYER CONTRIBUTIONS
Sebastopol Union School District
Fiscal Years 2018-19 through 2023-24

Fiscal Year	Amount
2018-19	\$181,074
2019-20	194,010
2020-21	199,592
2021-22	281,486
2022-23	344,812
2023-24 ⁽¹⁾	274,622

(1) First interim projection.
Source: Sebastopol Union School District.

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately \$37.6 billion, based on a market value of assets, as of June 30, 2022, which is the date of the last actuarial valuation.

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

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

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

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

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

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

Other Post-Employment Retirement Benefits

The District does not currently offer other post-employment retirement benefits.

Insurance – Joint Powers Agreement

The District participates in two joint ventures under joint powers authorities (“JPAs”), the Redwood Empire Schools Insurance Group and the West County Transportation Agency. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

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

Disclaimer Regarding Cyber Risks

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District’s systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the District’s current efforts to manage cyber threats and security will, in all cases, be successful.

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

Existing Debt Obligations

General Obligation Bonds. The District has five series of general obligation or refunding general obligation bonds currently outstanding, as summarized in the following table. See also “DEBT SERVICE SCHEDULES” in the body of this Official Statement for the annual debt service requirements of the District’s outstanding bonds.

GENERAL OBLIGATION BONDS Sebastopol Union School District

Dated Date	Series	Original Principal Amount	Principal Outstanding March 1, 2024
08/14/2001	GO Bonds, Election 2001, Series 2001	\$3,199,827.85	\$564,141.90
12/19/2012	GO Bonds, Election 2012, Series A	2,997,683.75	2,934,969.45
12/15/2016	GO Bonds, Election 2012, Series B	3,999,072.70	3,999,072.70
05/21/2020	GO Bonds, Election 2020, Series A	6,000,000.00	4,885,000.00
06/3/2022	2022 General Obligation Refunding Bonds*	2,314,015.00	2,281,379.00
Total		\$18,510,599.30	\$14,664,563.05

*Private placement.

Source: District's Audit; the Municipal Advisor.

Compensated Absences. Total unpaid employee compensated absences as of June 30, 2023 amounted to \$65,439. This amount is included as part of long-term liabilities in the government-wide financial statements.

Impact of COVID-19

As described in this Official Statement, while indications are that the COVID-19 pandemic is transitioning to an endemic stage, many variables will continue to contribute to the economic impact of the COVID-19 pandemic and the recovery. The ultimate impact of COVID-19 on the District's operations and finances is not fully known, and it may be some time before the full impact of the COVID-19 pandemic is known. The Bonds described in this Official Statement are not secured by the District's funds, but rather are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the General Fund of the District.

Investment of District Funds

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

Effect of State Budget on Revenues

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

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may

further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding. See “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS.”

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

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

State Funding of Education Generally

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

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

The State Budget Process

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

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

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each house of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature and be signed by

the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

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

Resources Relating to State Budgets

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

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

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

The 2023-24 State Budget

On June 27, 2023, the Governor signed the State’s fiscal year 2023-24 State budget bill (the “**2023-24 State Budget**”), prior to the July 1, 2023, deadline. The 2023-24 State Budget spending plan totals \$310 billion and solves a \$31.5 billion deficit problem, which is largely the result of falling State revenues in recent months due to a downturn in the stock market and resulting decreased capital gains, a volatile and significant source of State revenues. The 2023-24 State Budget maintains the largest-ever reserves aimed at weathering projected deficits in out-years, as well as a potential economic recession in the coming one or two years.

The 2023-24 State Budget marked a change from several previous years of record surpluses, large ongoing program commitments, and major one-time expenditures for projects. Adding to uncertainties in budgeting was the delayed income tax return filing date due to federal and State winter storm disaster declarations. As a result, actual revenues in the 2023-24 State Budget were not solidified until October 15, 2023, and further adjustments may be necessary if revenues continue to underperform projections.

The 2023-24 State Budget deficit was addressed with a combination of spending reductions totaling \$8 billion, including a planned \$750 million payment to the federal government to reduce the State’s \$20 billion unemployment insurance debt and approximately \$4 billion in funding previously earmarked for climate change and zero-emission programs, delayed spending of nearly \$8 billion previously approved for coming years, including funding for building facilities for transitional and full-day kindergarten, postponement in the spending

of \$500 million in broadband expansion funding, and more than \$15 billion in revised revenue estimates, internal fund shifts and internal borrowing.

Highlights of the 2023-24 State Budget include:

Public Education: Continued full funding for public K–14 education, which will see an 8.4% increase in state funding, and keep commitments to previously authorized spending increases for the University of California and California State University.

Health Care: Continued funding for other previous multi-year health care commitments, including (a) increases to fund California’s universal access to affordable health care, such as the state’s Medi-Cal eligibility expansion for undocumented adults and significant reforms under the Governor’s California Advancing and Innovating Medi-Cal, and (b) agreement to place a bond measure on the March 2024 ballot, asking voters to increase bond funding for more behavioral health beds and transitional housing aimed at reducing the incidence of homelessness.

Managed Care Organization Tax: Implements allocations of available funds from the renewal of the Managed Care Organization tax to provide \$2.7 billion in State funds for reimbursement rate increases and other investments annually, beginning in 2025 and going through 2029.

Climate Change: A reduction in \$2.9 billion from the previous commitment of more than \$6 billion toward battling climate change.

Housing and Homelessness: \$1 billion for local homeless programs, and direction of \$100 million to the Housing and Community Development Department’s flagship Multi-Family Housing Program for developing additional affordable housing and leveraging additional public and private investment dollars. Invests \$50 million in the Fresno Public Infrastructure Plan designed to revitalize downtown Fresno and lay the groundwork for infill housing development through transportation, water and green space public works projects.

Public Transit: \$5.1 billion for transit across four years, with flexibility for capital and operations expenses and accountability provisions.

Funding for Proposition 98 is \$108.3 billion in the 2023-24 State Budget, which is \$2.1 billion less than in the State budget for fiscal year 2022-23. An 8.2% cost-of-living adjustment will raise the funding formula, which is the primary funding source for general expenses and additional money for high-needs students, by 4.5% to \$79 billion. The additional funding takes into account a projected 3.16% decline statewide in ADA, including fewer students than projected enrolling in traditional kindergarten.

Other additional spending in the education portion of the 2023-24 State Budget includes:

- \$300 million to the funding formula to create an “equity multiplier” program, meant to enable certain high-needs schools to close opportunity and achievement gaps by addressing learning needs for the lowest-performing racial and ethnic student groups, students with disabilities and English learners in those schools.

- \$250 million in one-time funding to double grants over five years to high-poverty schools to train and hire literacy coaches for one-on-one and small-group interventions for struggling readers.
- \$80 million in ongoing funding for juvenile court and alternative schools operated by county offices of education.
- \$20 million in professional development grants for bilingual teachers.
- \$6 million more to the Golden State Teacher Grant program, which offers up to \$20,000 to a teacher candidate who commits to working in a priority school for four years, for teacher candidates preparing to become special education teachers.
- \$3.5 million ongoing to county offices of education to stock opioid overdose reversal medication, with at least two units at all middle and high schools within each county office's jurisdiction.
- \$1 million to develop a state "literacy roadmap" to provide guidance on teaching, training and using evidence-based practices on effective reading instruction.
- \$1 million for a panel to identify a choice of screening instruments from which all schools must choose, starting in the 2025-26 school year, to identify students at risk for dyslexia and other reading difficulties.
- \$1 million for professional development and leadership training through the Museum of Tolerance.

For the full text of the 2023-24 State Budget, see the DOF website at www.dof.ca.gov. *The reference to this Internet website is shown for reference and convenience only and the information contained on such website is not incorporated by reference into this Official Statement. The information contained on this website may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

LAO's Fiscal Outlook Publication Dated December 7, 2023

Each year, the LAO's office publishes the *Fiscal Outlook* in anticipation of the upcoming budget season. The goal of the report is to give the Legislature an independent estimate and analysis of the State's budget condition as lawmakers begin planning the fiscal year 2024-25 budget. The key takeaways as identified by the LAO are:

- ***The State Faces a Serious Deficit.*** Largely as a result of a severe revenue decline in fiscal year 2022-23, the State faces a serious budget deficit. Specifically, under the state's current law and policy, the LAO estimates the Legislature will need to solve a budget problem of \$68 billion in the coming budget process.
- ***Unprecedented Prior-Year Revenue Shortfall.*** Typically, the budget process does not involve large changes in revenue in the prior year (in this case, fiscal year 2022-23). This is because prior-year taxes usually have been filed and associated revenues collected. Due to the state conforming to federal tax filing

extensions, however, the Legislature is only gaining a complete picture of fiscal year 2022-23 tax collections after the 2022-23 fiscal year has already ended. Specifically, the LAO estimates that fiscal year 2022-23 revenue will be \$26 billion below 2023-24 Budget estimates.

- ***Legislature Has Multiple Tools Available to Address Budget Problem.*** While addressing a deficit of this scope is likely to be challenging, the Legislature has a number of options available to do so. In particular, the Legislature has nearly \$24 billion in reserves to address the budget problem. In addition, there are options to reduce spending on schools and community colleges that could address nearly \$17 billion of the budget problem. Reductions in one-time spending could also be considered. These options, along with some others like cost shifts, would allow the Legislature to solve most of the deficit largely without impacting the State's core ongoing service level.

- ***Legislature Will Have Fewer Options to Address Multiyear Deficits in the Coming Years.*** Given the State faces a serious budget problem, using general purpose reserves in fiscal year 2023-24 is merited. That said, the LAO suggests that the Legislature exercise some caution when deploying tools like reserves and cost shifts. The State's reserves are unlikely to be sufficient to cover the State's multi-year deficits, which average \$30 billion per year under LAO estimates. These deficits likely necessitate ongoing spending reductions, revenue increases, or both. As a result, preserving a substantial portion of reserves would provide a helpful cushion in light of the anticipated shortfalls that lie ahead.

The 2024-25 State Budget Proposal

On January 10, 2024, the Governor released the State's fiscal year 2024-25 State Budget Proposal (the "**2024-25 State Budget Proposal**"). The 2024-25 State Budget Proposal spending plan totals \$291.5 billion with an estimated state budget shortfall of \$37.9 billion, nearly \$30 billion less than previously estimated by the State's nonpartisan Legislative Analyst's Office. The shortfall is largely the result of substantial declines in the stock market that drove down revenues in fiscal year 2021-22 and delays in income tax collections. The 2024-25 State Budget Proposal maintains the State's fiscal stability using a portion of money saved in the budget reserves.

Revenues showed strength in the two fiscal years following the COVID-19 Recession, as stock market growth outpaced the slower overall economic recovery. Fueling this growth were capital gains realizations, which had a sizable impact on California revenues. State revenues saw similar increases. Over two fiscal years, from 2019-20 to 2021-22, three of the State's revenue sources—personal income, sales, and corporation taxes—grew by 55 percent. These revenue sources are projected to revert to levels consistent with a normal revenue growth trajectory, absent the COVID-19 surge and subsequent correction.

The 2024-25 State Budget Proposal details a withdrawal from the Budget Stabilization Account ("**BSA**") to address the state budget shortfall. Even after the proposed withdrawals, total budget reserves in the coming fiscal year will remain at \$18.4 billion. This includes \$11.1 billion in the BSA, \$3.9 billion in the Public School System Stabilization Account, and \$3.4 billion in the Special Fund for Economic Uncertainties.

Highlights of the 2024-25 State Budget Proposal include:

Housing and Homelessness: Advancing a multi-year \$15.3 billion plan to address homelessness. The proposal maintains billions of dollars for an all-of-the-above approach including \$400 million for encampment resolution grants and \$1 billion for Homeless Housing, Assistance and Prevention program grants.

Public Education: Maintains investments for public education, including funding for community schools, universal school meals, expanded learning opportunities, education workforce, and continued implementation of universal transitional kindergarten. Proposition 98 funding for K-12 schools and community colleges is estimated to be \$109.1 billion in 2024-25 and per-pupil funding totals \$23,519 per pupil when accounting for all funding sources.

Safety and Security: Invests \$1.1 billion over four years to increase the safety and security of the State, including \$373.5 million to combat organized retail theft; over \$230 million for opioid and fentanyl interdiction and enforcement, naloxone distribution, recovery and support services; \$302 million to enhance community public safety through nonprofit security grants, officer training; and \$197 million towards gun violence.

Health Care: Funding to make wellness coaches available to support children and youth behavioral health and maintains \$7.6 billion from various funds to implement the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) demonstration.

Climate Change: Advances a \$48.3 billion multi-year commitment, alongside over \$10 billion from the Biden-Harris Administration in federal climate funding, to implement initiatives to slash pollution and achieve carbon neutrality by 2045, protect communities from harmful climate impacts, and deliver 90% clean electricity by 2035.

Proposition 98 funding for K-12 schools and community colleges is estimated to be \$98.3 billion in 2022-23, \$105.6 billion in 2023-24, and \$109.1 billion in 2024-25. These revised Proposition 98 levels represent a decrease of approximately \$11.3 billion over the three-year period relative to the 2023 Budget Act. The 2024-25 State Budget Proposal includes funding of \$126.8 billion (\$76.4 billion General Fund and \$50.4 billion other funds) for all K-12 education programs.

Other additional spending in the education portion of the 2024-25 State Budget Proposal includes:

- \$65 million ongoing to reflect a 0.76% cost-of-living adjustment for specified categorical programs and the LCFF Equity Multiplier.
- A decrease of \$5 million ongoing to reflect ADA changes applicable to the county office of education LCFF, and a 0.76% cost-of-living adjustment.
- \$500 million to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission in 2024-25.
- \$7 million to support inquiry-based science instruction and assessment.

- \$5 million ongoing to support the California College Guidance Initiative.
- \$122.2 million to fully fund universal school meals program.
- \$5 million to the Broadband Infrastructure Grant.
- \$3.2 million ongoing to support the K-12 High Speed Network program.
- \$2.1 million ongoing for a county office of education to enable fourth graders attending public schools to access California state parks.
- \$2 million ongoing to establish a Technical Assistance center.
- \$1.5 million ongoing to maintain support for Homeless Education Technical Assistance Centers that were first established through the American Rescue Plan Act's Homeless Children and Youth Program.
- \$3.4 million, of which \$380,000 is ongoing, to replace critical servers, maintain warranty coverage for network infrastructure, and refresh laptops, tables, and workstations for students and staff at the State Special Schools and Diagnostic Centers.

For the full text of the 2024-25 State Budget Proposal, see the DOF website at www.dof.ca.gov. *The reference to this Internet website is shown for reference and convenience only and the information contained on such website is not incorporated by reference into this Official Statement. The information contained on this website may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Disclaimer Regarding State Budgets

The execution of State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2023-24 State Budget or subsequent State budgets, or future changes (if any) in the budget due to shifts in the economy or other factors, will have on its own finances and operations. However, the Bonds described herein are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIII A of the California Constitution

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

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

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

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

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

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

Article XIII B of the California Constitution

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

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

the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

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

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

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

Unitary Property

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

Articles XIII C and 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 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.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIII C 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.

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.

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

Proposition 98

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

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

Proposition 111

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

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

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

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

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

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

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (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 (the “**third test**”). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as “**Proposition 39**”) to the California Constitution. This amendment (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) changes existing statutory law regarding charter school facilities. Constitutional amendments may be changed only with another statewide vote. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by Proposition 39 are K-12 school districts including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (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 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for an elementary school district or high school district), or \$25 (for a community college district), per \$100,000 of taxable property value. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

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

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

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

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “**Proposition 30**”), temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This

excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases 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 \$600,000 for joint filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$600,000 but less than \$1,000,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers).

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

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

California Senate Bill 222

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

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 111, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under the State’s initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

APPENDIX B

**SEBASTOPOL UNION SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2022-23 (DRAFT)**

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SEBASTOPOL UNION SCHOOL DISTRICT

**AUDIT REPORT
JUNE 30, 2023**



SEBASTOPOL UNION SCHOOL DISTRICT
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JUNE 30, 2023

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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Governing Board
Sebastopol Union School District
Sebastopol, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sebastopol Union School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Sebastopol Union School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sebastopol Union School District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, the Sebastopol Union School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sebastopol Union School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December XX, 2023 on our consideration of the Sebastopol Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sebastopol Union School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sebastopol Union School District's internal control over financial reporting and compliance.

San Diego, California
December XX, 2023

SEBASTOPOL UNION SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

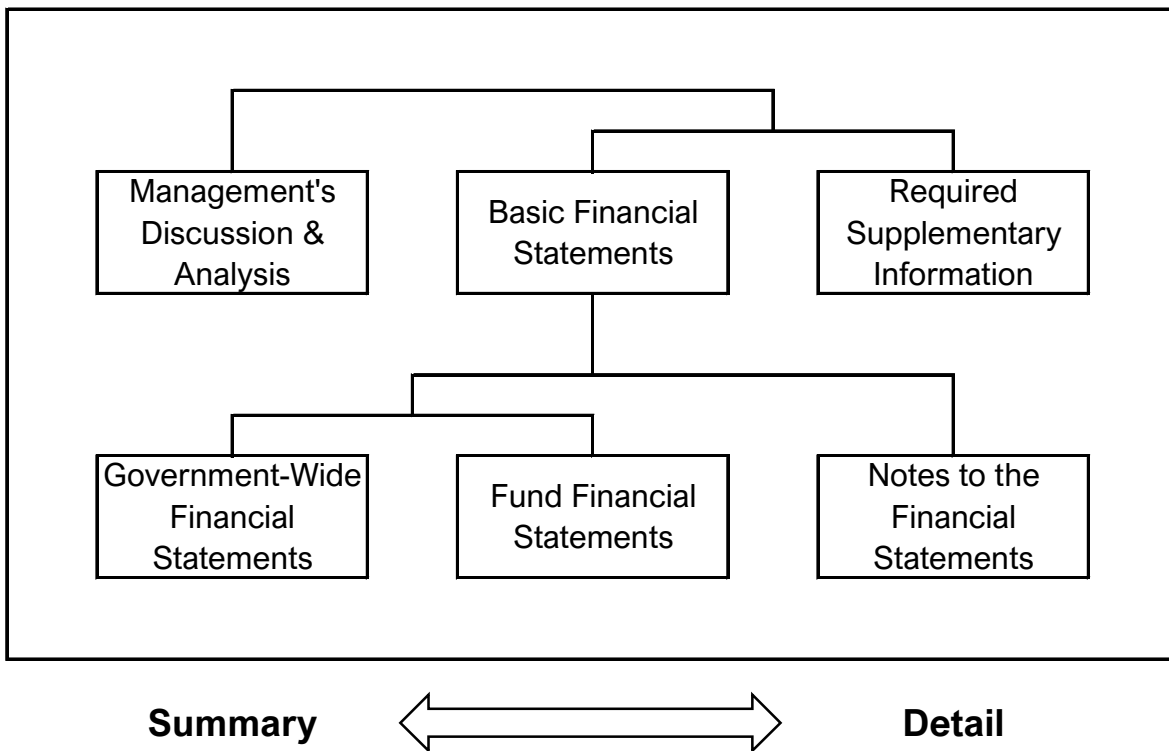
Our discussion and analysis of Sebastopol Union School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$8,227,241 at June 30, 2023. This was an increase of \$6,588,304 from the prior year.
- Overall revenues were \$12,419,585 which exceeded expenses of \$10,780,648.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**SEBASTOPOL UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

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

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

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

Government-Wide Statements

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

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

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

**SEBASTOPOL UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$8,227,241 at June 30, 2023, as reflected in the table below. Of this amount, \$(3,863,762) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2023	2022	Net Change
ASSETS			
Current and other assets	\$ 11,945,001	\$ 13,575,560	\$ (1,630,559)
Capital assets	21,540,871	20,776,095	764,776
Total Assets	33,485,872	34,351,655	(865,783)
DEFERRED OUTFLOWS OF RESOURCES	2,453,339	1,248,206	1,205,133
LIABILITIES			
Current liabilities	2,062,751	3,556,231	(1,493,480)
Long-term liabilities	24,851,551	22,690,133	2,161,418
Total Liabilities	26,914,302	26,246,364	667,938
DEFERRED INFLOWS OF RESOURCES	1,741,550	3,465,174	(1,723,624)
NET POSITION			
Net investment in capital assets	7,989,147	7,377,842	611,305
Restricted	4,101,856	3,753,037	348,819
Unrestricted	(3,863,762)	(4,542,575)	678,813
Total Net Position	\$ 8,227,241	\$ 6,588,304	\$ 1,638,937

**SEBASTOPOL UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2023	2022	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 292,926	\$ 79,208	\$ 213,718
Operating grants and contributions	3,026,883	1,425,778	1,601,105
General revenues			
Property taxes	8,875,955	5,969,918	2,906,037
Unrestricted federal and state aid	(842,970)	2,044,828	(2,887,798)
Other	1,066,791	1,171,802	(105,011)
Total Revenues	12,419,585	10,691,534	1,728,051
EXPENSES			
Instruction	5,894,684	4,962,342	932,342
Instruction-related services	827,840	821,187	6,653
Pupil services	1,235,513	1,099,052	136,461
General administration	921,685	841,697	79,988
Plant services	863,173	1,111,856	(248,683)
Ancillary and community services	104,445	83,510	20,935
Debt service	904,930	1,074,077	(169,147)
Other outgo	28,378	18,603	9,775
Total Expenses	10,780,648	10,012,324	768,324
Change in net position	1,638,937	679,210	959,727
Net Position - Beginning	6,588,304	5,909,094	679,210
Net Position - Ending	\$ 8,227,241	\$ 6,588,304	\$ 1,638,937

The cost of all our governmental activities this year was \$10,780,648 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$8,875,955 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**SEBASTOPOL UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

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

	Net Cost of Services	
	2023	2022
Instruction	\$ 3,601,400	\$ 4,372,288
Instruction-related services	821,756	667,624
Pupil services	449,027	559,199
General administration	825,727	690,062
Plant services	826,690	1,098,199
Ancillary and community services	27,106	40,120
Debt service	904,930	1,074,077
Transfers to other agencies	4,203	5,769
Total	\$ 7,460,839	\$ 8,507,338

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$10,930,441, which is less than last year's ending fund balance of \$11,660,069. The District's General Fund had \$615,627 more in operating revenues than expenditures for the year ended June 30, 2023. The District's Building Fund had \$1,027,972 less in operating revenues than expenditures for the year ended June 30, 2023. The District's Bond Interest and Redemption Fund had \$188,735 less in operating revenues than expenditures for the year ended June 30, 2023.

CURRENT YEAR BUDGET 2022-2023

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

**SEBASTOPOL UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2022-2023 the District had invested \$21,540,871 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2023	2022	Net Change
CAPITAL ASSETS			
Land	\$ 62,435	\$ 62,435	\$ -
Construction in progress	4,978,010	3,984,853	993,157
Land improvements	4,045,837	4,038,185	7,652
Buildings & improvements	33,064,777	32,848,423	216,354
Furniture & equipment	1,507,269	1,188,551	318,718
Less: Accumulated depreciation	(22,117,457)	(21,346,352)	(771,105)
Total Capital Assets	\$ 21,540,871	\$ 20,776,095	\$ 764,776

Long-Term Liabilities

At year-end, the District had \$24,851,551 in long-term liabilities, an increase of 9.53% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2023	2022	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 19,859,013	\$ 20,765,332	\$ (906,319)
Compensated absences	65,439	45,477	19,962
Net pension liability	5,795,364	3,325,225	2,470,139
Less: current portion of long-term liabilities	(868,265)	(1,445,901)	577,636
Total Long-term Liabilities	\$ 24,851,551	\$ 22,690,133	\$ 2,161,418

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its June 2023 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was not in a recession yet, but the forecast comes with a caution. Anti-inflation actions by the Federal Reserve could still trigger a near-term recession. The Federal Reserve has said that its actions will be dependent on data. If data shows that the labor market continues to remain robust and if another jobs report shows strong growth in payroll employment and inflation remains sticky, the Federal Reserve will likely err on the side of further tightening of monetary policy and thus, a mild recession later this year is the most likely. The Forecast anticipates that there will be a mild impact on the State of California's economy regardless of the Federal Reserve's policy actions. The California unemployment rate averages for 2023, 2024, and 2025 are expected to be 4.1%, 4.0% and 4.0%, respectively, and non-farm payroll jobs are expected to grow at rates of 2.0%, 1.3%, and 1.6%, during the same three years.

**SEBASTOPOL UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2023 Budget Revision includes a total Proposition 98 guarantee of \$106.8 billion (\$77.4 billion General Fund and \$29.4 billion local property tax) down from the January 2023 Governor's Budget Proposition 98 guarantee of \$108.8 billion (\$79.6 billion General Fund and \$29.2 billion local property tax). The Proposition 98 Guarantee continues to be in Test 1 for 2022-23 and 2023-24. At May Revision, the 2023-24 cost-of-living adjustment (COLA) is updated to 8.22 percent, the largest COLA in the history of LCFF. Additionally, the May revise saw a reduction of \$1.8 billion to the Arts, Music, and Instructional Materials Discretionary Block Grant and a \$2.5 billion reduction of the Learning Recovery Emergency Block Grant.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2023. The amount of the liability is material to the financial position of the District. The CalSTRS projected employer contribution rate for 2023-24 is 19.10 percent. The CalPERS projected employer contribution rate for 2023-24 is 26.68 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2023-24 fiscal year

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Linda Irving, Superintendent, Sebastopol Union School District, 7611 Huntly Street, Sebastopol, California 95472.

SEBASTOPOL UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 10,812,535
Accounts receivable	1,125,819
Prepaid expenses	6,647
Lease receivable	943,882
Capital assets, not depreciated	5,040,445
Capital assets, net of accumulated depreciation	16,500,426
Total Assets	34,429,754
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2,453,339
Total Deferred Outflows of Resources	2,453,339
LIABILITIES	
Accrued liabilities	1,009,631
Unearned revenue	184,855
Long-term liabilities, current portion	868,265
Long-term liabilities, non-current portion	24,851,551
Total Liabilities	26,914,302
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	797,668
Deferred inflows related to leases	943,882
Total Deferred Inflows of Resources	1,741,550
NET POSITION	
Net investment in capital assets	7,989,147
Restricted:	
Capital projects	1,005,205
Debt service	1,782,133
Educational programs	1,014,073
Food service	157,093
Associated student body	143,352
Unrestricted	(3,863,762)
Total Net Position	\$ 8,227,241

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

**SEBASTOPOL UNION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 5,894,684	\$ 213,159	\$ 2,080,125	\$ (3,601,400)
Instruction-related services				
Instructional supervision and administration	59,000	-	1,169	(57,831)
Instructional library, media, and technology	26,403	-	-	(26,403)
School site administration	742,437	-	4,915	(737,522)
Pupil services				
Home-to-school transportation	329,645	-	120,376	(209,269)
Food services	309,745	-	461,380	151,635
All other pupil services	596,123	35,214	169,516	(391,393)
General administration				
All other general administration	921,685	5,898	90,060	(825,727)
Plant services	863,173	15,042	21,441	(826,690)
Ancillary services	70,317	-	76,386	6,069
Community services	34,128	-	953	(33,175)
Interest on long-term debt	904,930	-	-	(904,930)
Other outgo	28,378	23,613	562	(4,203)
Total Governmental Activities	\$ 10,780,648	\$ 292,926	\$ 3,026,883	(7,460,839)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				6,871,876
Property taxes, levied for debt service				1,674,688
Property taxes, levied for other specific purposes				329,391
Federal and state aid not restricted for specific purposes				(842,970)
Interest and investment earnings				(194,041)
Interagency revenues				700
Miscellaneous				1,260,132
Subtotal, General Revenue				9,099,776
CHANGE IN NET POSITION				1,638,937
Net Position - Beginning				6,588,304
Net Position - Ending				\$ 8,227,241

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

SEBASTOPOL UNION SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,800,593	\$ 2,050,041	\$ 1,962,059	\$ 999,842	\$ 10,812,535
Accounts receivable	1,028,414	-	-	97,405	1,125,819
Due from other funds	-	-	-	215,000	215,000
Prepaid expenditures	6,647	-	-	-	6,647
Lease receivable	943,882	-	-	-	943,882
Total Assets	\$ 7,779,536	\$ 2,050,041	\$ 1,962,059	\$ 1,312,247	\$ 13,103,883
LIABILITIES					
Accrued liabilities	\$ 824,095	\$ 2,513	\$ -	\$ 3,097	\$ 829,705
Due to other funds	-	215,000	-	-	215,000
Unearned revenue	184,855	-	-	-	184,855
Total Liabilities	1,008,950	217,513	-	3,097	1,229,560
DEFERRED INFLOWS					
Deferred inflows related to leases	943,882	-	-	-	943,882
Total Deferred Inflows	943,882	-	-	-	943,882
FUND BALANCES					
Nonspendable	10,647	-	-	3,500	14,147
Restricted	1,157,425	1,832,528	1,962,059	1,305,650	6,257,662
Assigned	3,676,610	-	-	-	3,676,610
Unassigned	982,022	-	-	-	982,022
Total Fund Balances	5,826,704	1,832,528	1,962,059	1,309,150	10,930,441
Total Liabilities, Deferred Inflows and Fund Balances	\$ 7,779,536	\$ 2,050,041	\$ 1,962,059	\$ 1,312,247	\$ 13,103,883

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

SEBASTOPOL UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds \$ 10,930,441

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

Capital assets:

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

Capital assets	\$ 43,658,328	
Accumulated depreciation	<u>(22,117,457)</u>	21,540,871

Unmatured interest on long-term debt:

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

(179,926)

Long-term liabilities:

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

Total general obligation bonds	\$ 19,859,013	
Compensated absences	65,439	
Net pension liability	<u>5,795,364</u>	(25,719,816)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 2,453,339	
Deferred inflows of resources related to pensions	<u>(797,668)</u>	1,655,671

Total Net Position - Governmental Activities		<u>\$ 8,227,241</u>
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SEBASTOPOL UNION SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 5,847,216	\$ -	\$ -	\$ -	\$ 5,847,216
Federal sources	886,375	-	-	197,467	1,083,842
Other state sources	1,906,939	-	8,920	206,245	2,122,104
Other local sources	1,865,711	(30,427)	1,628,507	263,296	3,727,087
Total Revenues	10,506,241	(30,427)	1,637,427	667,008	12,780,249
EXPENDITURES					
Current					
Instruction	6,236,418	-	-	-	6,236,418
Instruction-related services					
Instructional supervision and administration	55,108	-	-	-	55,108
Instructional library, media, and technology	23,918	-	-	-	23,918
School site administration	823,459	-	-	-	823,459
Pupil services					
Home-to-school transportation	303,498	-	-	-	303,498
Food services	10,257	-	-	282,702	292,959
All other pupil services	632,372	-	-	-	632,372
General administration					
All other general administration	858,454	-	-	4,425	862,879
Plant services	761,977	-	-	15,906	777,883
Facilities acquisition and construction	132,715	997,545	-	416,262	1,546,522
Ancillary services	11,889	-	-	58,200	70,089
Community services	30,232	-	-	-	30,232
Transfers to other agencies	10,317	-	-	18,061	28,378
Debt service					
Principal	-	-	1,427,636	-	1,427,636
Interest and other	-	-	398,526	-	398,526
Total Expenditures	9,890,614	997,545	1,826,162	795,556	13,509,877
Excess (Deficiency) of Revenues					
Over Expenditures	615,627	(1,027,972)	(188,735)	(128,548)	(729,628)
Other Financing Sources (Uses)					
Transfers in	1,300	-	-	-	1,300
Other sources	-	-	-	-	-
Transfers out	-	-	-	(1,300)	(1,300)
Net Financing Sources (Uses)	1,300	-	-	(1,300)	-
NET CHANGE IN FUND BALANCE	616,927	(1,027,972)	(188,735)	(129,848)	(729,628)
Fund Balance - Beginning	5,209,777	2,860,500	2,150,794	1,438,998	11,660,069
Fund Balance - Ending	\$ 5,826,704	\$ 1,832,528	\$ 1,962,059	\$ 1,309,150	\$ 10,930,441

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

**SEBASTOPOL UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Governmental Funds \$ (729,628)

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

Capital outlay:

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

Expenditures for capital outlay:	\$ 1,535,881	
Depreciation expense:	<u>(771,105)</u>	764,776

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 1,427,636

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 14,913

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (539,582)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (19,962)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: 702,519

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 18,265

Change in Net Position of Governmental Activities	<u>\$ 1,638,937</u>
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The accompanying notes are an integral part of these financial statements.

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

B. Component Units

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

C. Basis of Presentation

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

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

Major Governmental Funds

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

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

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

Non-Major Governmental Funds

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

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

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

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

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

D. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements

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

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

Governmental Funds

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions

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

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

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

Unearned Revenue

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

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

Expenses/Expenditures

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

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

Lease Receivables

Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectable amounts. An associated deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable, plus any prepayments at the beginning of the lease. The deferred inflow is amortized on a straight-line basis over the term of the lease.

Inventories

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

Capital Assets

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

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

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

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Interfund Balances

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Accrued Liabilities and Long-Term Obligations

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

Premiums and Discounts

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

Deferred Outflows/Deferred Inflows of Resources

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

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Pensions

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

Fund Balance

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

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

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

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

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

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

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

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Property Tax

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

J. New Accounting Pronouncements

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The District has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities
Investment in county treasury	\$ 11,027,410
Fair market value adjustment	(368,727)
Cash on hand and in banks	143,352
Cash with fiscal agent	3,000
Cash in revolving fund	7,500
Total	<u>\$ 10,812,535</u>

B. Policies and Practices

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

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

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

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of \$10,658,683. The average weighted maturity for this pool is 539 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2023, the pooled investments in the County Treasury were not rated.

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2023, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

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

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

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

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

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

The District's fair value measurements at June 30, 2023 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 10,658,683
Total	<u>\$ 10,658,683</u>

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 3 – RECEIVABLES

A. Accounts Receivable

Accounts receivable at June 30, 2023 consisted of the following:

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government			
Categorical aid	\$ 729,291	\$ 64,718	\$ 794,009
State Government			
Apportionment	50,575	-	50,575
Categorical aid	154,104	32,687	186,791
Lottery	25,011	-	25,011
Local Government			
Other local sources	69,433	-	69,433
Total	\$ 1,028,414	\$ 97,405	\$ 1,125,819

B. Lease Receivable

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District is the lessor in a lease agreement with Twin Hills Union School District for the use of real property for a charter school. An initial lease receivable was recorded in the amount of \$923,094. As of June 30, 2023, the value of the lease receivable is \$943,882. For the year ended June 30, 2023, the lessee was required to make monthly fixed payments of \$18,769. Monthly fixed payments increase by 2% in each year of the lease. The lease has an effective interest rate of 0.29%. The value of the deferred inflow of resources as of June 30, 2023 was \$943,882, and the District recognized lease revenue of \$225,228 during the fiscal year. The lease term ends on June 30, 2025 and does not include any options to extend.

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 62,435	\$ -	\$ -	\$ 62,435
Construction in progress	3,984,853	993,157	-	4,978,010
Total capital assets not being depreciated	4,047,288	993,157	-	5,040,445
Capital assets being depreciated				
Land improvements	4,038,185	7,652	-	4,045,837
Buildings & improvements	32,848,423	216,354	-	33,064,777
Furniture & equipment	1,188,551	318,718	-	1,507,269
Total capital assets being depreciated	38,075,159	542,724	-	38,617,883
Less: Accumulated depreciation				
Land improvements	3,612,195	98,749	-	3,710,944
Buildings & improvements	16,874,898	628,724	-	17,503,622
Furniture & equipment	859,259	43,632	-	902,891
Total accumulated depreciation	21,346,352	771,105	-	22,117,457
Total capital assets being depreciated, net	16,728,807	(228,381)	-	16,500,426
Governmental Activities				
Capital Assets, net	\$ 20,776,095	\$ 764,776	\$ -	\$ 21,540,871

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 480,073
Instructional supervision and administration	3,892
Instructional library, media, and technology	2,485
School site administration	60,835
Home-to-school transportation	26,147
Food services	14,652
All other pupil services	44,819
All other general administration	68,167
Plant services	66,392
Ancillary services	490
Community services	3,153
Total	<u>\$ 771,105</u>

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2023 consisted of \$215,000 due from the Building Fund to the Special Reserve Fund for Capital Outlay Projects for roofing project expenditures.

B. Operating Transfers

Interfund transfers for the year ended June 30, 2023 consisted of a transfer for \$1,300 from the Capital Facilities Fund to the General Fund for annual administrative fee transfer.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2023 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	\$ 62,061	\$ -	\$ 2,361	\$ -	\$ 64,422
Vendors payable	337,501	2,513	736	-	340,750
Unmatured interest	-	-	-	179,926	179,926
Due to grantor government	424,533	-	-	-	424,533
Total	\$ 824,095	\$ 2,513	\$ 3,097	\$ 179,926	\$ 1,009,631

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2023 consisted of the following:

	General Fund
Federal sources	\$ 105,536
State categorical sources	79,319
Total	\$ 184,855

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2023 consisted of the following:

	Balance July 01, 2022		Additions		Deductions		Balance June 30, 2023		Balance Due In One Year
Governmental Activities									
General obligation bonds	\$ 13,451,585	\$	-	\$	823,600	\$	12,627,985	\$	244,801
Unamortized premium	493,153		-		18,265		474,888		18,265
Accreted interest	4,506,579		539,582		571,400		4,474,761		605,199
Subtotal general obligation bonds	18,451,317		539,582		1,413,265		17,577,634		868,265
Direct placement general obligation bonds	2,314,015		-		32,636		2,281,379		-
Total general obligation bonds	20,765,332		539,582		1,445,901		19,859,013		868,265
Compensated absences	45,477		19,962		-		65,439		-
Net pension liability	3,325,225		2,470,139		-		5,795,364		-
Total	\$ 24,136,034	\$	3,029,683	\$	1,445,901	\$	25,719,816	\$	868,265

- Payments for general obligation bonds and direct placement general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to \$65,439. This amount is included as part of long-term liabilities in the government-wide financial statements.

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. General Obligation Bonds

The outstanding general obligation bonded debt (other than direct placement) is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2022	Additions	Deductions	Bonds Outstanding June 30, 2023
8/14/2001	8/1/2026	5.75 - 5.80%	\$ 999,828	\$ 999,828	\$ -	\$ 224,256	\$ 775,572
12/5/2012	8/1/2042	3.83 - 4.75%	2,997,684	2,997,684	-	29,344	2,968,340
11/29/2016	8/1/2042	4.25 - 4.77%	3,999,073	3,999,073	-	-	3,999,073
5/21/2020	8/1/2049	2.48 - 5.00%	6,000,000	5,455,000	-	570,000	4,885,000
				\$ 13,451,585	\$ -	\$ 823,600	\$ 12,627,985

The bonds mature through 2050 as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 244,800	\$ 928,699	\$ 1,173,499
2025	236,758	966,742	1,203,500
2026	226,911	1,001,588	1,228,499
2027	217,907	1,162,961	1,380,868
2028	310,489	632,349	942,838
2029 - 2033	1,947,826	3,407,371	5,355,197
2034 - 2038	2,425,059	4,084,438	6,509,497
2039 - 2043	4,158,235	3,561,390	7,719,625
2044 - 2048	1,855,000	500,125	2,355,125
2049 - 2050	1,005,000	51,375	1,056,375
Total	\$ 12,627,985	\$ 16,297,038	\$ 28,925,023

In fiscal year 2022, the District issued \$2,314,015 in Direct Placement 2022 General Obligation Refunding Bonds. The bonds were issued to refund the District's Election of 2012, Series C bonds. The refunding transaction resulted in a net savings to the District of \$351,414 and a present value of savings of \$243,406.

The net proceeds received for the 2022 Refunding Bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the Election of 2012, Series C bonds that were advance refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements.

The outstanding direct placement general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2022	Additions	Deductions	Bonds Outstanding June 30, 2023
6/3/2022	8/1/2043	3.90%	\$ 2,314,015	\$ 2,314,015	\$ -	\$ 32,636	\$ 2,281,379
				\$ 2,314,015	\$ -	\$ 32,636	\$ 2,281,379

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. General Obligation Bonds (continued)

The direct placement general obligation bonds mature through 2044 as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ -	\$ 88,974	\$ 88,974
2025	-	88,974	88,974
2026	8,788	76,997	85,785
2027	30,419	64,644	95,063
2028	45,771	63,594	109,365
2029 - 2033	244,815	297,577	542,392
2034 - 2038	372,278	256,462	628,740
2039 - 2043	1,022,475	192,139	1,214,614
2044	556,833	7,935	564,768
Total	\$ 2,281,379	\$ 1,137,296	\$ 3,418,675

C. Net Pension Liability

The District's beginning net pension liability was \$3,325,225 and increased by \$2,470,139 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was \$5,795,364 See Note 10 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2023:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 4,000	\$ -	\$ -	\$ 3,500	\$ 7,500
Prepaid expenditures	6,647	-	-	-	6,647
Total non-spendable	10,647	-	-	3,500	14,147
Restricted					
Educational programs	1,157,425	-	-	-	1,157,425
Food service	-	-	-	157,093	157,093
Associated student body	-	-	-	143,352	143,352
Capital projects	-	1,832,528	-	1,005,205	2,837,733
Debt service	-	-	1,962,059	-	1,962,059
Total restricted	1,157,425	1,832,528	1,962,059	1,305,650	6,257,662
Assigned					
Increasing REU	950,240	-	-	-	950,240
Special education	275,131	-	-	-	275,131
Textbook adoption	95,000	-	-	-	95,000
Other assignments	2,356,239	-	-	-	2,356,239
Total assigned	3,676,610	-	-	-	3,676,610
Unassigned	982,022	-	-	-	982,022
Total Fund Balance	\$ 5,826,704	\$ 1,832,528	\$ 1,962,059	\$ 1,309,150	\$ 10,930,441

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 4 percent of General Fund expenditures and other financing uses.

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS

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

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 3,061,893	\$ 1,371,670	\$ 705,710	\$ (205,281)
PERS Pension	2,733,471	1,081,669	91,958	402,567
Total	\$ 5,795,364	\$ 2,453,339	\$ 797,668	\$ 197,286

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2023, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$554,993 for the year ended June 30, 2023.

On-Behalf Payments

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

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	3,061,893
State's proportionate share of the net pension liability associated with the District		1,533,405
Total	\$	<u>4,595,298</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.004 percent, which did not change from its proportion measured as of June 30, 2021.

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – 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)

For the year ended June 30, 2023, the District recognized pension expense of \$(205,281). In addition, the District recognized pension expense and revenue of \$(114,686) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 149,688
Differences between expected and actual experience	2,512	229,578
Changes in assumptions	151,848	-
Changes in proportion and differences between District contributions and proportionate share of contributions	662,317	326,444
District contributions subsequent to the measurement date	554,993	-
Total	<u>\$ 1,371,670</u>	<u>\$ 705,710</u>

The \$554,993 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 255,260	\$ 263,055
2025	136,189	255,907
2026	122,744	313,581
2027	121,831	(194,993)
2028	90,327	57,629
2029	90,326	10,531
Total	<u>\$ 816,677</u>	<u>\$ 705,710</u>

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 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, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	<u>100%</u>	

*20-year geometric average

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

Discount Rate

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 5,200,230	\$ 3,061,893	\$ 1,286,430

Pension Plan Fiduciary Net Position

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

Contributions

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2023 was 25.37% of annual payroll. Contributions to the plan from the District were \$344,812 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$2,733,471 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.008 percent, which increased from 0.001 from the year ended June 30, 2021.

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2023, the District recognized pension expense of \$402,567. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 322,749	\$ -
Differences between expected and actual experience	12,354	68,012
Changes in assumptions	202,207	-
Changes in proportion and differences between District contributions and proportionate share of contributions	199,547	23,946
District contributions subsequent to the measurement date	344,812	-
Total	<u>\$ 1,081,669</u>	<u>\$ 91,958</u>

The \$344,812 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 211,979	\$ 47,792
2025	192,933	23,846
2026	135,143	20,320
2027	196,802	-
Total	<u>\$ 736,857</u>	<u>\$ 91,958</u>

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.45%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	<u>100.0%</u>	

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

Discount Rate

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 3,948,637	\$ 2,733,471	\$ 1,729,181

Pension Plan Fiduciary Net Position

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

SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

C. Construction Commitments

As of June 30, 2023, the District had commitments with respect to unfinished capital projects totaling \$259,344.

NOTE 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in two joint ventures under joint powers authorities (JPAs), the Redwood Empire Schools Insurance Group and the West County Transportation Agency. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

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

NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2023, total deferred outflows related to pensions was \$2,453,339 and total deferred inflows related to pensions was \$797,668.

B. Leases

Pursuant to GASB Statement No. 87, *Leases*, the District recognized deferred inflows of resources related to leases in the District-wide financial statements. Further information regarding the deferred inflows of resources can be found at Note 3. At June 30, 2023, total deferred inflows related to leases was 943,882.

REQUIRED SUPPLEMENTARY INFORMATION

**SEBASTOPOL UNION SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 5,336,218	\$ 5,575,675	\$ 5,837,216	\$ 261,541
Federal sources	569,256	667,496	886,375	218,879
Other state sources	481,478	1,914,522	1,906,939	(7,583)
Other local sources	1,011,552	1,026,287	1,074,051	47,764
Total Revenues	7,398,504	9,183,980	9,704,581	520,601
EXPENDITURES				
Certificated salaries	2,748,180	2,945,679	2,974,964	(29,285)
Classified salaries	895,471	1,070,180	1,035,986	34,194
Employee benefits	1,721,423	1,878,667	1,815,820	62,847
Books and supplies	316,439	350,506	415,028	(64,522)
Services and other operating expenditures	2,714,327	3,357,570	2,752,214	605,356
Capital outlay	9,950	110,904	125,541	(14,637)
Other outgo				
Excluding transfers of indirect costs	-	10,317	10,317	-
Transfers of indirect costs	(12,000)	(12,000)	(12,000)	-
Total Expenditures	8,393,790	9,711,823	9,117,870	593,953
Excess (Deficiency) of Revenues Over Expenditures	(995,286)	(527,843)	586,711	1,114,554
Other Financing Sources (Uses)				
Transfers in	383,545	251,718	251,718	-
Transfers out	(68,760)	-	-	-
Net Financing Sources (Uses)	314,785	251,718	251,718	-
NET CHANGE IN FUND BALANCE	(680,501)	(276,125)	838,429	1,114,554
Fund Balance - Beginning	2,629,536	2,629,536	2,629,536	-
Fund Balance - Ending	\$ 1,949,035	\$ 2,353,411	\$ 3,467,965	\$ 1,114,554

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

- The amounts on that schedule include the financial activity of the Child Development Fund, the Deferred Maintenance Fund, and the Special Reserve Fund for Other Than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54. In addition, audit adjustments are not reflected in the schedule above.

SEBASTOPOL UNION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.004%	0.004%	0.004%	0.004%	0.005%	0.004%	0.005%	0.005%	0.005%
District's proportionate share of the net pension liability	\$ 3,061,893	\$ 1,861,348	\$ 4,130,584	\$ 3,621,792	\$ 4,161,479	\$ 4,083,476	\$ 3,774,214	\$ 3,457,245	\$ 2,921,850
State's proportionate share of the net pension liability associated with the District	1,533,405	936,578	2,129,300	1,975,929	2,383,470	2,415,750	2,148,593	1,828,501	-
Total	\$ 4,595,298	\$ 2,797,926	\$ 6,259,884	\$ 5,597,721	\$ 6,544,949	\$ 6,499,226	\$ 5,922,807	\$ 5,285,746	\$ 2,921,850
District's covered payroll	\$ 2,590,259	\$ 2,219,461	\$ 2,220,205	\$ 2,282,936	\$ 2,427,949	\$ 2,345,652	\$ 2,305,676	\$ 2,296,227	\$ 2,471,662
District's proportionate share of the net pension liability as a percentage of its covered payroll	118.2%	83.9%	186.0%	158.6%	171.4%	174.1%	163.7%	150.6%	118.2%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

SEBASTOPOL UNION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.008%	0.007%	0.007%	0.007%	0.007%	0.007%	0.007%	0.008%	0.008%
District's proportionate share of the net pension liability	\$ 2,733,471	\$ 1,463,877	\$ 2,094,070	\$ 2,105,918	\$ 1,875,672	\$ 1,570,477	\$ 1,295,902	\$ 1,111,670	\$ 896,842
District's covered payroll	\$ 1,208,366	\$ 960,168	\$ 983,774	\$ 1,002,514	\$ 928,221	\$ 838,530	\$ 787,195	\$ 802,294	\$ 823,365
District's proportionate share of the net pension liability as a percentage of its covered payroll	226.2%	152.5%	212.9%	210.1%	202.1%	187.3%	164.6%	138.6%	108.9%
Plan fiduciary net position as a percentage of the total pension liability	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

**SEBASTOPOL UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023**

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 554,993	\$ 435,782	\$ 358,436	\$ 379,655	\$ 371,662	\$ 350,353	\$ 295,083	\$ 247,399	\$ 203,905
Contributions in relation to the contractually required contribution*	(554,993)	(435,782)	(358,436)	(379,655)	(371,662)	(350,353)	(295,083)	(247,399)	(203,905)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,891,963	\$ 2,590,259	\$ 2,219,461	\$ 2,220,205	\$ 2,282,936	\$ 2,427,949	\$ 2,345,652	\$ 2,305,676	\$ 2,296,227
Contributions as a percentage of covered payroll	19.19%	16.82%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**SEBASTOPOL UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 344,812	\$ 281,486	\$ 199,592	\$ 194,010	\$ 181,074	\$ 144,162	\$ 116,455	\$ 93,259	\$ 94,438
Contributions in relation to the contractually required contribution*	(344,812)	(281,486)	(199,592)	(194,010)	(181,074)	(144,162)	(116,455)	(93,259)	(94,438)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,360,573	\$ 1,208,366	\$ 960,168	\$ 983,774	\$ 1,002,514	\$ 928,221	\$ 838,530	\$ 787,195	\$ 802,294
Contributions as a percentage of covered payroll	25.34%	23.29%	20.79%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

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

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS. The discount rate changed from 7.15% to 6.90% and the inflation rate changed from 2.50% to 2.30% since the previous measurement for CalPERS.

Schedule of District Contributions

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	\$ 2,945,679	\$ 2,974,964	\$ 29,285
Books and supplies	\$ 350,506	\$ 415,028	\$ 64,522
Capital outlay	\$ 110,904	\$ 125,541	\$ 14,637

SUPPLEMENTARY INFORMATION

**SEBASTOPOL UNION SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 85,558
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	18,015
Title III, English Learner Student Program	84.365	14346	24,296
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	443
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	120,376
ARP IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	24,098
ARP IDEA Part B, Sec 619, Preschool Grants	84.173	15639	3,234
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	9,797
Subtotal Special Education Cluster			157,505
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants [1]:			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	116,598
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	460,427
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	500
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618	11,064
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	2,380
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	6,760
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	2,830
Subtotal Education Stabilization Fund Discretionary Grants			600,559
Total U. S. Department of Education			886,376
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	17,873
School Breakfast Program - Needy	10.553	13526	39,367
National School Lunch Program	10.555	13391	105,746
USDA Commodities [2]	10.555	*	17,977
Meal Supplements	10.555	*	1,419
Supply Chain Assistance (SCA) Funds	10.555	15655	15,084
Subtotal Child Nutrition Cluster			197,466
Total U. S. Department of Agriculture			197,466
Total Federal Expenditures			\$ 1,083,842

[1] - Major Program

[2] - In-Kind Contribution

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

**SEBASTOPOL UNION SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2023**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	163.38	167.36
Total TK/K through Third	163.38	167.36
Fourth through Sixth		
Regular ADA	135.87	136.74
Special Education - Nonpublic Schools	1.00	0.99
Extended Year Special Education - Nonpublic Schools	0.41	0.41
Total Fourth through Sixth	137.28	138.14
Seventh through Eighth		
Regular ADA	91.64	91.28
Special Education - Nonpublic Schools	3.22	3.34
Extended Year Special Education - Nonpublic Schools	0.26	0.26
Total Seventh through Eighth	95.12	94.88
TOTAL SCHOOL DISTRICT	395.78	400.38

**SEBASTOPOL UNION SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2023**

Grade Level	Minutes Requirement	2022-23 Actual Minutes	Number of Days	Status
Kindergarten	36,000	46,800	180	Complied
Grade 1	50,400	50,630	180	Complied
Grade 2	50,400	50,630	180	Complied
Grade 3	50,400	50,630	180	Complied
Grade 4	54,000	54,040	180	Complied
Grade 5	54,000	55,980	180	Complied
Grade 6	54,000	54,900	180	Complied
Grade 7	54,000	54,900	180	Complied
Grade 8	54,000	54,900	180	Complied

**SEBASTOPOL UNION SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

	2024 (Budget)	2023	2022	2021
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 8,796,612	\$ 9,956,299	\$ 8,169,499	\$ 8,241,774
Expenditures And Other Financing Uses	9,500,497	9,117,870	8,206,330	7,807,530
Net change in Fund Balance	\$ (703,885)	\$ 838,429	\$ (36,831)	\$ 434,244
Ending Fund Balance	\$ 2,764,080	\$ 3,467,965	\$ 2,629,536	\$ 2,666,367
Available Reserves*	\$ 386,539	\$ 982,022	\$ 804,630	\$ 1,264,836
Available Reserves As A Percentage Of Outgo	4.07%	10.77%	9.80%	16.20%
Long-term Liabilities	\$ 24,851,551	\$ 25,719,816	\$ 24,136,034	\$ 27,721,076
Average Daily Attendance At P-2***	407	396	404	431

The General Fund ending fund balance has increased by \$801,598 over the past two years. The fiscal year 2023-24 budget projects a further decrease of \$703,885. For a District this size, the State recommends available reserves of at least 4% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2023-24 fiscal year. Total long-term obligations have decreased by \$2,001,260 over the past two years.

Average daily attendance has decreased by 35 ADA over the past two years. An increase of 11 ADA is anticipated during the 2023-24 fiscal year.

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

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

***Due to the COVID-19 pandemic, 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.

****2020 amounts include the financial activity of the Child Development Fund, the Deferred Maintenance Fund, and the Special Reserve Fund for Other Than Capital Outlay Projects.

**SEBASTOPOL UNION SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2023, annual financial and budget report fund balance	\$ 3,467,965	\$ 179,504	\$ 99,551	\$ 83,085	\$ 2,096,150
Adjustments and reclassifications:					
Increase (decrease) in total fund balances:					
Accounts receivable	-	-	61,042	-	-
Fund balance transfer (GASB 54)	2,358,739	(179,504)	-	(83,085)	(2,096,150)
Net adjustments and reclassifications	2,358,739	(179,504)	61,042	(83,085)	(2,096,150)
June 30, 2023, audited financial statement fund balance	\$ 5,826,704	\$ -	\$ 160,593	\$ -	\$ -

**SEBASTOPOL UNION SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2023**

Charter #	Charter School	Status	Included in Audit Report
0078	Sebastopol Independent Charter	Active	No

See accompanying note to supplementary information.

SEBASTOPOL UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2023

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
ASSETS					
Cash and investments	\$ 143,352	\$ 65,603	\$ 242,184	\$ 548,703	\$ 999,842
Accounts receivable	-	97,405	-	-	97,405
Due from other funds	-	-	-	215,000	215,000
Total Assets	\$ 143,352	\$ 163,008	\$ 242,184	\$ 763,703	\$ 1,312,247
LIABILITIES					
Accrued liabilities	\$ -	\$ 2,415	\$ 682	\$ -	\$ 3,097
Total Liabilities	-	2,415	682	-	3,097
FUND BALANCES					
Non-spendable	-	3,500	-	-	3,500
Restricted	143,352	157,093	241,502	763,703	1,305,650
Total Fund Balances	143,352	160,593	241,502	763,703	1,309,150
Total Liabilities and Fund Balances	\$ 143,352	\$ 163,008	\$ 242,184	\$ 763,703	\$ 1,312,247

See accompanying note to supplementary information.

SEBASTOPOL UNION SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
REVENUES					
Federal sources	\$ -	\$ 197,467	\$ -	\$ -	\$ 197,467
Other state sources	-	206,245	-	-	206,245
Other local sources	72,063	(1,423)	198,007	(5,351)	263,296
Total Revenues	72,063	402,289	198,007	(5,351)	667,008
EXPENDITURES					
Current					
Pupil services					
Food services	-	282,702	-	-	282,702
General administration					
All other general administration	-	-	4,425	-	4,425
Plant services	-	-	9,548	6,358	15,906
Facilities acquisition and construction	-	-	111,008	305,254	416,262
Ancillary services	58,200	-	-	-	58,200
Transfers to other agencies	-	-	18,061	-	18,061
Total Expenditures	58,200	282,702	143,042	311,612	795,556
Excess (Deficiency) of Revenues					
Over Expenditures	13,863	119,587	54,965	(316,963)	(128,548)
Other Financing Sources (Uses)					
Transfers out	-	-	(1,300)	-	(1,300)
Net Financing Sources (Uses)	-	-	(1,300)	-	(1,300)
NET CHANGE IN FUND BALANCE	13,863	119,587	53,665	(316,963)	(129,848)
Fund Balance - Beginning	129,489	41,006	187,837	1,080,666	1,438,998
Fund Balance - Ending	\$ 143,352	\$ 160,593	\$ 241,502	\$ 763,703	\$ 1,309,150

See accompanying note to supplementary information.

**SEBASTOPOL UNION SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2023**

The Sebastopol Union School District was established on July 1, 1919 and is comprised of an area of approximately 28 square miles located in Sonoma County. There were no changes in the boundaries of the District during the current year. The District is operating one elementary school and one middle school.

GOVERNING BOARD

Member	Office	Term Expires
Deborah Drehmel	President	December 2026
Elizabeth Smith	Clerk	December 2026
Oliva Leon	Trustee	December 2024
Colin Foulke	Trustee	December 2024
Lisa Bauman	Trustee	December 2026

DISTRICT ADMINISTRATORS

Linda Irving
Superintendent

Sara Gramm
Assistant Superintendent

**SEBASTOPOL UNION SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Combining Statements – Non-Major Funds

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

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

OTHER INDEPENDENT AUDITORS' REPORTS

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

Independent Auditors' Report

Governing Board
Sebastopol Union School District
Sebastopol, 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 Sebastopol Union School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Sebastopol Union School District's basic financial statements, and have issued our report thereon dated December XX, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

San Diego, California
December XX, 2023

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Governing Board
Sebastopol Union School District
Sebastopol, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sebastopol Union 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 Sebastopol Union School District's major federal programs for the year ended June 30, 2023. Sebastopol Union 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, Sebastopol Union 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit for Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sebastopol Union School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sebastopol Union 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 Sebastopol Union 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding #2023-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Sebastopol Union School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Sebastopol Union School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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.

San Diego, California
December XX, 2023

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

Independent Auditors' Report

Governing Board
Sebastopol Union School District
Sebastopol, California

Report on State Compliance

Opinion on State Compliance

We have audited Sebastopol Union School District's compliance with the types of compliance requirements described in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Sebastopol Union School District's state programs for the fiscal year ended June 30, 2023, as identified below.

In our opinion, Sebastopol Union 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 the applicable state programs for the year ended June 30, 2023.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of State Compliance

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

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

- Exercise professional judgement 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 Sebastopol Union School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sebastopol Union School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Sebastopol Union School District's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine Sebastopol Union School District's compliance with the state laws and regulations related to the following items:

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

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

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

We did not perform testing for Independent Study because the amount reported did not meet the threshold required for testing. The term "Not Applicable" is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings #2023-002 and #2023-003. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Sebastopol Union School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Sebastopol Union School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

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

San Diego, California
December XX, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SEBASTOPOL UNION SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
84.425, 84.425U	Education Stabilization Fund Discretionary Grants	
Dollar threshold used to distinguish between Type A and Type B programs:	\$	<u>750,000</u>
Auditee qualified as low-risk auditee?		<u>No</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2022-23 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**SEBASTOPOL UNION SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2023.

**SEBASTOPOL UNION SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE
50000

AB 3627 FINDING TYPE
Federal Compliance

FINDING #2023-001: ALLOWABLE COSTS/COST PRINCIPLES – TIME AND EFFORT REPORTING (50000)

Assistance Listing Number and Title: 84.425 - Education Stabilization Fund Discretionary Grants: Elementary, Secondary School Emergency Relief (ESSER) Fund

Federal Grantor Name: U.S. Department of Education; Passed through California Department of Education

Criteria: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, requires an accounting for personnel time on multi-funded positions by the time spent on each program and to semi-annually certify positions charged 100% to federal programs. Standards for Documentation of Personnel Expenses Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the non-Federal entity
- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities
- Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- Comply with the established accounting policies and practices of the non-Federal entity.
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards but may be used for interim accounting purposes.

Condition: Auditor selected employees with salaries coded to the Education Stabilization Fund. Three of three employees tested with salaries coded to the Education Stabilization Fund during the fiscal year did not have any time certifications on file for the 2022-23 year. It is required that the time certifications for single-funded employees be prepared twice a year and monthly for multi-funded employees.

Cause: The District has not been following its policy for proper time accounting.

Effect: The District is not in compliance.

Questioned Costs: Although the District was not in compliance, we were able to review alternative documentation to determine that employees charged to the program were allowable.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District prepares time certification semi-annually for single funded employees and monthly for multi-funded employees.

Views of Responsible Officials: See Corrective Action Plan on following page.

**SEBASTOPOL UNION SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

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

FINDING #2022-005: ATTENDANCE - DIGITAL TEACHER SIGNATURES – 10000

Criteria: In accordance with Education Code Section 46000, attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education.

Condition: Attendance log reports were not signed on a consistent timely basis by the teachers who recorded the attendance at Brook Haven Middle School. The attendance month tested was in November 2022 but the reports were not signed until April 2023.

Questioned Costs: None. Attendance is recorded on-line in the classrooms by the teachers. In addition, we determined that the attendance recorded was based on the actual attendance of the students, and could be relied upon for attendance reporting purposes.

Cause: The District has not adequately enforced procedures that require attendance log reports to be signed annually by the teachers who recorded the attendance.

Effect: No certifications were made, by the teachers who recorded the attendance, as to the accuracy or completeness of the reported attendance.

Repeat Finding: This is not a repeat finding.

Recommendation: The District should enforce procedures that require attendance log reports to be signed timely by the teachers who recorded the attendance.

Corrective Action Plan:

**SEBASTOPOL UNION SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2023-003 – RATIO OF ADMINISTRATIVE EMPLOYEES TO TEACHERS (40000)

Criteria: The number of administrative employees per hundred teachers must not exceed the allowable ratio set forth in Education Code section 41402, if the school district is not in compliance with the allowable ratio, Auditors are required to state the number of excess administrators and the associated penalty, as set forth by Education Code section 41404.

Condition: The District had 27 full-time equivalents (FTE) for teachers. Based on an allowable ratio for elementary districts of 9%, the District must have had less than 2.43 FTE related to non-exempt certificated administrative employees. The District had 3 FTE for non-exempt certificated administrative employees representing an excess of 0.57 FTE.

Effect: The District is not in compliance with State requirements.

Cause: Excess of certificated administrative FTE.

Questioned Costs: \$50,711, as calculated as follows:

A.	District's Total State Revenue (Prior Year Unaudited Actual Financial Report)	\$ 2,795,475.00
B.	District's Total Revenue and Other Financing Sources (Prior Year Unaudited Financial Report)	\$ 8,169,499.00
C.	Portion of State Revenue in Total Revenue (Part IV, Line A divided by Part IV, Line B. Calculated to two decimals)	0.34
D.	Total Annual Salaries of Administrative FTE reported on Part I, Line A	\$ 447,451.00
E.	Average Administrator Salary (Part IV, Line D divided by FTE from Part I, Line A. Rounded to nearest whole number)	\$ 149,150
F.	State Funded Share of Administrator Salary (Part IV, Line E x Part IV, Line C. Rounded to nearest whole number)	\$ 50,711
G.	Penalty (Part IV, Line F x Part III, Line B)	\$ 50,711

Repeat Finding: Yes, this is a repeat finding of Finding #2022-001.

Recommendation: We recommend that the District evaluate the FTE related to non-exempt certificated administrative employees as compared to FTE related to teachers to ensure the District is in compliance.

Corrective Action Plan: The District is aware that it is out of compliance with the ratio of administrative employees to teacher ratio. It can be difficult to properly balance this ratio, given the small size of the District, however the District is closely monitoring this ratio annually.

**SEBASTOPOL UNION SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-001 – RATIO OF ADMINISTRATIVE EMPLOYEES TO TEACHERS (40000)

Criteria: The number of administrative employees per hundred teachers must not exceed the allowable ratio set forth in Education Code section 41402, if the school district is not in compliance with the allowable ratio, Auditors are required to state the number of excess administrators and the associated penalty, as set forth by Education Code section 41404.

Condition: The District had 26 full-time equivalents (FTE) for teachers. Based on an allowable ratio for elementary districts of 9%, the District must have had less than 2.34 FTE related to non-exempt certificated administrative employees. The District had 3 FTE for non-exempt certificated administrative employees representing an excess of 0.66 FTE.

Effect: The District is not in compliance with State requirements.

Cause: Excess of certificated administrative FTE.

Questioned Costs: \$10,974, as calculated as follows:

A.	District's Total State Revenue (Prior Year Unaudited Actual Financial Report)	\$ 613,201.00
B.	District's Total Revenue and Other Financing Sources (Prior Year Unaudited Financial Report)	\$ 8,158,653.00
C.	Portion of State Revenue in Total Revenue (Part IV, Line A divided by Part IV, Line B. Calculated to two decimals)	0.08
D.	Total Annual Salaries of Administrative FTE reported on Part I, Line A	\$ 411,532.00
E.	Average Administrator Salary (Part IV, Line D divided by FTE from Part I, Line A. Rounded to nearest whole number)	\$ 137,177
F.	State Funded Share of Administrator Salary (Part IV, Line E x Part IV, Line C. Rounded to nearest whole number)	\$ 10,974
G.	Penalty (Part IV, Line F x Part III, Line B)	\$ 10,974

Repeat Finding: Yes, this is a repeat finding of Finding #2021-001.

**SEBASTOPOL UNION SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-001 – RATIO OF ADMINISTRATIVE EMPLOYEES TO TEACHERS (40000) (continued)

Recommendation: We recommend that the District evaluate the FTE related to non-exempt certificated administrative employees as compared to FTE related to teachers to ensure the District is in compliance.

Corrective Action Plan: The District is aware that it is out of compliance with the ratio of administrative employees to teacher ratio. It can be difficult to properly balance this ratio, given the small size of the District, however the District is closely monitoring this ratio annually. The District is making improvements in this area and has reduced the penalty from \$97,167 in 2020-21 to \$10,974 in 2021-22.

Current Status: Not implemented, see Finding #2023-003.

APPENDIX C

GENERAL AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SEBASTOPOL AND SONOMA COUNTY

*The following information concerning the City of Sebastopol (the "**City**") and Sonoma County (the "**County**") are included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.*

Location

The City. The City is a small semi-urban community located on the western edge of the Santa Rosa plain. It is 50 miles north of San Francisco, 8 miles west of Santa Rosa, 10 miles from Bodega Bay, and approximately 15 miles from the Russian River. The City was incorporated in 1902 and has a Council-Manager form of government, with five Council members elected at large.

The County. One of California's original 27 counties (incorporated in 1850), the County is the northernmost of the nine greater San Francisco Bay Area counties. Bordered on the north and east by Mendocino, Lake, and Napa counties and to the west and south by the Pacific Ocean, Marin County, and San Pablo Bay, its area encompasses 1,598 square miles. Varied terrain in the County includes Pacific coastline, the Russian River, vineyards, and old growth redwoods. The County is the original home of wine production in northern California and still the largest producer of quality wine.

Geographically, the County is divided almost equally into mountainous regions, rolling hills and valley land. Three narrow valleys, separated by mountains, run northwest to southeast. Elevations range from sea level to 4,262 feet at Mt. Saint Helena, where Sonoma, Napa, and Lake counties converge.

Population

The historic population estimates of the towns and cities that are in the County as of January 1 of the past five years are shown in the following table.

SONOMA COUNTY Population Estimates 2019 through 2023

<u>Area</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Cloverdale	9,244	9,172	9,014	8,869	8,787
Cotati	7,619	7,505	7,543	7,410	7,360
Healdsburg	12,011	11,901	11,181	10,993	10,914
Petaluma	62,112	61,738	59,503	58,552	58,321
Rohnert Park	42,650	42,531	44,104	43,701	43,693
Santa Rosa	174,885	173,153	177,398	175,351	174,523
Sebastopol	7,830	7,741	7,482	7,433	7,348
Sonoma	11,150	11,013	10,793	10,804	10,677
Windsor	28,512	28,140	26,091	25,836	25,560
Unincorporated	139,906	138,460	130,946	131,674	130,991
County Total	495,919	491,354	484,055	480,623	478,174

Source: California State Department of Finance, Demographic Research Unit.

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Employment and Industry

The unemployment rate in the Sonoma County was 3.8% in December 2023, up from a revised 3.7% in November 2023, and above the year-ago estimate of 2.8%. This compares with an unadjusted unemployment rate of 5.1% for California and 3.5% for the nation during the same period.

The table below provides information about employment rates and employment by industry type for the County for calendar years 2018 through 2022.

**SANTA ROSA MSA
(Sonoma County)
Annual Averages of Civilian Labor Force, Employment and Unemployment
and Employment by Industry
(March 2022 Benchmark)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Civilian Labor Force ⁽¹⁾	260,600	257,700	246,200	243,700	248,300
Employment	253,400	250,700	226,400	230,200	240,500
Unemployment	7,200	7,000	19,800	13,500	7,800
Unemployment Rate	2.8%	2.7%	8.0%	5.5%	3.1%
<u>Wage and Salary Employment ⁽²⁾</u>					
Agriculture	6,700	6,600	6,200	5,900	6,200
Mining and Logging	200	200	200	200	200
Construction	15,200	16,500	16,000	16,100	16,300
Manufacturing	23,400	23,400	22,300	22,900	23,800
Wholesale Trade	7,500	7,600	7,400	7,500	7,400
Retail Trade	24,900	24,200	22,600	23,100	23,100
Transportation, Warehousing and Utilities	4,100	4,200	4,100	4,400	4,600
Information	2,700	2,600	2,300	2,500	2,600
Financial Activities	8,900	8,700	7,600	7,600	8,000
Professional and Business Services	23,200	23,400	22,700	23,700	24,700
Educational and Health Services	34,800	35,800	34,300	34,000	35,100
Leisure and Hospitality	25,700	25,800	18,700	21,100	25,100
Other Services	7,100	7,100	6,000	6,400	7,200
Federal Government	1,300	1,300	1,500	1,300	1,200
State Government	4,400	3,800	3,300	2,900	3,000
Local Government	25,400	24,400	21,400	21,100	21,900
Total, All Industries ⁽³⁾	215,400	215,600	196,300	200,500	210,400

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Largest Employers

The following table lists the twenty-five largest employers within the County as of February 2024, in alphabetical order.

COUNTY OF SONOMA Major Employers As of February 2024

Employer Name	Location	Industry
Aabalat Fine & Rare Wines	Petaluma	Wineries (mfrs)
Amy's Kitchen Inc	Santa Rosa	Frozen Food Processors (mfrs)
Army National Guard Recruiter	Santa Rosa	Government Offices-State
Clover Sonoma	Petaluma	Dry Condensed/Evprtd Dairy Prod (mfrs)
County of Sonoma	Santa Rosa	Government Offices-County
County-Sonoma Trnsprtn-Pubc	Santa Rosa	Fire Departments
Fairmont Sonoma Msn Inn & Spa	Sonoma	Hotels & Motels
First Security Svc	Rohnert Park	Security Guard & Patrol Service
Freeman Toyota	Santa Rosa	Automobile Dealers-New Cars
Ghilotti Construction Co	Santa Rosa	Road Building Contractors
Kaiser Permanente Santa Rosa	Santa Rosa	Hospitals
Keysight Technologies Inc	Santa Rosa	Instruments-Measuring (mfrs)
Macy's	Santa Rosa	Department Stores
Medtronic	Santa Rosa	Physicians & Surgeons Equip & Supls-Mfrs
Mendocino Forest Products Co	Santa Rosa	Lumber-Wholesale
Petaluma Valley Hospital	Petaluma	Hospitals
Protransport-1	Cotati	Transportation Services
Santa Rosa Memorial Hospital	Santa Rosa	Hospitals
Santa Rosa Police Dept	Santa Rosa	Police Departments
Solairus Aviation	Petaluma	Aircraft Charter Rental & Leasing Svc
Sonoma County Office of Edu	Santa Rosa	County Government-Education Programs
Sonoma County Sheriff	Santa Rosa	Government Offices-County
Sutter Santa Rosa Regl Hosp	Santa Rosa	Hospitals
Walmart	Windsor	Department Stores
Walmart	Rohnert Park	Department Stores

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2024 1st Edition.

Effective Buying Income

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

The following table summarizes the total effective buying income and the median household effective buying income for the City, the County, the State and the United States for the period 2020 through 2024.

CITY OF SEBASTOPOL, SONOMA COUNTY, STATE OF CALIFORNIA & UNITED STATES Effective Buying Income 2020 through 2024

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2020	City of Sebastopol	\$331,545	\$72,213
	Sonoma County	18,287,988	71,696
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of Sebastopol	\$331,053	\$75,485
	Sonoma County	18,458,339	73,196
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Sebastopol	\$375,337	\$87,428
	Sonoma County	21,216,228	83,997
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Sebastopol	\$363,631	\$87,179
	Sonoma County	20,942,065	84,761
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Sebastopol	\$374,749	\$90,033
	Sonoma County	21,955,860	88,920
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876

Source: Claritas, LLC.

Commercial Activity

Total taxable transactions in the City during the first three quarters of calendar year 2023 were reported to be \$138,267,981, a 5.66% decrease from the total taxable sales of \$146,564,224 that were reported during the first three quarters of calendar year 2022. A summary of historic taxable sales within the City is shown in the following table.

CITY OF SEBASTOPOL
Taxable Transactions
Number of Permits and Valuation of
Taxable Transactions (shown in thousands of dollars)
Calendar Years 2018 through 2022

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2018	457	\$148,754	771	\$178,747
2019	449	150,027	787	169,439
2020	445	132,324	815	150,595
2021	383	160,135	707	185,640
2022	379	171,302	699	196,299

Source: State Department of Tax and Fee Administration.

Total taxable transactions in the County during the first three quarters of calendar year 2023 were reported to be \$8,768,343,562, a 3.17% decrease from the total taxable sales of \$9,055,378,359 that were reported during the first three quarters of calendar year 2022. A summary of historic taxable sales within the County is shown in the following table.

SONOMA COUNTY
Taxable Transactions
Number of Permits and Valuation of
Taxable Transactions (shown in thousands of dollars)
Calendar Years 2018 through 2022

	Retail Stores		Total All Outlets	
	Numbers of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2018	11,380	\$7,116,968	21,096	\$9,985,463
2019	11,392	7,126,519	21,498	10,104,318
2020	11,772	6,933,190	22,668	9,851,112
2021	10,288	8,032,232	20,305	11,395,415
2022	10,094	8,448,454	20,216	12,277,868

Source: State Department of Tax and Fee Administration.

Construction Activity

The tables below summarize building activity in the City and the County from calendar years 2018 through 2022.

CITY OF SEBASTOPOL Total Building Permit Valuations (Figures in Thousands) Calendar Years 2018 through 2022

	2018	2019	2020	2021	2022
<u>Permit Valuation</u>					
New Single-family	\$829.0	\$920.0	\$6,035.2	\$1,084.0	\$5,768.0
New Multi-family	0.0	0.0	0.0	0.0	0.0
Res. Alterations/Additions	1,940.0	1,871.9	2,297.9	1,056.8	3,376.7
Total Residential	2,769.0	2,791.9	8,333.1	2,140.8	9,144.7
New Commercial	60.0	2,353.0	30.0	0.0	32,459.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	444.3	49.5	67.6	153.0	1,191.8
Com. Alterations/Additions	1,898.6	3,802.4	888.4	633.5	871.8
Total Nonresidential	2,402.9	6,204.9	986.0	786.5	34,522.6
<u>New Dwelling Units</u>					
Single Family	8	2	26	5	34
Multiple Family	0	0	0	0	0
TOTAL	8	2	26	5	34

Source: Construction Industry Research Board, Building Permit Summary.

SONOMA COUNTY Total Building Permit Valuations (Figures in Thousands) Calendar Years 2018 through 2022

	2018	2019	2020	2021	2022
<u>Permit Valuation</u>					
New Single-family	\$1,071,852.3	\$527,761.2	\$259,578.5	\$375,904.9	\$231,894.7
New Multi-family	127,743.3	117,333.8	100,949.9	234,588.8	308,327.8
Res. Alterations/Additions	96,590.5	93,045.0	111,109.8	111,529.3	128,334.3
Total Residential	1,296,186.1	738,140.0	471,638.2	722,023.0	668,556.8
New Commercial	141,873.8	60,246.4	60,122.5	80,466.2	264,484.0
New Industrial	1,277.3	199.0	4,360.0	0.0	1,724.4
New Other	66,129.7	28,466.1	74,321.3	208,103.5	81,855.3
Com. Alterations/Additions	124,238.1	97,259.2	108,262.5	74,937.8	72,654.9
Total Nonresidential	333,518.9	186,170.7	247,066.3	363,507.5	420,718.6
<u>New Dwelling Units</u>					
Single Family	3,247	1,722	1,038	1,245	902
Multiple Family	1,057	1,056	778	1,262	1,460
TOTAL	4,304	2,778	1,816	2,507	2,362

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

All modes of commercial transportation are available in the County. The Petaluma River is capable of handling water barge freight from the San Francisco Bay to Petaluma. Northwestern Pacific Railroad provides rail transportation with the County with connections to major rail interchanges. The Sonoma County Airport, located just outside the City of Santa Rosa, handles commercial and private air traffic, with several airlines providing regional air transportation. Seven private airfields serve the County as well. In addition, highways serve the County; the major freeway is U.S. Highway 101 which runs from Marin and San Francisco Counties in the south to Sonoma County in the north. State Highway 12 is the major east-west thoroughfare from Bodega Bay on the western coastline to Sonoma on the east.

Education

The County is divided into 40 school districts for kindergarten through twelfth-grade (K-12) educational services. There are 31 elementary, 3 high school, and 6 unified districts. Unified districts operate both elementary and secondary schools for the students residing within their boundaries.

Although many districts are small in size, approximately 66,500 students attend the 165 public schools that are located in Sonoma County. There are 111 elementary, 28 middle/junior high, and 19 high schools, as well as 14 alternative schools and 7 independent study schools. Fifty-three of Sonoma County's public schools are charter schools. Eighty-one schools have been named California Distinguished Schools and twelve have been recognized as National Blue Ribbon Schools.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

March 7, 2024

Board of Education
Sebastopol Union School District
7611 Huntley Street
Sebastopol, California 95472

OPINION: \$6,000,000 Sebastopol Union School District
(Sonoma County, California)
General Obligation Bonds, Election of 2020, Series B (Bank Qualified)

Members of the Board of Education:

We have acted as bond counsel to the Sebastopol Union School District (the "District") in connection with the issuance by the District of \$6,000,000 principal amount of Sebastopol Union School District General Obligation Bonds, Election of 2020, Series B, dated the date hereof (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution adopted by the Board of Education of the District (the "Board") on February 8, 2024 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

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

1. The District is duly established and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution.
2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.
3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the Board of Supervisors of the County of Sonoma is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions’ interest expense allocable to the portion of the Bonds designated as and comprising interest.

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

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$6,000,000

SEBASTOPOL UNION SCHOOL DISTRICT

(Sonoma County, California)

General Obligation Bonds, Election of 2020, Series B

(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Sebastopol Union School District (the “**District**”) in connection with the execution and delivery of the above-captioned bonds (the “**Bonds**”). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Education of the District on February 8, 2024 (the “**Resolution**”). The Bank of New York Mellon Trust Company, N.A. is initially acting as paying agent for the Bonds (the “**Paying Agent**”).

The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District.

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

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

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

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

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

“Participating Underwriter” means RBC Capital Markets, LLC, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2025, with the report for the 2023-24 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 business days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

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

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

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

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

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

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

(i) assessed valuation of taxable properties in the District for the most recently available fiscal year;

(ii) assessed valuation of properties of the top twenty taxpayers for the most recently available fiscal year;

(iii) property tax collection delinquencies for the District for the most recently completed fiscal year, but only if the District is no longer a participant in the County of Sonoma's Teeter Plan;

(iv) the most recently adopted budget, or interim report showing budgeted figures, which is available at the time of filing the Annual Report; and

(iv) in addition to any of the information expressly required to be provided under paragraphs (i) through (iv), of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

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

(1) Principal and interest payment delinquencies.

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

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

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the

occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

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

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

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

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

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

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

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after

taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

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

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

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

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

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

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

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

Date: March 7, 2024

SEBASTOPOL UNION SCHOOL DISTRICT

By: _____
Name: _____
Title: _____

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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APPENDIX G

SONOMA COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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COUNTY OF SONOMA



STATEMENT OF INVESTMENT POLICY

Effective 12-05-2023

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COUNTY OF SONOMA

STATEMENT OF INVESTMENT POLICY

Under the authority delegated to the County Treasurer by the Board of Supervisors to invest and reinvest all of the funds in the County Treasury and, in accordance with the California Government Code, the following sets forth the investment policy of the County of Sonoma:

1. POLICY STATEMENT

The purpose of this Investment Policy (Policy) is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the stewardship of the Sonoma County Pooled Investment Fund (Pooled Investment Fund). Each transaction and the entire portfolio must comply with California Government Code Section 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 County Treasurer is the Trustee of the Pooled Investment Fund and, therefore, a fiduciary subject to the prudent investor standard as per Gov 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 the other depositors. With the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.” This standard shall be applied in the context of managing the overall portfolio.

The County Treasurer, employees involved in the investment process and the members of the Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activity that could conflict with the management of the investment program.

3. INVESTMENT OBJECTIVES

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance:

[a] **SAFETY OF CAPITAL** - The preservation of capital is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they be from securities default or erosion of market value

[b] **LIQUIDITY** - As a second objective, the Pooled Investment Fund should remain

sufficiently flexible to ensure the County Treasurer meets all operating requirements, which may be reasonably anticipated in any depositor's fund.

- [c] **RATE OF RETURN** - As the third objective, the Pooled Investment Fund should be designed to attain a reasonable rate of return through budgetary and economic cycles, consistent within the context and principals [a] and [b] of this Section, Safety and Liquidity, and within appropriate risk limitations, diversification, prudent investment principles and cash flow characteristics identified herein.

Social and Environmental Consideration: Whenever possible and consistent with the above statutory objectives, investment opportunities will be evaluated for social and environmental impacts. The intent of this consideration is to create positive impacts by investing in socially and environmentally responsible agencies and corporations as defined by priorities set by the Board of Supervisors.

4. CASH FLOW ANALYSIS

In order to comply with the requirement to certify that the Pooled Investment Fund can meet expected cash disbursements for the ensuing six months in each Quarterly Report, the County Treasurer shall require Investment staff to prepare and maintain projections of estimated cash flows. Investment staff will use these projections as part of the analysis to determine the construction of the Pooled Investment Fund.

5. IMPLEMENTATION

In order to provide direction to those responsible for management of the Pooled Investment Fund, the County Treasurer 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 County Treasurer 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; credit quality required; maximum maturities; diversification and concentrations; collateral requirements; qualifications of broker-dealers and financial institutions doing business with, or on behalf of, the County; limits on gifts and honoraria; the reporting requirements; the Treasury Oversight Committee; the manner of appropriating costs; and the criteria to request withdrawal of funds.

6. PARTICIPANTS

- [a] **STATUTORY PARTICIPANTS** - General Participants are those government agencies within the County of Sonoma for which the Sonoma County Treasurer is statutorily designated as the Custodian of Funds.
- [b] **VOLUNTARY PARTICIPANTS** - Other local agencies, such as Special Districts and Cities for which the Treasurer is not the statutory designated Custodian of Funds, may participate in the Pooled Investment Fund. Such participation is subject to the consent of the County Treasurer and must be in accordance with the California Government Code Section 53684, et seq. The agency must approve in

writing the Pooled Investment Fund as an authorized investment and be provided with this Investment Policy.

7. *AUTHORIZED PERSONS*

The Sonoma County Board of Supervisors, by resolution, has delegated investment responsibility for the Sonoma County Investment Program to the Auditor-Controller-Treasurer-Tax Collector. Daily management responsibility of the investment program has been assigned to the Assistant Auditor-Controller-Treasurer-Tax Collector designated as the Chief Deputy Investment Officer. The Treasury Manager and the Investment and Debt Officer are also authorized to initiate investment transactions.

8. *AUTHORIZED INVESTMENTS*

Authorized investments shall match the general categories established by the California Government Code Section 53635, et. seq., and further defined by California Government Code Section 53601, et. seq. Authorized investments may also be further limited by this Investment Policy. Authorized investments shall also include, in accordance with California Government Code Section 16429.1, investments into the State Local Agency Investment Fund (LAIF). No investment shall be made in any security with a maturity greater than five years, unless the Board of Supervisors has granted express authority to make that investment. As stipulated in Government Code Section 53601, the maturity shall be measured as the time from the settlement date to final maturity, provided that the settlement date does not exceed 45 days from the trade or transaction date. As the California Government Code is amended, this Policy shall likewise become amended.

9. *DIVERSIFICATION*

The Pooled Investment Fund shall hold a diversified portfolio of securities. Diversification shall be across various investment categories, including but not limited to: security sector (type), issuer, maturity and credit rating. The purpose of diversification is to reduce portfolio risk arising from overconcentration in any category of investment. Given that the United States Treasury and Agency issuers are the largest issuers and holdings of the Investment Pool, diversification across these issuers should be considered to the extent possible within the context of the other degrees of diversification. The main Investment Pool Objectives of Safety and Liquidity will be considered superior to diversification of assets.

10. *PROHIBITED INVESTMENTS*

- (1) No investments shall be made that are prohibited by law.
- (2) No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity. As per Government Code Section 53601.6 this shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) that are authorized for investment pursuant to California Government Code 53601.1.

- (3) Notwithstanding the prohibition in paragraph (2), investments in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, shall be permitted in the event of, and for the duration of, a period of negative market interest rates. These instruments may be held until their maturity dates. This section shall remain in effect only until January 1, 2026, and as of that date is repealed; unless Section 53601.6(b)(2) is repealed or changed prior to that date, in which case this section will be repealed as of the date in Section 53601.6(b)(2).

11. CREDIT RATINGS & DOWNGRADES

Minimum Credit Ratings for various investment types are listed in the table in Appendix 1. For clarity, when a minimum credit is listed, it includes all modifiers to the credit rating. For example, if a rating category is listed as “A”, then any tier of that “A” rating, such as “A+”, “A-“, “A1”, “A2”, or “A3” would meet the criterion. The controlling credit rating is the highest credit rating issued by a National Recognized Statistic Rating Organization (NRSRO) at time of purchase (trade date) of the asset.

In the event of a downgrade of the credit-rating of a security held by the Investment Pool to a rating below the minimum criteria for purchase, Treasury staff will report the downgrade to the Auditor-Controller-Treasurer-Tax Collector promptly. Sale of the security is not mandatory, but an evaluation of the current situation of the issuer in the context of the market price, time to maturity and impact on the Pool will be considered in deciding whether to sell or hold the security. Any such security will be periodically re-evaluated, and as needed, as conditions change, until the security either matures or is sold.

12. TRADING OR EARLY SALE OF SECURITIES

It is expected that all securities purchased will be held to maturity. However, in an effort to minimize market or credit risks or to increase the total return of the portfolio, securities may be sold prior to maturity, with any gain or loss on sale being distributed to participants in the calendar quarter of the settlement of the transaction. All sales that will generate a realized loss will be discussed with the Auditor-Controller-Treasurer-Tax Collector prior to execution.

13. MAXIMUM MATURITY

The maximum maturity of securities is described in Section 13 of this Investment Policy. In accordance with Government Code Section 53601, any maximum maturity limit in excess of five years needs to be approved by the County Board of Supervisors. The Sonoma County Board of Supervisors has approved investments in notes backed the Sonoma County Energy Independence Program (SCEIP) with maturities up to 20 years.

14. COMMERCIAL PAPER

All commercial paper issuers must maintain an “A-1” rating by Standard & Poor’s Corporation, a “P-1” rating by Moody’s Investor Service, or a “F-1” rating by Fitch Financial Services, issued by corporations operating within the United States, and having total assets in excess of five hundred million dollars (500,000,000.00). As used in this policy, “corporation” includes a limited liability company. No more than 10% of the total assets of the investments held by a local agency

may be invested in any one issuer's Commercial Paper.

15. *REPURCHASE AND REVERSE REPURCHASE AGREEMENTS / SECURITIES LENDING AGREEMENTS*

Under California Government Code Section 53601(j) and Section 53635, the County Treasurer may enter into repurchase agreements and reverse repurchase agreements / securities lending agreements. The maximum maturity of repurchase agreements shall be one year. The maximum maturity of a reverse repurchase agreement shall be 92 days, and the proceeds of reverse repurchase agreements / securities lending agreements may not be invested beyond the expiration of the agreement. The reverse repurchase agreements / securities lending agreements must be "matched to maturity."

16. *MUTUAL FUNDS AND MONEY MARKET MUTUAL FUNDS*

A Mutual Fund managed by an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by Government Code Section 53601, subdivisions (a) to (k), inclusive, or subdivisions (m) to (o) and with assets under management in excess of five hundred million dollars (\$500,000,000.00). No more than 10% of the agency's funds may be invested in any one Mutual Fund.

17. *JOINT POWERS AGREEMENT*

With approval of the Board of Supervisors, the Treasurer is allowed to enter into a Joint Powers Agreement with governments whose policies are consistent with or more restrictive than Sonoma County's Statement of Investment Policy. Furthermore, the Treasurer is allowed to invest in an Investment Pool sponsored by a Joint Powers Agree as a participant, provided that the Investment Policy of such Investment Pool is consistent with or more restrictive than this Sonoma County Statement of Investment Policy, and complies with California Government Code.

18. *COLLATERAL*

Repurchase agreements executed with approved broker-dealers must be collateralized with either: (1) U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on the approved list of the County and which meet the qualifications of the Policy, with a market value of 102%. Use of mortgage-backed securities for collateral is not permitted. For purposes of investing the daily excess bank balance, the collateral provided by the County's depository bank can include mortgage-backed securities valued at 100%.

19. *CRITERIA FOR THE SELECTION OF BROKER/DEALERS AND FINANCIAL INSTITUTIONS*

All transactions initiated on behalf of the Pooled Investment Fund and Sonoma County shall be executed through either (1) government security dealers reporting as Primary Dealers to the Market Reports Division of the Federal Reserve Bank of New York, (2) financial institutions that directly issue their own securities which have been placed on the Approved List of Broker/Dealers and (3) Financial Institutions or broker/dealers in the State of California approved by the County Treasurer

based on the reputation and expertise of the company and individuals employed. All brokers/dealers and financial institutions must have a strong industry reputation and open lines of credit with other dealers. Further, these firms shall have an investment grade rating from at least one national rating service, if applicable.

In compliance with Government Code Sections 27133(c) and (d), broker/dealers and financial institutions which have exceeded the political contribution limits within a four year period to the County Treasurer or any member of the governing board of a local agency or any candidate for those offices, are prohibited from the Approved List of Broker/Dealers and Financial Institutions.

Each broker/dealer or financial institution will be sent a copy of this Policy and a list of those persons authorized to execute investment transactions. Each firm shall acknowledge receipt of such materials to qualify for the Approved List of Broker/Dealers and Financial Institutions.

Each broker/dealer and financial institution authorized to do business with Sonoma County shall, at least annually, supply the County Treasurer with updated financial statements.

20. *WITHDRAWAL REQUESTS*

- [a] **STATUTORY PARTICIPANTS** - The County Treasurer will honor all requests to withdraw funds for normal cash flow purposes that are approved by the Sonoma County Auditor-Controller at a one dollar net asset value. Any requests to withdraw funds for purposes other than cash flow, such as for external investing, shall be subject to the consent of the County Treasurer. In accordance with California Government Code Section 27136, et seq., such requests for withdrawals must first be made in writing to the County Treasurer. These requests are subject to the County Treasurer's consideration of the stability and predictability of the Pooled Investment Fund, or the adverse effect on the interests of the other depositors in the Pooled Investment Fund. Any withdrawal for such purposes shall be at the market value of the Pooled Investment Fund as of the date of the withdrawal.
- [b] **VOLUNTARY PARTICIPANTS** - For outside participants who utilize Government Code Section 53684, where the County Treasurer does not serve as the agency's treasurer, any withdrawal request, with the exception of normal cash flow withdrawals, shall submit the request for withdrawal to the County Treasurer to determine the timing of the payout, in order that the withdrawal will not adversely affect the interests of the other depositors in the County Treasury Investment Fund. Withdrawals will be paid based upon the market value of the Pooled Investment Fund. If the Treasurer deems appropriate, the deposits may be returned at any time.

21. *DELIVERY & SAFEKEEPING*

Delivery of all securities shall be either to the County Treasurer or to a third party custodian. No securities shall be held in the safekeeping of a broker / dealer unless it is collateral for a reverse repurchase agreement.

22. *APPORTIONMENT OF INTEREST & COSTS*

Earnings, consisting of interest, amortization, accretion, gains, losses or other income attributed to the Investment Pool shall be apportioned to all Pooled Investment Fund 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 Pooled Investment Fund. The amount of earnings apportioned shall be determined using the accrual method of accounting, whereby earnings will be apportioned for the quarter in which it was actually earned. The Treasurer shall deduct from the gross earnings those administrative costs relating to the investing, depositing, and handling of funds, including salaries and other compensation, banking costs, equipment costs, supplies, the cost of information services, audit and any other costs as provided by Section 27013 of the Government Code.

23 *TREASURY OVERSIGHT COMMITTEE*

In accordance with Government Code Section 27131, the Board of Supervisors has established a Treasury Oversight Committee. The Treasury Oversight Committee will render unbiased and objective opinions on matters involving the Treasurer's investment of public funds. Specifically, the law requires that the Treasury Oversight Committee meet to: (1) Review the Investment Policy Statement and proposed changes prior to submission to the Board of Supervisors for adoption; (2) Review the Treasurer's investment portfolio reports and the compliance of the portfolio with law and this Investment Policy; and (3) cause an annual audit to be conducted of the Treasury in accordance with Government Code Section 27134.

All meetings of the Treasury Oversight Committee are to be open to the public and subject to the Ralph M. Brown Act.

By law, the Treasury Oversight Committee is not allowed to direct individual investment decisions, nor select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the County Treasury.

24. *REVIEW, MONITORING AND REPORTING OF THE PORTFOLIO*

Quarterly, the County Treasurer will provide to the Treasury Oversight Committee, the Board of Supervisors, and to any local agency participant a report on the Pooled Investment Fund. The report will list the type of investments, name of issuer, maturity date, par amount and dollar amount of the investment. For the total Pooled Investment Fund, the report will list average maturity, the market value and the credit rating. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Investment Policy and a statement of the Pooled Investment Fund's ability to meet the expected expenditure requirements for the next six months.

Annually, the County Treasurer shall provide to the Treasury Oversight Committee a Statement of Investment Policy. Additionally, the County Treasurer 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.

25. *LIMITS ON HONORARIA, GIFTS AND GRATUITIES*

In accordance with California Government Code Section 27133 (d), et seq., this Policy hereby establishes limits for the County Treasurer, individuals responsible for management of the portfolios, and members of the Treasury Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of \$50 in a calendar 12 month time period from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the County Treasurer and complete the appropriate state forms.

No individual may receive aggregate gifts, honoraria and gratuities in a calendar twelve (12) month time period in excess of the limits established by the Fair Political Practices Commission (FPPC). Any violation must be reported to the FPPC on an annual basis.

26. AUDITS

The Treasury Oversight Committee shall initiate an annual audit to ensure the County's Investment Portfolio is in compliance with its policy and state law.

27. EXCEPTION TO POLICY

The County Treasurer, except as prohibited by state law, can make exceptions to the investment purchasing limits when deemed to be in the best interest of all of the Pooled Investment Fund participants. All exceptions will be reported in the quarterly report. Any State of California legislative action that further restricts allowable maturities, investment type, or percentage allocations will become effective immediately.

28. INVESTMENT OF BOND PROCEEDS

The County Treasurer shall invest bond proceeds using the standards of the County of Sonoma's Investment Policy. The bond proceeds will be invested in securities permitted by the bond documents. If the bond documents are silent, the bond proceeds will be invested in securities permitted by the County of Sonoma's Investment Policy.

29. DISASTER RECOVERY PLAN

The County Treasurer's Disaster Recovery Plan includes contact information for the Treasury staff and key county personnel, as well as contact information for authorized banks and brokers. Copies of the plan have been distributed to the investment staff: Assistant Auditor-Controller-Treasurer-Tax Collector (Chief Deputy Investment Officer), Treasury Manager, and Investment and Debt Officer.

In the event we are unable to conduct normal business operations, the investment staff shall interact with one another by home phone, cell phone, or e-mail to decide on an alternate location from which to conduct daily operations. If unable to contact one another, the investment staff shall establish contact with one another through the County Office of Emergency Services.

Appendix A: Investment Criteria Table

Investment Type	Maximum Maturity	Maximum % of Pool	Minimum Rating	Code Section
U.S Treasury and Agency Securities	5 years	100	--	§53601(b) §53601(f)
Obligations Issued or Unconditionally Guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank	5 years	30	AA	§53601(q)
Bonds and Notes issued by the State of California or California local agencies	5 years	100	--	§53601(a) §53601(c) §53601(e)
Bonds and Notes issued by any other State of the United States, including those issued by said State's agencies, departments, boards or authorities	5 years	100	--	§53601(d)
Commercial Paper (See Section 14)	270 days	40	A-1/F-1/P-1	§53601(h) §53635(a)
Negotiable Certificates of Deposit	5 years	30	--	§53601(i)
Repurchase Agreements (See Section 15)	1 year	100	--	§53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements (See Section 15)	92 days	20	--	§53601(j)
Medium Term Corporate Notes	5 years	30	A	§53601(k)
Mutual Funds & Money Market Mutual Funds (See Section 16)	--	20	Aaa & AAAm	§53601(l)
Mortgage Pass-Through Securities, Collateralized Mortgage Obligations, and Asset Backed Securities	5 years	20	AA	§53601(o)
Joint Powers Agreement (See Section 17)	--	20	AA	§6509.7 §53601(p)
Local Agency Investment Fund (LAIF)	--	As limited by LAIF	--	§16429.1
Collateralized Time Deposits	5 years	N/A	--	§53649 et seq.

GLOSSARY OF TERMS

ACCRUED INTEREST

Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

AGENCY ISSUES

Securities Issued by federal agencies, those chartered by the federal government or government sponsored enterprises, that are considered to be backed by the federal government.

ASSET BACKED SECURITIES

A financial security backed by a loan, lease or receivables against asset other than real estate or mortgaged backed securities.

BASIS POINT

One basis point is equal to 1/100 of one percent. For example, if interest rates increase from 4.25% to 4.50%, the difference is referred to as a 25-basis-point increase.

BOOK VALUE

The value of a held security as carried in the records of an investor. May differ from current market value of the security.

BROKER/DEALER

Any person engaged in the business of effecting transactions in securities in this state for the account of others or for her/his own account. Broker/dealer also includes a person engaged in the regular business of issuing or guaranteeing options with regard to securities not of her/his own issue.

CERTIFICATE OF DEPOSIT

An instrument representing a receipt from a bank for a deposit at a specified rate of interest for specified period of time.

COLLATERALIZATION

Process by which a borrower pledges securities, property or other deposits for the purpose securing the repayment of a loan and/or security.

COMMERCIAL PAPER

Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

COUPON RATE

The annual rate of interest payable on a security expressed as a percentage of the principal amount.

CREDIT RISK

The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CURRENT YIELD

The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSIPS

CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

DISCOUNT

The amount by which the par value of a security exceeds the price paid for the security.

EARNINGS APPORTIONMENT

The quarterly interest distribution to the Pooled Investment Fund Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pooled Investment Fund.

FAIR VALUE

The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL FUNDS

Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend Fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

FEDERAL FUNDS RATE

Interest rate at which banks lend federal funds to each other.

FLOATING RATE NOTE

A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, SOFR, etc.).

GOVERNMENT OBLIGATIONS

Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations, but involve Federal sponsorship or guarantees.

INTEREST

The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

LOCAL AGENCY INVESTMENT FUND (LAIF)

The State of California investment pool in which money of local agencies is pooled as a method for managing and investing local funds.

LOCAL AGENCY OBLIGATION

An indebtedness issued by a local agency, department, board or authority within the State of California.

MARKET VALUE

The price at which a security is trading and could presumably be purchased or sold.

MATURITY

The date upon which the principal of a security becomes due and payable to the holder.

MEDIUM TERM NOTE

Notes and bonds that are debt obligations of corporations. This is a California Code designation that is not equivalent to financial market usage.

MONEY MARKET MUTUAL FUND

A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

NATIONAL RECOGNIZED STATISTICAL RATING ORGANIZATION

A category of credit rating agencies, called nationally recognized statistical rating organizations (NRSROs) was created by the Securities and Exchange Commission (SEC) in the mid-1970s when it was decided to use their credit ratings to assess the riskiness of securities for regulatory purposes. The SEC maintains a list of NRSROs at the following website:

<https://www.sec.gov/about/divisions-offices/office-credit-ratings/current-nrsros>

PAR

The stated maturity value, or face value, of a security.

PAR VALUE

The stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

PREMIUM

The amount by which the price paid for a security exceeds the security's par value.

REPURCHASE AGREEMENT OR REPO

An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a Repo is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the Repos when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

SECURITIES LENDING

A transaction wherein the Treasurer's Pooled Investment Fund transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

SETTLEMENT DATE

The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

TRADE DATE

The date and time corresponding to an investor's commitment to buy or sell a security.

VOLUNTARY PARTICIPANT

Local agencies that are not required to deposit their funds with the County Treasurer.

WEIGHTED AVERAGE MATURITY

The remaining average maturity of all securities held in a portfolio.

**QUARTERLY REPORT AND CERTIFICATION
OF THE COUNTY TREASURER
For Quarter Ending September 30, 2023**

The Government Code requires the County Treasurer to render a Quarterly Report to the County Administrator, the Board of Supervisors, the County Auditor, the Treasury Oversight Committee, and the participants of the Treasury Pool.

The Quarterly Report shall state compliance of the portfolio to the County Investment Policy and denote the ability of the pool to meet its pool's expenditures for the next six months, or provide an explanation as to why sufficient money shall or may not be available.

COMPLIANCE CERTIFICATION

I certify that the investments of the Sonoma County Investment Pool are in compliance with the County Investment Policy.

I further certify that the pool has sufficient cash flow available to meet all budgeted expenditure requirements for the next six months.

Erick Roeser
Treasurer
County of Sonoma

SONOMA COUNTY POOLED INVESTMENT PROGRAM
For Quarter Ending September 30, 2023

BEGINNING FUND BALANCE (3/31/2023)	\$3,784,116,679
ENDING FUND BALANCE	\$3,396,992,173
AVERAGE DAILY FUND BALANCE	\$3,504,892,180
TOTAL INTEREST EARNED (after fees)	\$23,616,763
INTEREST RATE (after fees)	2.695%
INTEREST RATE (before fees)	2.729%

TOTAL FUNDS MANAGED BY TREASURY

Sonoma County Pooled Investments	\$3,396,992,173
Tobacco Endowment	\$11,231,626
Sonoma County Water Agency Designated Investments	\$32,052,943
TOTAL TREASURY BALANCE	\$3,440,276,742

SONOMA COUNTY QUARTERLY INVESTMENT REPORT

For Quarter Ending September 30, 2023

INVESTMENT POOL YIELD:

The yield during this quarter is 2.729% before fees and 2.695% after fees.

MARKET VALUE:

The market value of the portfolio as of September 30, 2023, is at 96.55% of cost. The market values are down slightly from the last Quarterly Report. Market values were obtained from US Bank custodial services.

REVERSE REPURCHASE AGREEMENTS:

The pool has no reverse repurchase agreements.

WEIGHTED AVERAGE MATURITY:

The weighted average days to maturity is 591 days.

Excluding SCEIP investments, the weighted average days to maturity is 578 days.

CHARTS:

- Chart 1:** Interest earnings of the Sonoma County Investment Pool compared to FED FUNDS and Local Agency Investment Fund.
- Chart 2:** The composition of the Investment Pool by the type of investment.
- Chart 3:** The composition of the Investment Pool by credit rating.

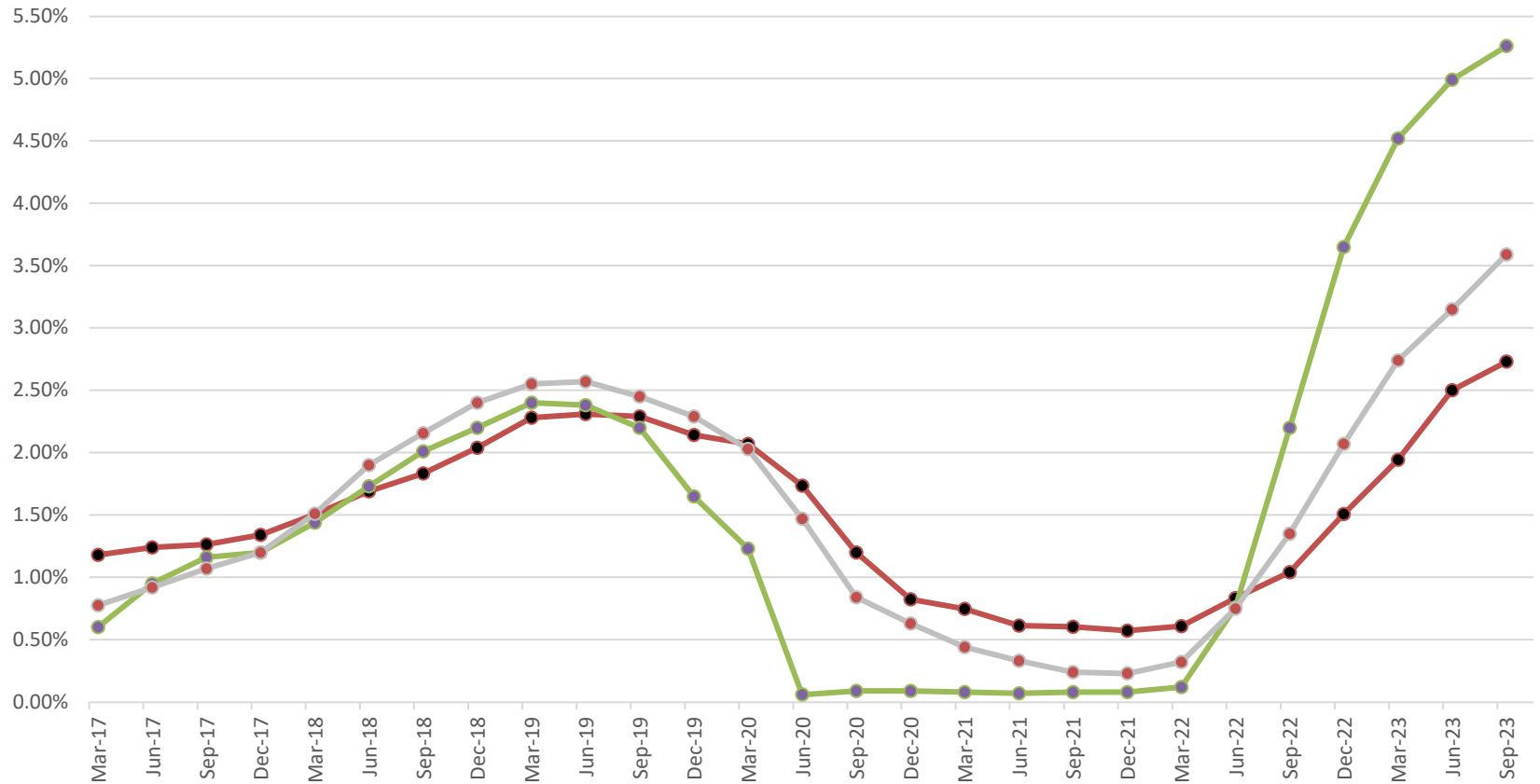
DETAILED LISTING OF INVESTMENTS:

A detailed listing of all investments for the Pooled Investment Fund is located at the end of this report.

SONOMA COUNTY POOLED INVESTMENTS
For Quarter Ending September 30, 2023

	BOOK VALUE
CASH IN VAULT	\$90,147
CASH IN BANK	\$11,530,853
BANK ITEMS IN TRANSIT	\$1,223,792
US TREASURY SECURITIES	\$366,556,115
US AGENCY BONDS	\$1,020,428,638
SUPRANATIONAL BONDS	\$336,474,914
CORPORATE BONDS	\$597,925,999
CERTIFICATES OF DEPOSIT	\$483,003,940
COMMERCIAL PAPER	\$84,686,259
MUNICIPAL BONDS	\$383,488,995
SCEIP NOTES	\$14,611,511
OTHER GOVERNMENT POOLS AND JPA'S	\$0
BANKERS ACCEPTANCES	\$0
MONEY MARKET MUTUAL FUNDS	\$96,971,009
TOTAL	\$3,396,992,173

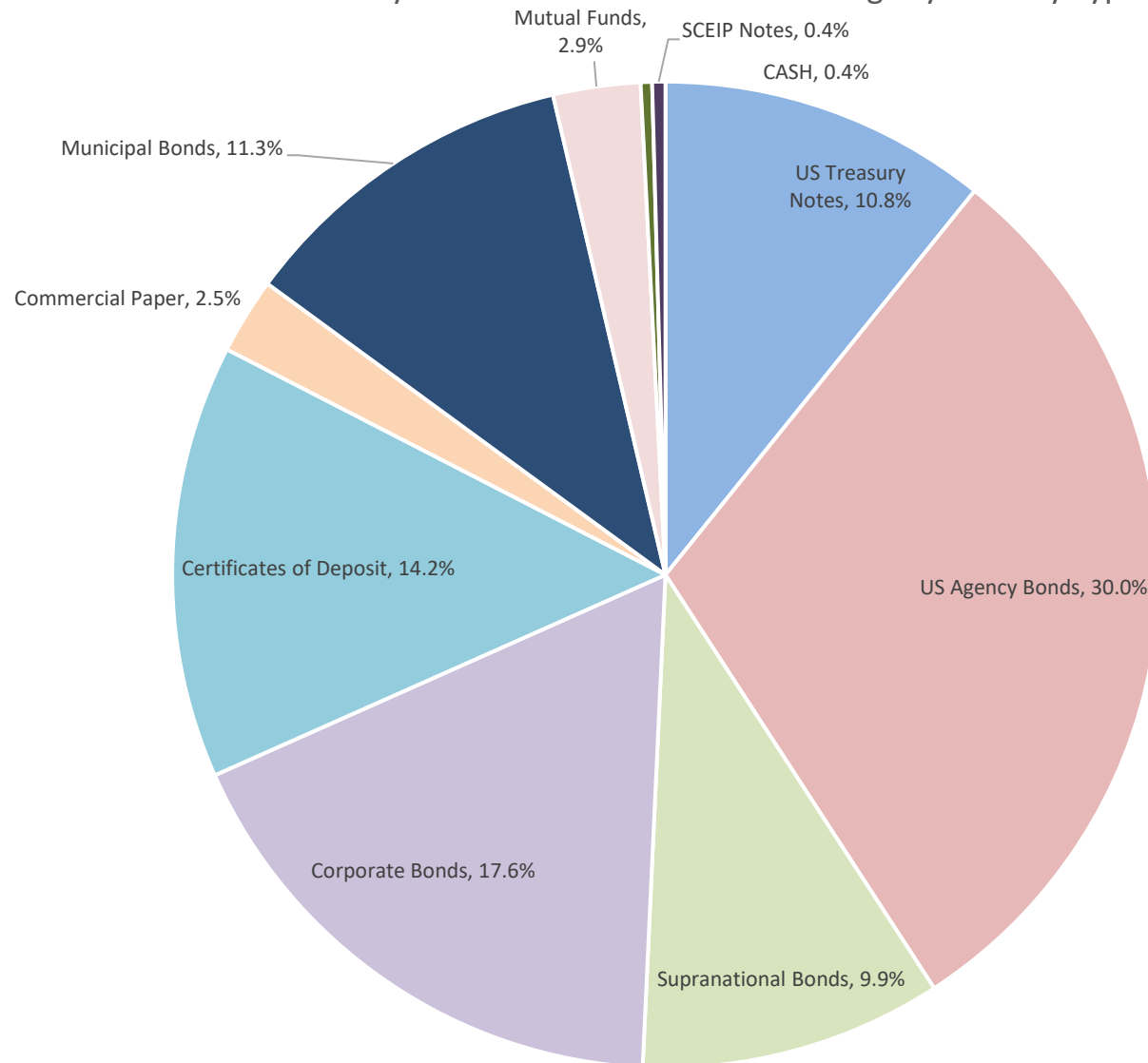
Quarterly Yield Comparison



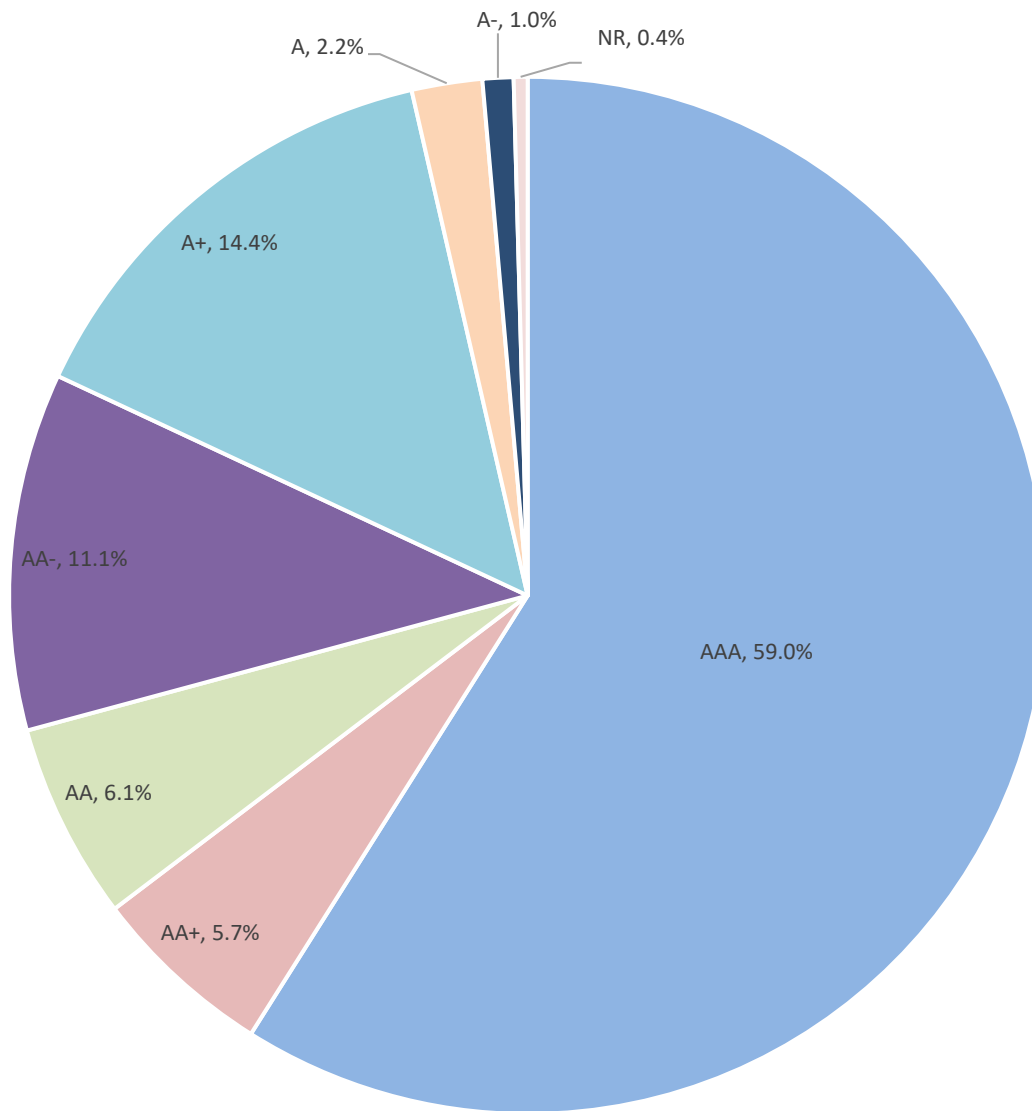
	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Pool	1.18%	1.24%	1.26%	1.34%	1.51%	1.69%	1.83%	2.04%	2.28%	2.31%	2.29%	2.14%	2.07%	1.74%	1.20%	0.82%	0.75%	0.61%	0.60%	0.57%	0.61%	0.83%	1.04%	1.51%	1.94%	2.50%	2.73%
Fed Funds	0.60%	0.95%	1.16%	1.20%	1.44%	1.73%	2.01%	2.20%	2.40%	2.38%	2.20%	1.65%	1.23%	0.06%	0.09%	0.09%	0.08%	0.07%	0.08%	0.08%	0.12%	0.76%	2.20%	3.65%	4.52%	4.99%	5.26%
LAIF	0.78%	0.92%	1.07%	1.20%	1.51%	1.90%	2.16%	2.40%	2.55%	2.57%	2.45%	2.29%	2.03%	1.47%	0.84%	0.63%	0.44%	0.33%	0.24%	0.23%	0.32%	0.75%	1.35%	2.07%	2.74%	3.15%	3.59%

Pool Fed Funds LAIF

Sonoma County Pooled Investment Fund Holdings by Security Type



Holdings by Credit Rating



Sonoma County Treasury Pooled Investment Inventory

Sep 30, 2023



Description	Coupon Rate	Maturity Date	Purchase Date	Book Yield	Current Par / Shares	Current Book / Shares	Market Value	S&P Rating	Moody's Rating
TOTAL		(WAM)	(% Pool)	2.98%	3,418,217,187	\$ 3,396,992,173	\$ 3,279,672,489		
CASH IN BANK					11,530,853	\$ 11,530,853	\$ 11,530,853	AAA	Aaa
BANK ITEMS IN TRANSIT					1,223,792	\$ 1,223,792	\$ 1,223,792	AAA	Aaa
CASH IN VAULT					90,147	\$ 90,147	\$ 90,147	AAA	Aaa
Sub Total Cash Items		1	0.38%	0.00%	12,844,792	\$ 12,844,792	\$ 12,844,792		
Local Agency Investment Fund					-	\$ -	\$ -	AAA	Aaa
Sub Total LAIF		1	0.00%	0.00%	-	\$ -	\$ -		
CAMP				5.458	71,876,161	\$ 71,876,161	\$ 71,876,161	AAA	Aaa
Cal Trust MMG				5.344	9,037,791	\$ 9,037,791	\$ 9,037,791	AAA	Aaa
California CLASS				5.470	16,056,331	\$ 16,056,331	\$ 16,056,331	AAA	NR
Dreyfus Treasury Securities				5.039	726	\$ 726	\$ 726	NR	Aaa
Sub Total Mutual Funds		1	2.85%	5.45%	96,971,009	\$ 96,971,009	\$ 96,971,009		
BANCO SANTANDER NY	5.790%	7/2/2024	6/2/2023	5.790	15,000,000	\$ 15,000,000	\$ 14,947,950	A+	A2
BANCO SANTANDER NY	6.080%	7/10/2024	7/6/2023	6.080	25,000,000	\$ 25,000,000	\$ 24,969,825	A+	A2
BEYERISHCE LANDESBANK NY	5.340%	3/4/2024	1/30/2023	5.340	25,000,000	\$ 25,000,000	\$ 24,942,500	NR	Aa3
CREDIT AGRICOLE NY	5.380%	2/5/2024	1/5/2023	5.380	11,000,000	\$ 11,000,000	\$ 10,981,080	A+	Aa3
CANADIAN IMPERIAL BANK	6.000%	7/3/2024	7/3/2023	6.000	25,000,000	\$ 25,000,000	\$ 25,002,000	A+	Aa2
HSBC BANK NA	5.480%	2/1/2024	5/2/2023	5.479	10,000,000	\$ 10,001,522	\$ 9,993,322	A+	Aa3
LLOYDS BANK CORP NY	6.040%	8/5/2024	9/22/2023	6.040	20,000,000	\$ 20,000,000	\$ 20,003,400	A	A1
LLOYDS BANK CORP NY	6.030%	9/6/2024	9/27/2023	6.020	27,000,000	\$ 27,002,418	\$ 27,001,620	A	A1
NATIXIS BANK NY	5.520%	10/2/2023	11/29/2022	5.519	20,000,000	\$ 20,000,000	\$ 20,000,000	A	A1
NATIXIS BANK NY	5.470%	10/10/2023	12/8/2022	5.470	25,000,000	\$ 25,000,000	\$ 24,999,250	A	A1
NATIXIS BANK NY	5.700%	5/24/2024	5/26/2023	5.700	20,000,000	\$ 20,000,000	\$ 19,960,800	A	A1
NATIXIS BANK NY	6.000%	8/27/2024	8/29/2023	6.000	20,000,000	\$ 20,000,000	\$ 19,998,000	A	A1
BANCO SANTANDER	5.470%	2/26/2024	5/4/2023	5.470	25,000,000	\$ 25,000,000	\$ 24,879,675	A+	A2
STANDARD CHARTERED BANK NY	5.580%	2/21/2024	2/28/2023	5.580	15,000,000	\$ 15,000,000	\$ 14,985,000	A+	A1
STANDARD CHARTERED BANK NY	5.400%	11/9/2023	3/1/2023	5.400	10,000,000	\$ 10,000,000	\$ 9,998,800	A+	A1
STANDARD CHARTERED BANK NY	5.570%	1/29/2024	4/20/2023	5.570	25,000,000	\$ 25,000,000	\$ 24,991,000	A+	A1
STANDARD CHARTERED BANK NY	5.480%	1/26/2024	5/1/2023	5.480	18,000,000	\$ 18,000,000	\$ 17,989,560	A+	A1
STANDARD CHARTERED BANK NY	6.040%	7/26/2024	7/28/2023	6.040	23,000,000	\$ 23,000,000	\$ 22,999,540	A+	A1
STANDARD CHARTERED BANK NY	6.030%	8/7/2024	8/2/2023	6.030	18,000,000	\$ 18,000,000	\$ 17,998,380	A+	A1
STANDARD CHARTERED BANK NY	6.010%	8/19/2024	8/16/2023	6.010	22,000,000	\$ 22,000,000	\$ 21,996,040	A+	A1
STANDARD CHARTERED BANK NY	6.000%	7/12/2024	9/14/2023	6.000	15,000,000	\$ 15,000,000	\$ 15,001,200	A+	A1
TORONTO DOMINION	5.540%	1/2/2024	12/8/2022	5.540	25,000,000	\$ 25,000,000	\$ 24,982,500	AA-	Aa1
TORONTO DOMINION	5.520%	1/8/2024	3/2/2023	5.520	15,000,000	\$ 15,000,000	\$ 14,990,100	AA-	Aa1
TORONTO DOMINION	5.800%	6/5/2024	5/30/2023	5.800	15,000,000	\$ 15,000,000	\$ 14,982,750	AA-	Aa1
TORONTO DOMINION	6.000%	6/28/2024	7/3/2023	6.000	14,000,000	\$ 14,000,000	\$ 14,002,240	AA-	Aa1
Sub Total Certificates of Deposit		204	14.22%	5.75%	483,000,000	\$ 483,003,940	\$ 482,596,532		
BANCO SANTANDER NY	5.300%	1/19/2024	4/25/2023	5.574	25,000,000	\$ 24,595,139	\$ 24,573,750	A+	A2
BANCO SANTANDER NY	5.670%	5/1/2024	8/10/2023	5.989	21,000,000	\$ 20,295,503	\$ 20,276,550	AA-	Aa3
BANCO SANTANDER NY	5.670%	5/9/2024	9/1/2023	5.954	15,000,000	\$ 14,477,888	\$ 14,463,750	A+	A2
BANCO SANTANDER NY	5.670%	6/3/2024	9/7/2023	5.967	16,000,000	\$ 15,380,080	\$ 15,363,040	A+	A2
LLOYDS BANK CORP NY	5.220%	11/13/2023	2/24/2023	5.451	10,000,000	\$ 9,937,650	\$ 9,936,500	A	A1
Sub Total Commercial Paper		171	2.49%	5.80%	87,000,000	\$ 84,686,259	\$ 84,613,590		
FEDERAL FARM CREDIT BANK	0.690%	7/22/2025	7/27/2020	0.690	20,000,000	\$ 19,996,011	\$ 18,411,600	AA+	Aaa
FEDERAL FARM CREDIT BANK	0.520%	10/21/2025	11/5/2020	0.554	15,000,000	\$ 14,986,016	\$ 13,630,650	AA+	Aaa
FEDERAL FARM CREDIT BANK	0.470%	1/27/2025	11/18/2020	0.487	4,000,000	\$ 3,998,423	\$ 3,741,080	AA+	Aaa
FEDERAL FARM CREDIT BANK	0.530%	10/22/2025	11/19/2020	0.570	16,640,000	\$ 16,621,223	\$ 15,122,432	AA+	Aaa
FEDERAL FARM CREDIT BANK	0.600%	11/24/2025	12/1/2020	0.616	9,745,000	\$ 9,739,538	\$ 8,825,364	AA+	Aaa
FEDERAL FARM CREDIT BANK	0.490%	3/10/2025	12/10/2020	0.501	10,000,000	\$ 9,997,456	\$ 9,311,000	AA+	Aaa
FEDERAL FARM CREDIT BANK	0.440%	12/9/2024	12/11/2020	0.446	10,000,000	\$ 9,998,512	\$ 9,416,700	AA+	Aaa
FEDERAL FARM CREDIT BANK	0.710%	4/1/2025	4/1/2021	0.700	10,000,000	\$ 10,000,000	\$ 9,318,300	AA+	Aaa
FEDERAL FARM CREDIT BANK	1.050%	3/25/2026	4/8/2021	1.036	10,000,000	\$ 10,000,000	\$ 9,037,500	AA+	Aaa
FEDERAL FARM CREDIT BANK	0.450%	7/23/2024	8/27/2021	0.434	10,515,000	\$ 10,515,822	\$ 10,103,022	AA+	Aaa
FEDERAL FARM CREDIT BANK	0.400%	11/9/2023	12/14/2021	0.696	675,000	\$ 674,784	\$ 671,483	AA+	Aaa
FEDERAL FARM CREDIT BANK	1.800%	6/17/2024	3/17/2022	2.028	10,000,000	\$ 9,998,451	\$ 9,749,000	AA+	Aaa
FEDERAL FARM CREDIT BANK	2.970%	6/17/2024	4/20/2022	2.579	2,000,000	\$ 2,004,864	\$ 1,965,820	AA+	Aaa
FEDERAL FARM CREDIT BANK	2.625%	6/10/2024	6/10/2022	2.649	10,000,000	\$ 9,995,919	\$ 9,806,300	AA+	Aaa
FEDERAL FARM CREDIT BANK	3.250%	6/17/2024	6/17/2022	3.181	10,000,000	\$ 10,001,671	\$ 9,848,200	AA+	Aaa
FEDERAL FARM CREDIT BANK	3.150%	7/15/2024	7/15/2022	3.155	10,000,000	\$ 9,996,296	\$ 9,812,500	AA+	Aaa
FEDERAL FARM CREDIT BANK	3.300%	8/15/2024	8/23/2022	3.259	10,000,000	\$ 9,999,603	\$ 9,817,700	AA+	Aaa
FEDERAL FARM CREDIT BANK	4.500%	11/18/2024	11/18/2022	4.494	10,000,000	\$ 9,994,008	\$ 9,898,800	AA+	Aaa
FEDERAL FARM CREDIT BANK	5.200%	1/20/2026	1/20/2023	5.129	15,768,000	\$ 15,768,000	\$ 15,568,692	AA+	Aaa
FEDERAL FARM CREDIT BANK	5.230%	4/12/2027	4/12/2023	5.158	18,750,000	\$ 18,750,000	\$ 18,415,688	AA+	Aaa
FEDERAL FARM CREDIT BANK	5.180%	10/13/2026	4/13/2023	5.109	10,000,000	\$ 10,000,000	\$ 9,842,600	AA+	Aaa
FEDERAL HOME LOAN BANK	0.540%	10/29/2025	11/9/2020	0.572	11,725,000	\$ 11,714,711	\$ 10,649,231	AA+	Aaa
FEDERAL HOME LOAN BANK	0.600%	12/15/2025	12/15/2020	0.592	15,000,000	\$ 15,000,000	\$ 13,553,100	AA+	Aaa
FEDERAL HOME LOAN BANK	0.570%	12/16/2025	12/16/2020	0.570	4,840,000	\$ 4,839,145	\$ 4,369,649	AA+	Aaa
FEDERAL HOME LOAN BANK	0.625%	12/18/2025	12/18/2020	0.639	18,900,000	\$ 18,890,795	\$ 17,080,686	AA+	Aaa
FEDERAL HOME LOAN BANK	0.440%	12/23/2024	12/23/2020	0.434	10,000,000	\$ 10,000,000	\$ 9,399,700	AA+	Aaa
FEDERAL HOME LOAN BANK	0.400%	7/15/2025	1/15/2021	0.395	10,000,000	\$ 10,000,000	\$ 9,163,200	AA+	Aaa

Sonoma County Treasury Pooled Investment Inventory

Sep 30, 2023



Description	Coupon Rate	Maturity Date	Purchase Date	Book Yield	Current Par / Shares	Current Book / Shares	Market Value	S&P Rating	Moody's Rating
TOTAL		(WAM)	(% Pool)	2.98%	3,418,217,187	\$ 3,396,992,173	\$ 3,279,672,489		
FEDERAL HOME LOAN BANK	0.625%	1/22/2026	1/22/2021	0.616	10,000,000	\$ 10,000,000	\$ 9,001,800	AA+	Aaa
FEDERAL HOME LOAN BANK	1.000%	3/23/2026	3/23/2021	0.986	8,116,875	\$ 8,116,875	\$ 7,327,752	AA+	Aaa
FEDERAL HOME LOAN BANK	0.500%	9/10/2025	4/8/2021	0.784	3,180,000	\$ 3,162,128	\$ 2,902,418	AA+	Aaa
FEDERAL HOME LOAN BANK	0.750%	2/24/2026	4/8/2021	0.933	2,500,000	\$ 2,488,561	\$ 2,249,200	AA+	Aaa
FEDERAL HOME LOAN BANK	0.860%	10/14/2025	4/13/2021	0.848	15,000,000	\$ 15,000,000	\$ 13,738,650	AA+	Aaa
FEDERAL HOME LOAN BANK	0.900%	4/13/2026	4/13/2021	1.149	10,000,000	\$ 10,000,000	\$ 9,153,900	AA+	Aaa
FEDERAL HOME LOAN BANK	0.710%	4/15/2025	4/15/2021	0.718	3,315,000	\$ 3,314,107	\$ 3,084,243	AA+	Aaa
FEDERAL HOME LOAN BANK	1.150%	4/29/2026	4/29/2021	1.134	20,000,000	\$ 20,000,000	\$ 18,066,000	AA+	Aaa
FEDERAL HOME LOAN BANK	1.125%	5/20/2026	5/21/2021	1.013	4,950,000	\$ 4,949,478	\$ 4,484,799	AA+	Aaa
FEDERAL HOME LOAN BANK	2.875%	9/13/2024	5/24/2021	0.409	11,225,000	\$ 11,485,345	\$ 10,950,773	AA+	Aaa
FEDERAL HOME LOAN BANK	1.030%	5/26/2026	5/26/2021	1.016	10,000,000	\$ 10,000,000	\$ 8,988,000	AA+	Aaa
FEDERAL HOME LOAN BANK	0.700%	5/27/2026	5/27/2021	1.098	10,000,000	\$ 10,000,000	\$ 9,096,400	AA+	Aaa
FEDERAL HOME LOAN BANK	1.750%	9/12/2025	12/14/2021	1.174	8,845,000	\$ 8,939,054	\$ 8,299,706	AA+	Aaa
FEDERAL HOME LOAN BANK	2.500%	3/10/2027	3/10/2022	2.959	5,265,000	\$ 5,265,000	\$ 4,948,258	AA+	Aaa
FEDERAL HOME LOAN BANK	2.875%	6/14/2024	5/11/2022	2.650	10,000,000	\$ 10,012,751	\$ 9,808,400	AA+	Aaa
FEDERAL HOME LOAN BANK	2.875%	6/14/2024	6/2/2022	2.525	8,470,000	\$ 8,488,121	\$ 8,307,715	AA+	Aaa
FEDERAL HOME LOAN BANK	3.000%	7/8/2024	7/8/2022	3.058	7,000,000	\$ 6,994,775	\$ 6,868,190	AA+	Aaa
FEDERAL HOME LOAN BANK	3.375%	3/8/2024	8/29/2022	3.416	9,000,000	\$ 8,996,603	\$ 8,917,470	AA+	Aaa
FEDERAL HOME LOAN BANK	4.500%	6/14/2024	11/8/2022	4.687	14,750,000	\$ 14,724,279	\$ 14,632,590	AA+	Aaa
FEDERAL HOME LOAN BANK	5.250%	1/24/2025	1/30/2023	5.179	9,400,000	\$ 9,400,000	\$ 9,324,142	AA+	Aaa
FEDERAL HOME LOAN BANK	5.250%	4/17/2026	4/17/2023	5.178	11,345,000	\$ 11,345,000	\$ 11,197,061	AA+	Aaa
FEDERAL HOME LOAN BANK	5.500%	4/24/2028	4/24/2023	5.425	12,300,000	\$ 12,300,000	\$ 12,055,845	AA+	Aaa
FEDERAL HOME LOAN BANK	5.300%	10/27/2025	4/27/2023	5.227	10,000,000	\$ 10,000,000	\$ 9,901,100	AA+	Aaa
FEDERAL HOME LOAN BANK	5.400%	4/13/2028	4/13/2023	5.337	9,825,000	\$ 9,820,546	\$ 9,617,594	AA+	Aaa
FEDERAL HOME LOAN BANK	5.500%	4/24/2028	4/24/2023	5.432	10,855,000	\$ 10,852,028	\$ 10,639,528	AA+	Aaa
FEDERAL HOME LOAN BANK	5.500%	4/24/2028	4/24/2023	5.425	8,065,000	\$ 8,065,000	\$ 7,907,329	AA+	Aaa
FEDERAL HOME LOAN BANK	5.350%	10/28/2027	4/28/2023	4.641	7,500,000	\$ 7,498,302	\$ 7,361,925	AA+	Aaa
FEDERAL HOME LOAN BANK	5.500%	4/25/2025	4/28/2023	5.425	10,000,000	\$ 10,000,000	\$ 9,933,200	AA+	Aaa
FEDERAL HOME LOAN BANK	5.650%	4/24/2028	4/28/2023	5.573	10,000,000	\$ 10,000,000	\$ 9,831,400	AA+	Aaa
FEDERAL HOME LOAN BANK	5.650%	4/24/2028	5/5/2023	5.575	3,270,000	\$ 3,273,292	\$ 3,218,460	AA+	Aaa
FEDERAL HOME LOAN BANK	5.700%	6/15/2026	6/15/2023	5.626	1,825,000	\$ 1,824,835	\$ 1,809,542	AA+	Aaa
FEDERAL HOME LOAN BANK	6.000%	9/11/2026	9/11/2023	5.920	4,850,000	\$ 4,849,762	\$ 4,851,358	AA+	Aaa
FEDERAL HOME LOAN BANK	6.250%	9/18/2028	9/29/2023	6.167	2,500,000	\$ 2,499,750	\$ 2,501,800	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.600%	10/27/2025	10/27/2020	0.592	10,000,000	\$ 10,000,000	\$ 9,096,200	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.610%	10/29/2025	10/29/2020	0.602	13,800,000	\$ 13,800,000	\$ 12,553,722	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.570%	9/24/2025	11/10/2020	0.551	3,000,000	\$ 2,999,756	\$ 2,738,160	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.600%	11/12/2025	11/12/2020	0.592	10,000,000	\$ 10,000,000	\$ 9,069,000	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.600%	11/12/2025	11/24/2020	0.606	10,000,000	\$ 9,996,169	\$ 9,069,000	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.360%	5/15/2024	12/14/2020	0.354	12,000,000	\$ 11,999,345	\$ 11,617,920	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.350%	6/14/2024	12/14/2020	0.349	11,750,000	\$ 11,749,646	\$ 11,325,120	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.375%	9/16/2024	12/16/2020	0.380	3,100,000	\$ 3,099,683	\$ 2,949,340	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.360%	5/15/2024	12/18/2020	0.345	10,000,000	\$ 10,000,000	\$ 9,681,600	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.700%	12/23/2025	12/23/2020	0.690	10,000,000	\$ 10,000,000	\$ 9,048,200	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.360%	9/30/2024	12/30/2020	0.355	4,900,000	\$ 4,900,000	\$ 4,652,844	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.550%	1/5/2026	1/5/2021	0.542	1,845,000	\$ 1,845,000	\$ 1,661,238	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.375%	4/15/2025	1/15/2021	0.370	10,000,000	\$ 10,000,000	\$ 9,255,000	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	0.550%	1/22/2026	1/22/2021	0.546	8,225,000	\$ 8,224,241	\$ 7,390,738	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	5.150%	7/27/2026	1/27/2023	5.079	5,000,000	\$ 5,000,000	\$ 4,923,500	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	6.000%	3/27/2028	3/27/2023	5.919	1,000,000	\$ 999,955	\$ 990,400	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	5.200%	2/24/2026	4/5/2023	-	15,000,000	\$ 15,000,000	\$ 14,799,900	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	5.350%	4/28/2028	4/28/2023	5.277	10,000,000	\$ 10,000,000	\$ 9,775,700	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	5.555%	4/17/2028	4/17/2023	5.479	10,000,000	\$ 10,000,000	\$ 9,815,600	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	5.200%	2/24/2026	4/14/2023	5.138	10,000,000	\$ 9,997,486	\$ 9,866,600	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	5.300%	4/26/2027	4/26/2023	4.521	10,000,000	\$ 10,000,000	\$ 9,829,700	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	5.375%	5/1/2025	5/5/2023	5.301	8,308,000	\$ 8,312,962	\$ 8,249,821	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	5.700%	5/15/2028	5/15/2023	5.622	3,485,000	\$ 3,485,000	\$ 3,429,937	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	5.500%	5/22/2028	5/22/2023	6.404	2,991,000	\$ 2,991,000	\$ 2,952,237	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	6.000%	5/25/2028	5/30/2023	5.918	10,000,000	\$ 10,000,000	\$ 9,887,600	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	5.500%	6/8/2026	6/14/2023	6.067	2,570,000	\$ 2,571,269	\$ 2,554,230	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	6.000%	5/24/2028	6/14/2023	5.919	10,890,000	\$ 10,914,898	\$ 10,794,313	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	6.000%	6/28/2028	6/30/2023	5.218	10,000,000	\$ 10,000,000	\$ 9,882,000	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	6.100%	8/24/2027	8/28/2023	6.017	5,950,000	\$ 5,950,000	\$ 5,904,364	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	6.200%	8/28/2028	8/28/2023	6.116	2,233,000	\$ 2,232,890	\$ 2,211,094	AA+	Aaa
FEDERAL HOME LOAN MTG CORP	6.250%	9/13/2028	9/13/2023	6.164	1,526,000	\$ 1,526,000	\$ 1,525,802	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	0.550%	8/19/2025	8/19/2020	0.542	25,000,000	\$ 25,000,000	\$ 22,891,750	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	0.600%	8/28/2025	8/28/2020	0.592	20,000,000	\$ 20,000,000	\$ 18,314,000	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	0.600%	10/29/2025	11/3/2020	0.590	20,000,000	\$ 20,000,000	\$ 18,188,200	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	0.580%	10/20/2025	11/4/2020	0.585	13,000,000	\$ 12,995,428	\$ 11,829,090	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	0.650%	11/18/2025	11/18/2020	0.641	10,000,000	\$ 10,000,000	\$ 9,073,100	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	0.540%	10/27/2025	11/20/2020	0.561	6,000,000	\$ 5,995,592	\$ 5,450,760	AA+	Aaa

Sonoma County Treasury Pooled Investment Inventory

Sep 30, 2023



Description	Coupon Rate	Maturity Date	Purchase Date	Book Yield	Current Par / Shares	Current Book / Shares	Market Value	S&P Rating	Moody's Rating
TOTAL		(WAM)	(% Pool)	2.98%	3,418,217,187	\$ 3,396,992,173	\$ 3,279,672,489		
FEDERAL NATIONAL MTG ASSN	0.560%	11/17/2025	11/24/2020	0.600	10,000,000	\$ 9,989,320	\$ 9,056,200	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	0.625%	11/25/2025	11/25/2020	0.616	2,000,000	\$ 2,000,000	\$ 1,812,040	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	0.650%	12/10/2025	12/10/2020	0.643	10,000,000	\$ 9,999,562	\$ 9,050,800	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	0.500%	12/16/2024	12/16/2020	0.493	10,000,000	\$ 10,000,000	\$ 9,414,800	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	0.625%	12/30/2025	12/30/2020	0.616	10,000,000	\$ 10,000,000	\$ 9,026,000	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	0.550%	1/28/2026	1/28/2021	0.542	15,000,000	\$ 15,000,000	\$ 13,469,850	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	1.625%	10/15/2024	5/24/2021	0.433	14,000,000	\$ 14,170,991	\$ 13,460,580	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	0.500%	11/7/2025	12/14/2021	1.201	1,500,000	\$ 1,477,995	\$ 1,364,070	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	1.625%	1/7/2025	12/16/2021	0.994	10,835,000	\$ 10,918,140	\$ 10,340,166	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	5.200%	2/17/2026	2/17/2023	4.228	10,000,000	\$ 10,000,000	\$ 9,868,100	AA+	Aaa
FEDERAL NATIONAL MTG ASSN	5.400%	7/21/2027	4/21/2023	5.328	15,000,000	\$ 15,000,000	\$ 14,744,850	AA+	Aaa
PRIVATE EXPORT FUNDING CORP	0.550%	7/30/2024	1/12/2023	4.783	3,250,000	\$ 3,139,468	\$ 3,120,553	AA+	Aaa
Sub Total Federal Agency Securities		816	30.04%	2.25%	1,020,067,875	\$ 1,020,428,638	\$ 965,482,334		
U.S. TREASURY	0.125%	1/15/2024	11/3/2021	0.547	15,000,000	\$ 14,981,437	\$ 14,775,600	AA+	Aaa
U.S. TREASURY	2.500%	1/31/2024	11/3/2021	0.537	15,000,000	\$ 15,097,233	\$ 14,854,050	AA+	Aaa
U.S. TREASURY	0.125%	2/15/2024	11/9/2021	0.562	15,000,000	\$ 14,975,181	\$ 14,709,450	AA+	Aaa
U.S. TREASURY	0.250%	3/15/2024	11/12/2021	0.552	15,000,000	\$ 14,979,043	\$ 14,657,850	AA+	Aaa
U.S. TREASURY	2.000%	5/31/2024	12/16/2021	0.823	10,000,000	\$ 10,076,615	\$ 9,775,400	AA+	Aaa
U.S. TREASURY	0.375%	7/15/2024	12/16/2021	0.900	25,000,000	\$ 24,895,502	\$ 24,025,500	AA+	Aaa
U.S. TREASURY	0.250%	5/15/2024	12/17/2021	0.806	25,000,000	\$ 24,912,840	\$ 24,202,250	AA+	Aaa
U.S. TREASURY	0.250%	6/15/2024	12/17/2021	0.847	25,000,000	\$ 24,893,798	\$ 24,102,500	AA+	Aaa
U.S. TREASURY	2.125%	7/31/2024	12/30/2021	0.867	25,000,000	\$ 25,255,992	\$ 24,216,750	AA+	Aaa
U.S. TREASURY	0.375%	7/15/2024	4/14/2022	2.571	25,000,000	\$ 24,575,220	\$ 24,025,500	AA+	Aaa
U.S. TREASURY	2.375%	8/15/2024	4/18/2022	2.554	25,000,000	\$ 24,954,554	\$ 24,339,000	AA+	Aaa
U.S. TREASURY	0.375%	9/15/2024	4/19/2022	2.584	20,000,000	\$ 19,586,426	\$ 19,058,600	AA+	Aaa
U.S. TREASURY	0.625%	10/15/2024	4/20/2022	2.668	20,000,000	\$ 19,584,571	\$ 19,036,000	AA+	Aaa
U.S. TREASURY	0.750%	11/15/2024	4/21/2022	2.699	20,000,000	\$ 19,571,875	\$ 18,996,800	AA+	Aaa
U.S. TREASURY	1.750%	7/31/2024	4/22/2022	2.674	25,000,000	\$ 24,807,085	\$ 24,245,250	AA+	Aaa
U.S. TREASURY	1.125%	1/15/2025	4/25/2022	2.865	20,000,000	\$ 19,561,276	\$ 18,961,000	AA+	Aaa
U.S. TREASURY	1.375%	1/31/2025	4/27/2022	2.849	20,000,000	\$ 19,614,220	\$ 18,990,600	AA+	Aaa
U.S. TREASURY	2.875%	6/15/2025	7/31/2023	4.937	25,000,000	\$ 24,233,248	\$ 24,158,585	AA+	Aaa
Sub Total US Treasury		318	10.79%	1.93%	370,000,000	\$ 366,556,115	\$ 357,130,685		
INTER AMERICAN DEV BANK	2.375%	4/9/2024	6/4/2020	0.348	1,500,000	\$ 1,514,980	\$ 1,475,385	AAA	Aaa
INTER AMERICAN DEV BANK	0.250%	11/15/2023	9/2/2020	0.296	20,000,000	\$ 19,998,786	\$ 19,876,200	AAA	Aaa
INTER AMERICAN DEV BANK	0.340%	10/15/2024	11/12/2020	0.344	10,000,000	\$ 9,999,071	\$ 9,452,300	AAA	Aaa
INTER AMERICAN DEV BANK	3.000%	10/4/2023	5/21/2021	0.253	13,000,000	\$ 13,002,961	\$ 12,998,830	AAA	Aaa
INTER AMERICAN DEV BANK	3.000%	2/21/2024	11/1/2021	0.615	1,822,000	\$ 1,838,688	\$ 1,803,889	AAA	Aaa
INTER AMERICAN DEV BANK	0.500%	9/23/2024	2/10/2022	1.500	10,000,000	\$ 9,902,463	\$ 9,513,800	AAA	Aaa
INTER AMERICAN DEV BANK	1.400%	2/10/2025	2/10/2022	1.400	10,000,000	\$ 9,997,460	\$ 9,493,100	AAA	Aaa
INTER AMERICAN DEV BANK	1.750%	3/14/2025	4/8/2022	2.724	4,300,000	\$ 4,239,665	\$ 4,082,678	AAA	Aaa
INTER AMERICAN DEV BANK	0.625%	7/15/2025	4/11/2022	2.751	18,337,000	\$ 17,662,688	\$ 16,911,482	AAA	Aaa
INTER AMERICAN DEV BANK	0.625%	7/15/2025	4/19/2022	2.722	1,000,000	\$ 963,710	\$ 922,260	AAA	Aaa
INTER AMERICAN DEV BANK	3.250%	7/1/2024	7/1/2022	3.211	25,000,000	\$ 24,999,063	\$ 24,562,500	AAA	Aaa
INTER AMERICAN DEV BANK	3.250%	7/1/2024	8/29/2022	3.395	11,412,000	\$ 11,396,086	\$ 11,212,290	AAA	Aaa
INTL BANK RECON & DEV	1.500%	8/28/2024	6/17/2021	0.373	20,000,000	\$ 20,202,450	\$ 19,270,600	AAA	Aaa
INTL BANK RECON & DEV	0.650%	2/24/2026	6/23/2021	0.890	10,000,000	\$ 9,940,961	\$ 8,961,500	AAA	Aaa
INTL BANK RECON & DEV	1.230%	11/17/2026	11/17/2021	1.260	10,000,000	\$ 9,985,612	\$ 8,910,780	AAA	Aaa
INTL BANK RECON & DEV	0.700%	11/6/2026	12/10/2021	1.632	15,000,000	\$ 14,990,529	\$ 13,712,250	AAA	Aaa
INTL BANK RECON & DEV	2.500%	3/19/2024	6/22/2022	3.125	10,000,000	\$ 9,969,830	\$ 9,856,000	AAA	Aaa
INTL BANK RECON & DEV	5.750%	6/15/2026	6/15/2023	4.670	10,000,000	\$ 10,000,000	\$ 9,952,700	AAA	Aaa
INTL FINANCE CORP	0.500%	7/15/2025	7/17/2020	0.638	20,000,000	\$ 20,000,000	\$ 18,281,200	AAA	Aaa
INTL FINANCE CORP	0.375%	10/15/2025	10/19/2020	0.266	20,000,000	\$ 19,991,826	\$ 17,556,400	AAA	Aaa
INTL FINANCE CORP	0.314%	10/27/2023	10/27/2020	0.310	10,950,000	\$ 10,950,000	\$ 10,910,252	AAA	Aaa
INTL FINANCE CORP	0.350%	10/15/2025	10/30/2020	0.262	12,000,000	\$ 11,996,299	\$ 10,575,720	AAA	Aaa
INTL FINANCE CORP	0.350%	11/15/2025	11/30/2020	0.247	10,000,000	\$ 10,000,000	\$ 9,143,900	AAA	Aaa
INTL FINANCE CORP	0.350%	11/15/2025	12/11/2020	0.265	1,250,000	\$ 1,249,462	\$ 1,142,988	AAA	Aaa
INTL FINANCE CORP	0.625%	3/15/2026	4/1/2021	0.544	1,990,000	\$ 1,987,535	\$ 1,758,066	AAA	Aaa
INTL FINANCE CORP	0.750%	5/15/2026	5/28/2021	0.498	10,000,000	\$ 9,998,679	\$ 9,095,400	AAA	Aaa
INTL FINANCE CORP	0.470%	9/3/2024	9/3/2021	0.475	20,000,000	\$ 19,997,824	\$ 19,050,400	AAA	Aaa
INTL FINANCE CORP	0.676%	3/6/2024	12/6/2021	0.672	15,000,000	\$ 14,999,684	\$ 14,680,500	AAA	Aaa
INTL FINANCE CORP	0.376%	7/16/2025	5/13/2022	2.852	7,000,000	\$ 6,700,501	\$ 6,427,120	AAA	Aaa
INTL FINANCE CORP	2.650%	6/24/2024	6/24/2022	2.647	8,000,000	\$ 7,998,101	\$ 7,818,560	AAA	Aaa
Sub Total Supranational Securities		496	9.91%	1.34%	337,561,000	\$ 336,474,914	\$ 319,409,048		
APPLE	3.000%	2/9/2024	3/16/2020	1.489	10,000,000	\$ 10,051,273	\$ 9,901,700	AA+	Aaa
APPLE	2.850%	5/11/2024	4/3/2020	1.317	4,682,000	\$ 4,724,038	\$ 4,601,844	AA+	Aaa
APPLE	1.800%	9/11/2024	4/8/2020	1.258	3,286,000	\$ 3,301,766	\$ 3,173,947	AA+	Aaa
APPLE	3.450%	5/6/2024	5/19/2021	0.416	9,918,000	\$ 10,096,086	\$ 9,790,058	AA+	Aaa
AMAZON.COM	0.450%	5/12/2024	5/12/2021	0.492	2,000,000	\$ 1,999,402	\$ 1,938,020	AA	A1
BANK OF NEW YORK	2.100%	10/24/2024	4/19/2022	2.673	5,000,000	\$ 4,968,831	\$ 4,804,150	A	A1
BMW CAPITAL USA	5.300%	8/11/2025	8/11/2023	5.231	10,000,000	\$ 9,999,442	\$ 9,947,000	A	A2

Sonoma County Treasury Pooled Investment Inventory

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Description	Coupon Rate	Maturity Date	Purchase Date	Book Yield	Current Par / Shares	Current Book / Shares	Market Value	S&P Rating	Moody's Rating
TOTAL		(WAM)	(% Pool)	2.98%	3,418,217,187	\$ 3,396,992,173	\$ 3,279,672,489		
BMW CAPITAL USA	5.050%	8/11/2028	8/11/2023	4.988	10,000,000	\$ 9,996,986	\$ 9,779,300	A	A2
CATERPILLAR FINANCIAL	0.950%	1/10/2024	4/13/2022	2.460	4,500,000	\$ 4,481,413	\$ 4,442,535	A	A2
CISCO SYSTEMS	3.500%	6/15/2025	12/15/2021	1.244	9,000,000	\$ 9,335,156	\$ 8,720,010	AA-	A1
CISCO SYSTEMS	3.500%	6/15/2025	5/2/2022	2.984	1,000,000	\$ 1,007,649	\$ 968,890	AA-	A1
COLGATE-PALMOLIVE	7.600%	5/19/2025	12/12/2022	4.506	1,500,000	\$ 1,569,534	\$ 1,546,500	AA-	Aa3
JOHN DEERE & CO	4.800%	1/9/2026	1/9/2023	4.695	10,000,000	\$ 10,008,407	\$ 9,883,800	A	A2
EQUITABLE FINANCIAL LIFE	1.000%	1/9/2026	1/13/2023	4.819	972,000	\$ 893,030	\$ 862,776	A+	A1
EQUITABLE FINANCIAL LIFE	1.300%	7/12/2026	1/25/2023	4.795	19,454,000	\$ 17,700,296	\$ 17,003,185	A+	A1
EQUITABLE FINANCIAL LIFE	1.800%	3/8/2028	4/21/2023	5.213	4,190,000	\$ 3,625,399	\$ 3,506,443	A+	A1
EQUITABLE FINANCIAL LIFE	5.500%	12/2/2025	7/5/2023	5.941	1,476,000	\$ 1,467,978	\$ 1,461,759	A+	A1
EQUITABLE FINANCIAL LIFE	1.300%	7/12/2026	7/12/2023	5.935	2,119,000	\$ 1,868,099	\$ 1,852,048	A+	A1
ALPHABET INC	3.375%	2/25/2024	1/31/2022	1.262	4,361,000	\$ 4,396,949	\$ 4,321,925	AA+	Aa2
ALPHABET INC	0.450%	8/15/2025	1/31/2022	1.569	5,000,000	\$ 4,896,599	\$ 4,579,700	AA+	Aa2
GUARDIAN LIFE	5.550%	10/28/2027	12/6/2022	5.474	12,070,000	\$ 12,404,739	\$ 12,114,538	AA+	Aa1
GUARDIAN LIFE	1.250%	5/13/2026	12/6/2022	4.671	6,442,000	\$ 5,905,462	\$ 5,713,152	AA+	Aa1
GUARDIAN LIFE	1.400%	7/6/2027	2/8/2023	4.548	7,825,000	\$ 6,977,972	\$ 6,742,646	AA+	Aa1
GUARDIAN LIFE	3.246%	3/29/2027	5/19/2023	4.747	1,850,000	\$ 1,758,482	\$ 1,707,162	AA+	Aa1
GUARDIAN LIFE	1.400%	7/6/2027	5/19/2023	4.679	5,508,000	\$ 4,885,085	\$ 4,746,133	AA+	Aa1
GUARDIAN LIFE	5.550%	10/28/2027	5/19/2023	4.738	2,190,000	\$ 2,256,382	\$ 2,205,171	AA+	Aa1
GUARDIAN LIFE	1.250%	11/19/2027	6/12/2023	4.957	1,500,000	\$ 1,293,651	\$ 1,275,343	AA+	Aa1
GUARDIAN LIFE	3.246%	3/29/2027	7/5/2023	5.184	2,800,000	\$ 2,623,382	\$ 2,583,812	AA+	Aa1
GUARDIAN LIFE	5.550%	10/28/2027	7/7/2023	5.131	11,350,000	\$ 11,612,334	\$ 11,512,617	AA+	Aa1
IBM INC	3.000%	5/15/2024	4/13/2021	0.608	7,893,000	\$ 8,008,749	\$ 7,758,819	A-	A3
IBM INC	3.625%	2/12/2024	5/19/2021	0.470	24,458,000	\$ 24,736,060	\$ 24,257,444	A-	A3
JOHNSON & JOHNSON	2.625%	1/15/2025	3/30/2020	1.226	11,300,000	\$ 11,478,086	\$ 10,932,185	AAA	Aaa
J PAUL GETTY MUSEUM	0.391%	1/1/2024	1/28/2021	0.386	7,000,000	\$ 7,000,000	\$ 6,898,850	AAA	Aaa
JACKSON NATIONAL LIFE	1.750%	1/12/2025	1/3/2023	5.297	20,000,000	\$ 19,132,258	\$ 18,778,600	A	A2
KAISER FOUNDATION	3.150%	5/1/2027	12/12/2022	4.357	9,005,000	\$ 8,636,643	\$ 8,425,708	AA-	NR
ELI LILLY & CO	7.125%	6/1/2025	3/10/2022	2.190	18,163,000	\$ 19,587,599	\$ 18,704,802	A+	A1
MASSACHUSETTS MUTUAL	3.400%	3/8/2026	12/7/2022	4.638	12,000,000	\$ 11,650,398	\$ 11,386,920	AA+	Aa3
MASSACHUSETTS MUTUAL	2.750%	6/22/2024	1/10/2023	4.920	3,090,000	\$ 3,042,182	\$ 3,023,967	AA+	Aa3
MASSACHUSETTS MUTUAL	1.200%	7/16/2026	2/10/2023	4.537	3,703,000	\$ 3,381,252	\$ 3,277,636	AA+	Aa3
MASSACHUSETTS MUTUAL	5.050%	6/14/2028	6/14/2023	4.383	3,000,000	\$ 3,006,174	\$ 2,928,450	AA-	Aa3
METLIFE INC	3.600%	1/11/2024	11/14/2022	5.375	8,944,000	\$ 8,899,923	\$ 8,894,719	AA-	Aa3
METLIFE INC	7.800%	11/1/2025	1/13/2023	5.070	1,195,000	\$ 1,255,844	\$ 1,232,224	A	A2
METLIFE INC	2.800%	3/21/2025	1/18/2023	4.622	13,140,000	\$ 12,796,593	\$ 12,582,995	AA-	Aa3
METLIFE INC	0.550%	6/7/2024	5/11/2023	5.206	7,000,000	\$ 6,782,876	\$ 6,749,890	AA-	Aa3
METLIFE INC	4.050%	8/25/2025	5/11/2023	4.965	3,794,000	\$ 3,727,579	\$ 3,668,532	AA-	Aa3
METLIFE INC	0.550%	6/7/2024	5/16/2023	5.148	5,350,000	\$ 5,185,988	\$ 5,158,845	AA-	Aa3
METLIFE INC	0.950%	7/2/2025	5/16/2023	4.735	5,000,000	\$ 4,682,770	\$ 4,598,600	AA-	Aa3
METLIFE INC	3.000%	9/19/2027	5/18/2023	4.719	15,262,000	\$ 14,296,412	\$ 13,816,689	AA-	Aa3
METLIFE INC	3.000%	9/19/2027	5/26/2023	4.930	7,000,000	\$ 6,506,186	\$ 6,337,100	AA-	Aa3
METLIFE INC	4.400%	6/30/2027	6/12/2023	5.036	4,790,000	\$ 4,676,676	\$ 4,570,235	AA-	Aa3
METLIFE INC	3.000%	9/19/2027	6/12/2023	5.036	3,670,000	\$ 3,397,460	\$ 3,322,451	AA-	Aa3
METLIFE INC	5.400%	6/20/2026	6/20/2023	5.356	15,000,000	\$ 14,988,850	\$ 14,884,500	AA-	Aa3
METLIFE INC	1.875%	1/11/2027	7/5/2023	5.194	1,940,000	\$ 1,745,472	\$ 1,719,635	AA-	Aa3
METLIFE INC	1.875%	1/11/2027	7/11/2023	5.379	3,825,000	\$ 3,421,472	\$ 3,390,518	AA-	Aa3
3M COMPANY	3.000%	8/7/2025	8/9/2022	3.345	4,716,000	\$ 4,683,776	\$ 4,491,471	A-	A2
MICROSOFT CORP	2.875%	2/6/2024	11/13/2020	0.295	12,179,000	\$ 12,277,162	\$ 12,063,421	AAA	Aaa
MICROSOFT CORP	3.125%	11/3/2025	4/9/2021	1.034	7,784,000	\$ 8,112,854	\$ 7,457,773	AAA	Aaa
NATIONAL AUSTRALIA BANK	4.944%	1/12/2028	1/12/2023	4.876	10,000,000	\$ 10,000,000	\$ 9,791,900	AA-	Aa3
NATIONAL SECURITIES CLEARING C	5.150%	5/30/2025	5/30/2023	5.099	2,000,000	\$ 1,999,368	\$ 1,983,940	AA+	Aaa
NATIONAL SECURITIES CLEARING C	5.000%	5/30/2028	5/30/2023	4.993	3,000,000	\$ 2,992,417	\$ 2,934,480	AA+	Aaa
NORTHWESTERN MUTUAL LIFE	4.000%	7/1/2025	1/13/2023	4.520	2,142,000	\$ 2,121,545	\$ 2,079,732	AA+	Aaa
NORTHWESTERN MUTUAL LIFE	4.900%	6/12/2028	6/12/2023	4.888	5,000,000	\$ 4,988,492	\$ 4,869,150	AA+	Aaa
NORTHWESTERN MUTUAL LIFE	1.750%	1/11/2027	7/11/2023	5.182	5,000,000	\$ 4,481,596	\$ 4,422,050	AA+	Aaa
NORTHWESTERN MUTUAL LIFE	0.800%	1/14/2026	7/14/2023	5.380	6,320,000	\$ 5,699,131	\$ 5,665,880	AA+	Aaa
NORTHWESTERN MUTUAL LIFE	4.900%	6/12/2028	8/21/2023	5.223	4,000,000	\$ 3,972,349	\$ 3,932,887	AA+	Aaa
NORTHWESTERN MUTUAL LIFE	0.800%	1/14/2026	8/21/2023	5.498	5,000,000	\$ 4,499,726	\$ 4,486,611	AA+	Aaa
NEW YORK LIFE	0.950%	6/24/2025	1/18/2023	4.543	8,860,000	\$ 8,335,369	\$ 8,153,947	AA+	Aaa
NEW YORK LIFE	1.150%	6/9/2026	2/7/2023	4.367	1,270,000	\$ 1,166,977	\$ 1,125,055	AA+	Aaa
NEW YORK LIFE	3.150%	6/6/2024	9/15/2023	5.592	6,000,000	\$ 5,952,229	\$ 5,939,715	AA+	Aaa
NEW YORK LIFE	3.855%	8/26/2024	9/15/2023	5.612	3,000,000	\$ 2,958,297	\$ 2,953,274	AA+	Aaa
PACIFIC LIFE	1.200%	6/24/2025	11/30/2022	5.047	2,275,000	\$ 2,132,163	\$ 2,106,514	AA-	Aa3
PACIFIC LIFE	4.900%	4/4/2028	5/22/2023	4.815	5,000,000	\$ 5,038,631	\$ 4,861,639	AA-	Aa3
PACIFIC LIFE	1.450%	1/20/2028	7/10/2023	5.572	1,152,000	\$ 970,577	\$ 954,778	AA-	Aa3
PACIFIC LIFE	5.500%	8/28/2026	8/30/2023	5.437	7,000,000	\$ 6,997,620	\$ 6,963,040	AA-	Aa3
PRINCIPAL LIFE	0.875%	1/12/2026	12/7/2022	4.744	5,000,000	\$ 4,587,659	\$ 4,464,800	A+	A1
PRINCIPAL LIFE	1.250%	8/16/2026	7/28/2023	5.489	1,115,000	\$ 989,350	\$ 975,837	A+	A1
PRINCIPAL LIFE	0.875%	1/12/2026	8/1/2023	5.472	3,852,000	\$ 3,474,782	\$ 3,441,461	A+	A1

Sonoma County Treasury Pooled Investment Inventory

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Description	Coupon Rate	Maturity Date	Purchase Date	Book Yield	Current Par / Shares	Current Book / Shares	Market Value	S&P Rating	Moody's Rating
TOTAL		(WAM)	(% Pool)	2.98%	3,418,217,187	\$ 3,396,992,173	\$ 3,279,672,489		
PROCTOR AND GAMBLE	2.700%	2/2/2026	2/5/2021	0.622	6,871,000	\$ 7,197,420	\$ 6,505,944	AA-	Aa3
PROCTOR AND GAMBLE	0.550%	10/29/2025	12/15/2021	1.230	10,003,000	\$ 9,861,889	\$ 9,096,128	AA-	Aa3
PROCTOR AND GAMBLE	2.700%	2/2/2026	12/16/2021	1.275	4,338,000	\$ 4,476,467	\$ 4,107,522	AA-	Aa3
PROTECTIVE LIFE	5.209%	4/14/2026	4/14/2023	5.138	10,000,000	\$ 10,000,000	\$ 9,796,300	AA-	A1
PROTECTIVE LIFE	1.646%	1/13/2025	5/9/2023	4.938	1,750,000	\$ 1,678,440	\$ 1,656,235	AA-	A1
PROTECTIVE LIFE	0.781%	7/5/2024	5/9/2023	5.046	7,289,000	\$ 7,058,267	\$ 7,004,292	AA-	A1
PROTECTIVE LIFE	5.366%	1/6/2026	7/14/2023	5.418	1,255,000	\$ 1,253,137	\$ 1,245,013	AA-	A1
PROTECTIVE LIFE	1.900%	7/6/2028	7/14/2023	5.330	4,250,000	\$ 3,636,928	\$ 3,607,452	AA-	A1
PRUDENTIAL FINANCIAL	2.400%	9/23/2024	4/21/2023	4.977	2,885,000	\$ 2,813,795	\$ 2,787,862	AA-	Aa3
PRUDENTIAL FINANCIAL	5.100%	5/30/2028	5/30/2023	5.034	7,000,000	\$ 6,998,825	\$ 6,876,520	AA-	Aa3
PRUDENTIAL FINANCIAL	5.100%	5/30/2028	6/14/2023	5.093	7,000,000	\$ 6,995,458	\$ 6,890,403	AA-	Aa3
PRUDENTIAL FINANCIAL	5.550%	8/28/2026	8/28/2023	5.510	3,000,000	\$ 2,997,063	\$ 3,000,240	AA-	Aa3
REINSURANCE GROUP OF AMERICA	2.000%	11/30/2026	1/18/2023	4.697	6,250,000	\$ 5,756,392	\$ 5,532,625	AA-	A1
REINSURANCE GROUP OF AMERICA	2.000%	11/30/2026	5/25/2023	5.357	1,000,000	\$ 902,370	\$ 885,220	AA-	A1
STATE STREET CORP	3.700%	11/20/2023	10/1/2020	0.391	6,903,000	\$ 6,933,820	\$ 6,880,151	A	A1
STATE STREET CORP	3.550%	8/18/2025	5/2/2022	3.247	7,262,000	\$ 7,294,997	\$ 6,975,078	A	A1
TARGET CORP	3.500%	7/1/2024	6/28/2022	3.310	9,950,000	\$ 9,960,293	\$ 9,784,930	A	A2
TARGET CORP	3.500%	7/1/2024	11/3/2022	4.743	5,480,000	\$ 5,428,783	\$ 5,389,087	A	A2
WAL-MART INC	2.850%	7/8/2024	3/13/2020	1.107	10,000,000	\$ 10,120,259	\$ 9,795,700	AA	Aa2
Sub Total Corporate Bonds		797	17.60%	3.71%	609,666,000	\$ 597,925,999	\$ 582,922,537		
CALIFORNIA DEVL AUTHORITY	4.362%	6/1/2027	12/9/2022	4.992	1,720,000	\$ 1,440,940	\$ 1,400,992	AA	Aa3
FRESNO COUNTY	4.464%	8/15/2027	7/5/2023	5.073	3,700,000	\$ 3,051,320	\$ 3,006,361	AA	NR
KERN COUNTY CA	1.478%	8/15/2025	12/18/2020	1.560	2,300,000	\$ 2,235,407	\$ 2,061,490	AA-	NR
KERN COUNTY CA	4.404%	8/15/2026	4/10/2023	4.895	10,000,000	\$ 8,716,841	\$ 8,716,841	AA-	NR
NAPA VALLEY COMM COLL DIST	1.224%	8/1/2024	5/4/2020	1.279	2,595,000	\$ 2,568,095	\$ 2,509,080	AA-	Aa3
Sub Total Municipal Zero Coupon Bonds		984	0.53%	4.00%	20,315,000	\$ 18,012,602	\$ 17,694,763		
--no holdings--									
Sub Total Municipal Notes		0	0.00%	0.00%	-	\$ -	\$ -		
ALAMEDA COUNTY	3.360%	8/1/2024	8/24/2022	3.315	1,525,000	\$ 1,525,000	\$ 1,497,352	AAA	Aaa
ALAMEDA COUNTY	3.399%	8/1/2025	8/24/2022	3.334	1,300,000	\$ 1,300,430	\$ 1,258,556	AAA	Aaa
ALAMEDA COUNTY	3.410%	8/1/2026	8/24/2022	3.364	1,150,000	\$ 1,150,000	\$ 1,099,952	AAA	Aaa
ALAMEDA COUNTY	3.460%	8/1/2027	8/24/2022	3.413	1,150,000	\$ 1,150,000	\$ 1,088,326	AAA	Aaa
ALAMEDA COUNTY	3.460%	8/1/2027	11/9/2022	4.883	1,500,000	\$ 1,424,364	\$ 1,419,555	AAA	Aaa
ANAHEIM CA	0.632%	7/1/2024	6/22/2021	0.592	500,000	\$ 500,118	\$ 481,150	AA	A1
ANAHEIM CA	0.936%	7/1/2025	6/22/2021	0.868	960,000	\$ 960,918	\$ 884,784	AA	A1
ANAHEIM CA	1.186%	7/1/2026	7/13/2021	1.085	660,000	\$ 661,513	\$ 587,974	AA	A1
ATASCADERO UNIFIED SCHOOLS	0.699%	8/1/2024	12/14/2020	0.617	345,000	\$ 345,210	\$ 331,290	NR	Aa3
AUBURN CA	0.656%	6/1/2024	6/17/2021	0.592	460,000	\$ 460,169	\$ 444,204	AA+	NR
BEVERLY HILLS CA	2.255%	6/1/2025	1/22/2021	0.740	395,000	\$ 404,728	\$ 374,685	AA+	NR
BEVERLY HILLS CA WATER	0.569%	6/1/2024	8/12/2020	0.493	225,000	\$ 225,102	\$ 217,850	AAA	NR
BEVERLY HILLS CA WATER	0.719%	6/1/2025	8/12/2020	0.641	205,000	\$ 205,231	\$ 189,988	AAA	NR
CA STATE GO	5.000%	10/1/2024	3/24/2020	2.139	4,590,000	\$ 4,688,748	\$ 4,654,214	AA-	Aa2
CA STATE GO	5.000%	8/1/2024	3/24/2020	2.495	1,800,000	\$ 1,832,331	\$ 1,820,574	AA-	Aa2
CA STATE GO	2.375%	10/1/2026	10/1/2021	0.971	11,000,000	\$ 11,446,688	\$ 10,168,840	AA-	Aa2
CA STATE GO	3.000%	11/1/2025	11/12/2021	1.016	1,000,000	\$ 1,040,108	\$ 953,410	AA-	Aa2
CA STATE GO	1.500%	10/1/2025	11/17/2021	1.016	4,650,000	\$ 4,692,727	\$ 4,310,178	AA-	Aa2
CALIFORNIA INFRASTRUCTURE BK	0.645%	10/1/2024	12/17/2020	0.636	3,050,000	\$ 3,050,000	\$ 2,906,376	AAA	NR
CALIFORNIA INFRASTRUCTURE BK	0.765%	10/1/2025	12/17/2020	0.755	1,480,000	\$ 1,480,000	\$ 1,352,838	AAA	NR
CALIFORNIA FINANCE AUTHORITY	1.605%	11/1/2023	7/15/2020	1.282	350,000	\$ 350,081	\$ 348,831	AA	NR
CALIFORNIA FINANCE AUTHORITY	1.605%	11/1/2023	10/1/2020	0.986	3,150,000	\$ 3,151,560	\$ 3,139,479	AA	NR
CALIFORNIA FINANCE AUTHORITY	1.896%	12/1/2025	5/6/2021	0.974	1,370,000	\$ 1,396,296	\$ 1,266,853	NR	Aa3
CALIFORNIA FINANCE AUTHORITY	1.605%	11/1/2023	7/13/2021	0.691	690,000	\$ 690,515	\$ 687,695	AA	NR
CALIFORNIA DEVL AUTHORITY	0.514%	2/1/2024	1/26/2021	0.444	750,000	\$ 750,158	\$ 737,048	A+	A1
CALIFORNIA DEVL AUTHORITY	0.732%	2/1/2025	1/26/2021	0.641	850,000	\$ 850,915	\$ 795,617	A+	A1
CALIFORNIA DEVL AUTHORITY	0.932%	2/1/2026	2/1/2021	0.838	745,000	\$ 746,391	\$ 670,031	A+	A1
CALIFORNIA DEVL AUTHORITY	0.732%	2/1/2025	5/3/2021	0.819	1,000,000	\$ 998,715	\$ 936,020	A+	A1
CALIFORNIA DEVL AUTHORITY	1.212%	2/1/2027	11/21/2022	4.963	1,000,000	\$ 886,469	\$ 872,690	A+	A1
CAL STATE UNIVERSITY	0.685%	11/1/2024	9/17/2020	0.676	2,650,000	\$ 2,650,000	\$ 2,516,599	AA-	Aa2
CAL STATE UNIVERSITY	0.685%	11/1/2024	9/17/2020	0.626	6,000,000	\$ 6,003,201	\$ 5,697,960	AA-	Aa2
CAL STATE UNIVERSITY	0.475%	11/1/2023	9/17/2020	0.419	4,250,000	\$ 4,250,175	\$ 4,233,170	AA-	Aa2
CAL STATE UNIVERSITY	0.475%	11/1/2023	9/17/2020	0.419	800,000	\$ 800,033	\$ 796,832	AA-	Aa2
CAL STATE UNIVERSITY	0.685%	11/1/2024	9/17/2020	0.626	1,250,000	\$ 1,250,667	\$ 1,187,075	AA-	Aa2
CAL STATE UNIVERSITY	0.885%	11/1/2025	11/2/2020	0.667	1,035,000	\$ 1,036,579	\$ 945,255	AA-	Aa2
CAL STATE UNIVERSITY	0.885%	11/1/2025	4/9/2021	0.917	500,000	\$ 499,541	\$ 456,645	AA-	Aa2
CAL STATE UNIVERSITY	0.563%	11/1/2024	7/29/2021	0.555	2,000,000	\$ 2,000,000	\$ 1,896,800	AA-	Aa2
CAL STATE UNIVERSITY	0.862%	11/1/2025	7/29/2021	0.850	2,500,000	\$ 2,500,000	\$ 2,282,125	AA-	Aa2
CAL STATE UNIVERSITY	0.885%	11/1/2025	3/2/2022	2.022	1,500,000	\$ 1,465,090	\$ 1,369,935	AA-	Aa2
CAL STATE UNIVERSITY	5.208%	11/1/2024	8/9/2023	5.119	1,400,000	\$ 1,400,000	\$ 1,394,834	AA-	Aa2
CALIFORNIA STATE HOUSING	5.000%	4/1/2025	9/16/2020	0.562	540,000	\$ 575,372	\$ 549,326	NR	Aa2
CALIFORNIA STATE HOUSING	0.590%	6/1/2024	8/24/2021	0.533	500,000	\$ 500,165	\$ 483,460	AA	Aa3

Sonoma County Treasury Pooled Investment Inventory

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Description	Coupon Rate	Maturity Date	Purchase Date	Book Yield	Current Par / Shares	Current Book / Shares	Market Value	S&P Rating	Moody's Rating
TOTAL		(WAM)	(% Pool)	2.98%	3,418,217,187	\$ 3,396,992,173	\$ 3,279,672,489		
CALIFORNIA STATE HOUSING	0.874%	6/1/2025	8/24/2021	0.809	750,000	\$ 750,660	\$ 694,328	AA	Aa3
CALIFORNIA STATE HOUSING	1.074%	6/1/2026	8/24/2021	1.016	280,000	\$ 280,318	\$ 250,208	AA	Aa3
CALIFORNIA STATE HOUSING	0.640%	12/1/2024	9/21/2021	0.592	1,000,000	\$ 1,000,460	\$ 943,660	AA	Aa3
CAL STATE HEALTH FACILITY	0.952%	6/1/2025	11/4/2020	0.939	1,000,000	\$ 1,000,000	\$ 928,930	AA-	Aa3
CAL STATE HEALTH FACILITY	0.752%	6/1/2024	11/4/2020	0.742	1,000,000	\$ 1,000,000	\$ 968,760	AA-	Aa3
CAL STATE HEALTH FACILITY	0.952%	6/1/2025	11/1/2021	1.118	2,000,000	\$ 1,994,074	\$ 1,857,860	AA-	Aa3
CAL STATE HEALTH FACILITY	2.991%	6/1/2025	4/7/2022	2.951	2,500,000	\$ 2,500,000	\$ 2,402,125	AA-	Aa3
CAL STATE HEALTH FACILITY	2.991%	6/1/2025	4/26/2022	3.158	1,205,000	\$ 1,201,012	\$ 1,157,824	AA-	Aa3
CAL STATE HEALTH FACILITY	2.211%	6/1/2025	7/13/2022	3.345	1,320,000	\$ 1,295,439	\$ 1,252,205	AA-	Aa3
CAL STATE HEALTH FACILITY	2.484%	6/1/2027	12/13/2022	4.609	1,365,000	\$ 1,267,122	\$ 1,244,389	AA-	Aa3
CAL STATE HEALTH FACILITY	1.368%	6/1/2027	12/13/2022	4.609	1,000,000	\$ 891,749	\$ 874,860	AA-	Aa3
CAL STATE HEALTH FACILITY	1.168%	6/1/2026	1/12/2023	4.477	1,150,000	\$ 1,055,150	\$ 1,033,724	AA-	Aa3
CAL STATE DEPT WATER	0.790%	12/1/2025	12/1/2020	0.686	1,755,000	\$ 1,758,521	\$ 1,594,224	AAA	Aa1
CUCAMONGA VALLEY WATER DIST	3.400%	9/1/2025	10/5/2021	0.824	3,005,000	\$ 3,150,024	\$ 2,895,438	AA+	NR
CORONA NORCO SCHOOLS	1.052%	9/1/2025	5/13/2021	0.957	2,495,000	\$ 2,498,826	\$ 2,283,873	AA-	NR
CORONA CA	1.131%	5/1/2025	10/14/2021	1.075	1,100,000	\$ 1,100,697	\$ 1,026,201	AA+	NR
COAST COMM COLL DIST	0.674%	8/1/2024	11/19/2020	0.612	720,000	\$ 720,319	\$ 691,913	AA+	Aa1
COAST COMM COLL DIST	0.854%	8/1/2025	11/19/2020	0.789	235,000	\$ 235,227	\$ 216,712	AA+	Aa1
CORTE MADERA CA	0.588%	6/1/2024	6/17/2021	0.543	475,000	\$ 475,119	\$ 459,368	AAA	NR
CUPERTINO CA UNIFIED SCHOOLS	0.696%	8/1/2024	11/19/2020	0.687	4,290,000	\$ 4,290,000	\$ 4,122,047	AA+	NR
DESERT COMM COLL DIST	0.617%	8/1/2024	12/3/2020	0.642	195,000	\$ 194,867	\$ 187,500	AA	Aa1
ESCALON CA UNIFIED SCHOOLS	1.238%	8/1/2025	4/15/2021	1.036	240,000	\$ 240,806	\$ 222,631	AA	NR
FULLERTON CA UNIFIED SCHOOLS	4.000%	8/1/2024	5/5/2021	0.494	1,350,000	\$ 1,389,006	\$ 1,332,356	AA	NR
FULLERTON CA UNIFIED SCHOOLS	4.000%	8/1/2025	5/5/2021	0.760	1,475,000	\$ 1,560,765	\$ 1,438,169	AA	NR
GAVILAN CA JR COLL DIST	0.739%	8/1/2024	10/21/2020	0.677	150,000	\$ 150,060	\$ 144,261	AA	Aa3
GAVILAN CA JR COLL DIST	0.969%	8/1/2025	10/21/2020	0.885	1,245,000	\$ 1,246,534	\$ 1,151,189	AA	Aa3
GLENDALE CA UNIFIED SCHOOLS	0.757%	9/1/2025	10/26/2020	0.690	575,000	\$ 575,616	\$ 527,787	AA	Aa1
HUNTINGTON BEACH CA SCHOOLS	0.483%	8/1/2024	6/10/2021	0.476	4,310,000	\$ 4,310,000	\$ 4,131,307	AA-	NR
HUNTINGTON BEACH CA SCHOOLS	0.908%	8/1/2025	6/10/2021	0.896	2,500,000	\$ 2,500,000	\$ 2,302,875	AA-	NR
HUNTINGTON BEACH CA SCHOOLS	0.908%	8/1/2025	12/30/2021	1.237	1,410,000	\$ 1,401,278	\$ 1,298,822	AA-	NR
LARKSPUR CA	5.000%	7/1/2024	5/14/2020	1.627	850,000	\$ 870,559	\$ 845,461	AAA	NR
LOS ANGELES DEV AGENCY	2.250%	9/1/2025	9/1/2020	0.868	250,000	\$ 256,408	\$ 234,445	AA	Aa2
LOS ANGELES DEV AGENCY	2.250%	9/1/2025	11/6/2020	0.838	1,000,000	\$ 1,026,232	\$ 937,780	AA	Aa2
LOS ANGELES DEV AGENCY	4.000%	8/1/2024	4/13/2021	0.602	3,960,000	\$ 4,070,570	\$ 3,898,858	AA-	NR
LITTLE LAKE CITY SCHOOLS	5.964%	7/1/2026	12/23/2022	4.606	1,000,000	\$ 1,032,448	\$ 1,016,020	AA-	Aa3
LOS ALTOS UNIFIED SCHOOLS	1.000%	10/1/2024	6/10/2021	0.503	1,000,000	\$ 1,004,851	\$ 956,300	AA+	NR
LOS ANGELES CITY CA	5.000%	9/1/2027	11/1/2022	4.650	2,225,000	\$ 2,246,095	\$ 2,221,952	AA	Aa2
LOS ANGELES CITY CA	3.000%	9/1/2024	11/21/2022	4.659	2,950,000	\$ 2,905,736	\$ 2,884,481	AA	Aa2
LA COUNTY PUBLIC WORKS	5.000%	12/1/2023	11/3/2020	0.345	4,130,000	\$ 4,161,807	\$ 4,138,467	AA+	NR
LOS ANGELES CA	0.419%	11/1/2023	3/19/2021	0.375	2,000,000	\$ 2,000,064	\$ 1,991,680	AA-	NR
LOS ANGELES CA	0.683%	11/1/2024	3/19/2021	0.641	2,500,000	\$ 2,500,876	\$ 2,369,375	AA-	NR
LOS ANGELES CA	0.947%	11/1/2025	3/19/2021	0.888	2,250,000	\$ 2,252,142	\$ 2,044,868	AA-	NR
LOS ANGELES CA	1.040%	11/1/2025	2/16/2022	1.997	1,465,000	\$ 1,436,169	\$ 1,334,058	AA-	NR
LA COMM COLL DIST	0.773%	8/1/2025	11/10/2020	0.730	5,000,000	\$ 5,002,949	\$ 4,594,200	AA+	Aaa
LA COMM COLL DIST	0.673%	8/1/2024	4/19/2021	0.518	4,335,000	\$ 4,340,292	\$ 4,161,817	AA+	Aaa
LA COMM COLL DIST	0.773%	8/1/2025	6/24/2021	0.817	1,700,000	\$ 1,698,298	\$ 1,562,028	AA+	Aaa
LA COMM COLL DIST	0.773%	8/1/2025	6/28/2021	0.760	10,500,000	\$ 10,500,423	\$ 9,647,820	AA+	Aaa
LA UNIFIED SCHOOLS	1.455%	7/1/2026	5/18/2022	3.511	2,500,000	\$ 2,366,470	\$ 2,241,150	NR	Aa3
LA COUNTY TRANSPORTATION	5.000%	8/1/2024	4/15/2020	1.726	2,000,000	\$ 2,051,951	\$ 2,014,540	AA+	Aa2
LA DEPT WATER & POWER	5.516%	7/1/2027	11/9/2022	5.146	2,175,000	\$ 2,196,267	\$ 2,210,170	AA-	Aa2
LA QUINTA CA DEVL AGCY	0.688%	9/1/2024	4/15/2021	0.617	1,550,000	\$ 1,550,883	\$ 1,476,980	AA-	NR
LA QUINTA CA DEVL AGCY	1.168%	9/1/2025	4/15/2021	0.937	2,250,000	\$ 2,259,181	\$ 2,060,843	AA-	NR
MENLO PARK UNIFIED SCHOOLS	2.006%	7/1/2025	9/12/2022	3.739	1,665,000	\$ 1,616,066	\$ 1,572,892	NR	Aaa
MONTCLAIR CA	0.926%	6/1/2024	10/27/2021	0.894	915,000	\$ 915,120	\$ 885,153	AA-	NR
MONTCLAIR CA	1.236%	6/1/2025	10/27/2021	1.200	1,000,000	\$ 1,000,320	\$ 927,400	AA-	NR
MONTCLAIR CA	1.486%	6/1/2026	10/27/2021	1.446	1,000,000	\$ 1,000,511	\$ 897,490	AA-	NR
MORGAN HILL CA	1.200%	9/1/2026	12/5/2022	4.705	2,640,000	\$ 2,390,891	\$ 2,355,170	AA	NR
MTN VIEW-WHISMAN SCHOOLS	1.329%	9/1/2024	5/19/2020	1.135	225,000	\$ 225,359	\$ 216,806	AAA	Aaa
MTN VIEW-WHISMAN SCHOOLS	0.887%	9/1/2025	5/20/2021	0.819	390,000	\$ 390,416	\$ 359,217	NR	Aaa
MARIN CA COMM COLL DIST	0.279%	8/1/2024	2/25/2021	0.275	2,000,000	\$ 2,000,000	\$ 1,915,380	NR	Aaa
MARIN CA COMM COLL DIST	0.489%	8/1/2025	2/25/2021	0.482	1,000,000	\$ 1,000,000	\$ 915,590	NR	Aaa
MARIN CA COMM COLL DIST	0.477%	8/1/2024	9/14/2021	0.470	1,000,000	\$ 1,000,000	\$ 959,260	NR	Aaa
MARIN CA COMM COLL DIST	0.893%	8/1/2026	9/14/2021	0.881	1,000,000	\$ 1,000,000	\$ 887,840	NR	Aaa
MT SAC COMM COLLEGE	3.000%	8/1/2024	10/13/2020	0.562	300,000	\$ 306,001	\$ 294,045	AA	Aa1
MT SAC COMM COLLEGE	3.000%	8/1/2024	10/13/2020	0.448	250,000	\$ 255,001	\$ 245,038	AA	Aa1
MT SAC COMM COLLEGE	3.000%	8/1/2025	10/13/2020	0.661	250,000	\$ 260,491	\$ 240,095	AA	Aa1
NAPA VALLEY UNIFIED SCHOOLS	0.617%	8/1/2024	8/17/2021	0.543	850,000	\$ 850,470	\$ 815,669	NR	Aa3
NAPA VALLEY UNIFIED SCHOOLS	0.894%	8/1/2025	8/17/2021	0.819	925,000	\$ 926,063	\$ 851,842	NR	Aa3
NAPA VALLEY UNIFIED SCHOOLS	1.094%	8/1/2026	8/17/2021	1.006	765,000	\$ 766,557	\$ 681,332	NR	Aa3
ONTARIO CA	2.537%	6/1/2025	6/1/2020	1.598	1,000,000	\$ 1,014,623	\$ 950,710	AA	NR

Sonoma County Treasury Pooled Investment Inventory

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Description	Coupon Rate	Maturity Date	Purchase Date	Book Yield	Current Par / Shares	Current Book / Shares	Market Value	S&P Rating	Moody's Rating
TOTAL		(WAM)	(% Pool)	2.98%	3,418,217,187	\$ 3,396,992,173	\$ 3,279,672,489		
ONTARIO CA	2.537%	6/1/2025	6/1/2020	2.155	1,500,000	\$ 1,507,935	\$ 1,426,065	AA	NR
ONTARIO CA	2.537%	6/1/2025	8/7/2020	0.917	375,000	\$ 384,798	\$ 356,516	AA	NR
PASADENA UNIFIED SCHOOLS	2.073%	5/1/2026	10/4/2021	1.046	1,700,000	\$ 1,743,302	\$ 1,571,089	AA	Aa3
POWAY CA UNIFIED SCHOOLS	0.922%	9/1/2024	10/14/2020	0.838	355,000	\$ 355,230	\$ 340,204	AA+	NR
POWAY CA UNIFIED SCHOOLS	1.092%	9/1/2025	10/14/2020	0.937	270,000	\$ 270,716	\$ 248,762	AA+	NR
POWAY CA UNIFIED SCHOOLS	1.358%	9/1/2026	3/1/2022	2.298	415,000	\$ 403,891	\$ 371,458	AA+	NR
PORT OF OAKLAND	1.081%	5/1/2024	12/3/2020	1.016	825,000	\$ 825,240	\$ 803,723	A+	A1
PORT OF OAKLAND	1.517%	5/1/2026	10/22/2021	1.338	2,555,000	\$ 2,565,225	\$ 2,321,677	A+	A1
PORT OF OAKLAND	1.517%	5/1/2026	4/21/2022	3.368	1,460,000	\$ 1,393,646	\$ 1,326,673	A+	A1
RIVERSIDE COUNTY	2.617%	2/15/2024	2/4/2022	1.633	5,400,000	\$ 5,418,926	\$ 5,337,522	AA	Aa2
RIVERSIDE COMM COLL DIST	0.824%	8/1/2025	5/27/2021	0.813	1,500,000	\$ 1,500,000	\$ 1,377,135	NR	Aa1
RANCHO SANTIAGO COMM COLL DIST	0.734%	9/1/2025	3/1/2022	2.022	900,000	\$ 878,201	\$ 828,027	AA	Aa2
RIVERSIDE COUNTY FACILITIES	1.224%	11/1/2025	10/22/2021	1.228	1,250,000	\$ 1,249,457	\$ 1,147,538	AA-	NR
RIVERSIDE COUNTY FACILITIES	1.474%	11/1/2026	11/1/2021	1.351	1,000,000	\$ 1,003,083	\$ 893,410	AA-	NR
SAC COUNTY SANITATION DISTRICT	3.203%	12/1/2023	4/21/2020	1.578	400,000	\$ 401,034	\$ 398,476	AA+	Aa2
SACRAMENTO WATER DISTRICT	1.814%	9/1/2025	5/27/2021	0.740	865,000	\$ 882,326	\$ 811,119	AA	NR
SACRAMENTO WATER DISTRICT	1.953%	9/1/2026	12/10/2021	1.438	1,750,000	\$ 1,774,316	\$ 1,602,090	AA	NR
SACRAMENTO WATER DISTRICT	2.103%	9/1/2027	1/12/2023	4.335	2,000,000	\$ 1,839,079	\$ 1,793,940	AA	NR
SAN BARNARDINO COMM COLL	1.122%	8/1/2025	12/30/2021	1.208	1,460,000	\$ 1,457,328	\$ 1,354,544	AA	Aa1
SAN BUENAVENTURA CA	0.740%	10/1/2024	6/18/2021	0.671	825,000	\$ 825,487	\$ 786,514	AA	NR
SAN BUENAVENTURA CA	1.110%	10/1/2025	6/18/2021	0.947	1,000,000	\$ 1,002,930	\$ 919,640	AA	NR
SANTA CLARA UNIFIED SCHOOLS	5.050%	7/1/2024	11/12/2021	0.764	2,200,000	\$ 2,269,696	\$ 2,192,212	AAA	NR
SANTA CLARA UNIFIED SCHOOLS	5.100%	7/1/2025	11/12/2021	0.984	3,350,000	\$ 3,585,621	\$ 3,334,925	AAA	NR
SANTA CLARITA COMM COLL DIST	0.544%	8/1/2024	5/27/2021	0.537	1,860,000	\$ 1,860,000	\$ 1,785,228	AA	NR
SANTA CLARITA COMM COLL DIST	0.826%	8/1/2025	5/27/2021	0.815	2,500,000	\$ 2,500,000	\$ 2,303,450	AA	NR
SANTA CLARITA COMM COLL DIST	0.544%	8/1/2024	6/21/2021	0.493	500,000	\$ 500,181	\$ 479,900	AA	NR
SANTA CLARITA COMM COLL DIST	1.146%	8/1/2026	2/10/2022	2.055	1,250,000	\$ 1,218,453	\$ 1,118,013	AA	NR
SANTA CLARA VALLEY WATER	0.575%	6/1/2024	10/14/2020	0.567	780,000	\$ 780,000	\$ 754,993	NR	Aa1
SANTA CLARA VALLEY WATER	0.745%	6/1/2025	10/14/2020	0.735	3,115,000	\$ 3,115,000	\$ 2,883,524	NR	Aa1
SAN DIEGO COUNTY	0.950%	10/1/2025	11/19/2020	0.908	1,000,000	\$ 1,000,584	\$ 917,540	AA+	Aa1
SAN DIEGO COUNTY	0.593%	5/1/2024	9/3/2023	0.585	665,000	\$ 666,336	\$ 647,517	AAA	Aa2
SAN DIEGO COUNTY	0.593%	5/1/2024	9/3/2023	0.585	335,000	\$ 335,673	\$ 326,300	AAA	Aa2
SAN DIEGO UNIFIED SCHOOLS	1.201%	7/1/2026	1/12/2022	1.601	500,000	\$ 494,416	\$ 449,755	NR	Aa2
SAN DIEGO CA	3.125%	9/1/2025	6/14/2021	0.809	350,000	\$ 365,167	\$ 334,296	AA	NR
SAN DIEGO WATER	1.532%	8/1/2024	5/11/2020	1.204	1,000,000	\$ 1,002,524	\$ 967,280	NR	Aa2
SAN DIEGUITO UNION HS DIST	1.661%	8/1/2025	12/30/2021	1.237	1,185,000	\$ 1,193,615	\$ 1,108,816	AA	Aa1
SAN FRANCISCO COMM COLL	1.016%	6/15/2025	10/28/2021	1.085	1,000,000	\$ 998,595	\$ 926,970	NR	A1
SAN FRANCISCO BAY AREA RAPID T	0.389%	3/1/2024	2/23/2021	0.344	1,850,000	\$ 1,850,306	\$ 1,810,669	A+	Aa3
SAN FRANCISCO BAY AREA RAPID T	0.654%	3/1/2025	2/23/2021	0.596	1,320,000	\$ 1,320,921	\$ 1,232,761	A+	Aa3
SAN FRANCISCO BAY AREA RAPID T	0.824%	3/1/2026	3/1/2021	0.773	1,225,000	\$ 1,226,155	\$ 1,100,160	A+	Aa3
SAN FRANCISCO BAY AREA RAPID T	2.338%	7/1/2026	1/26/2022	1.657	1,000,000	\$ 1,017,361	\$ 923,420	AA+	NR
SAN FRANCISCO BAY AREA RAPID T	0.654%	3/1/2025	4/7/2022	2.959	1,385,000	\$ 1,341,225	\$ 1,293,465	A+	Aa3
SAN FRANCISCO BAY AREA RAPID T	1.102%	3/1/2027	4/8/2022	3.234	1,300,000	\$ 1,211,325	\$ 1,134,029	A+	Aa3
SAN FRANCISCO BAY AREA RAPID T	2.338%	7/1/2026	8/4/2022	3.235	1,320,000	\$ 1,288,133	\$ 1,218,914	AA+	NR
SAN FRANCISCO WATER	2.750%	11/1/2024	5/20/2020	1.006	2,295,000	\$ 2,336,940	\$ 2,228,353	AA-	Aa2
SAN FRANCISCO WATER	0.500%	11/1/2023	10/21/2020	0.454	700,000	\$ 700,023	\$ 697,242	AA-	Aa2
SAN FRANCISCO WATER	0.723%	11/1/2024	10/21/2020	0.674	700,000	\$ 700,297	\$ 665,035	AA-	Aa2
SAN FRANCISCO WATER	0.500%	11/1/2023	10/21/2020	0.454	1,000,000	\$ 1,000,033	\$ 996,060	AA-	Aa2
SAN FRANCISCO WATER	0.500%	11/1/2023	10/21/2020	0.454	350,000	\$ 350,012	\$ 348,621	AA-	Aa2
SAN FRANCISCO WATER	0.723%	11/1/2024	10/21/2020	0.674	690,000	\$ 690,293	\$ 655,535	AA-	Aa2
SAN FRANCISCO WATER	0.723%	11/1/2024	9/3/2023	0.713	105,000	\$ 105,257	\$ 99,996	AA-	Aa2
SAN FRANCISCO WATER	0.723%	11/1/2024	9/3/2023	0.713	895,000	\$ 897,193	\$ 852,488	AA-	Aa2
SAN FRANCISCO DEV AGENCY	3.760%	8/1/2024	5/20/2020	2.012	475,000	\$ 481,490	\$ 467,509	AA-	NR
SAN FRANCISCO DEV AGENCY	2.071%	8/1/2027	12/5/2022	4.951	1,685,000	\$ 1,516,957	\$ 1,474,864	AA	NR
SAN JOSE CITY	2.500%	9/1/2026	4/26/2022	3.205	9,245,000	\$ 9,057,678	\$ 8,579,822	AA+	Aa1
SAN JOSE CITY	2.300%	9/1/2024	11/21/2022	4.660	1,280,000	\$ 1,252,999	\$ 1,243,174	AA+	Aa1
SAN JOSE DEVL AGENCY	2.958%	8/1/2024	11/29/2022	4.912	2,880,000	\$ 2,833,915	\$ 2,818,454	AA	NR
SAN JOSE CA	0.990%	6/1/2024	10/15/2020	0.888	650,000	\$ 650,382	\$ 630,279	AA	Aa3
SAN JOSE EVERGREEN COMM COLL	0.721%	9/1/2024	11/19/2020	0.651	500,000	\$ 500,275	\$ 473,109	NR	Aa1
SAN JOSE EVERGREEN COMM COLL	0.721%	9/1/2024	8/27/2021	0.521	750,000	\$ 751,311	\$ 709,663	NR	Aa1
SANTA MONICA MALIBU SCHOOLS	0.989%	7/1/2026	12/12/2022	4.323	1,100,000	\$ 1,005,881	\$ 983,565	NR	Aa1
SONOMA MARIN AREA RAIL	1.202%	3/1/2025	10/29/2020	1.085	5,000,000	\$ 5,007,020	\$ 4,704,900	AA	NR
SONOMA MARIN AREA RAIL	1.532%	3/1/2026	12/7/2022	4.588	5,320,000	\$ 4,951,478	\$ 4,855,192	AA	NR
SONOMA MARIN AREA RAIL	2.018%	3/1/2028	3/14/2023	4.868	1,150,000	\$ 1,019,989	\$ 1,007,262	AA	NR
SANTA ROSA JR COLL	2.347%	8/1/2025	10/21/2020	0.730	1,325,000	\$ 1,363,280	\$ 1,254,325	AA	Aa2
SANTA ROSA JR COLL	2.447%	8/1/2026	2/22/2022	2.140	150,000	\$ 151,116	\$ 139,043	AA	Aa2
SANTA ROSA JR COLL	2.447%	8/1/2026	4/20/2022	3.058	1,075,000	\$ 1,056,485	\$ 996,471	AA	Aa2
SANTA ROSA JR COLL	2.447%	8/1/2026	11/9/2022	4.981	765,000	\$ 714,129	\$ 709,117	AA	Aa2
SANTA ROSA JR COLL	4.954%	8/1/2025	11/29/2022	4.889	1,075,000	\$ 1,075,000	\$ 1,065,755	NR	Aa2
SANTA ROSA JR COLL	2.447%	8/1/2026	1/3/2023	4.586	1,085,000	\$ 1,023,246	\$ 1,005,741	AA	Aa2

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Description	Coupon Rate	Maturity Date	Purchase Date	Book Yield	Current Par / Shares	Current Book / Shares	Market Value	S&P Rating	Moody's Rating
TOTAL		(WAM)	(% Pool)	2.98%	3,418,217,187	\$ 3,396,992,173	\$ 3,279,672,489		
SANTA ROSA SCHOOL DIST	0.571%	8/1/2024	6/3/2021	0.534	725,000	\$ 725,178	\$ 695,732	AA	Aa2
SANTA ROSA SCHOOL DIST	0.621%	8/1/2024	6/3/2021	0.583	725,000	\$ 725,178	\$ 696,022	AA	Aa3
SANTA ROSA SCHOOL DIST	1.013%	8/1/2025	6/3/2021	0.970	235,000	\$ 235,125	\$ 217,086	AA	Aa3
SANTA ROSA SCHOOL DIST	1.263%	8/1/2026	11/9/2022	5.030	500,000	\$ 451,052	\$ 448,115	AA	Aa3
SANTA ROSA SCHOOL DIST	1.213%	8/1/2026	3/17/2023	4.537	735,000	\$ 670,337	\$ 657,774	AA	Aa2
SOUTHERN CA PUBLIC POWER	0.883%	7/1/2025	9/24/2020	0.800	6,400,000	\$ 6,407,867	\$ 5,917,888	AA-	NR
SOUTHERN CA PUBLIC POWER	0.883%	7/1/2025	12/2/2022	4.725	2,595,000	\$ 2,429,896	\$ 2,399,519	AA-	NR
TAMALPAIS UNION HS DIST	2.265%	8/1/2026	2/11/2022	1.915	3,320,000	\$ 3,348,963	\$ 3,074,154	NR	Aaa
TORRANCE CA FIN AUTH	1.181%	6/1/2025	4/15/2021	1.036	1,465,000	\$ 1,468,117	\$ 1,360,663	AA	NR
TULARE COUNTY BOARD OF ED	2.312%	5/1/2024	3/17/2021	0.839	1,000,000	\$ 1,008,396	\$ 981,590	AA	NR
TULARE COUNTY BOARD OF ED	2.613%	5/1/2026	3/2/2022	2.279	500,000	\$ 503,704	\$ 465,660	AA	NR
UNIV CALIFORNIA	3.259%	5/15/2024	4/16/2020	1.835	235,000	\$ 236,960	\$ 231,590	AA-	Aa3
UNIV CALIFORNIA	2.337%	5/15/2024	5/5/2020	1.627	100,000	\$ 100,412	\$ 98,040	AA	Aa2
UNIV CALIFORNIA	2.925%	5/15/2025	5/15/2020	1.480	540,000	\$ 551,982	\$ 518,789	AA	Aa2
UNIV CALIFORNIA	2.487%	5/15/2025	5/15/2020	1.480	300,000	\$ 304,611	\$ 286,209	AA	Aa2
UNIV CALIFORNIA	3.359%	5/15/2025	5/15/2020	1.480	285,000	\$ 293,250	\$ 275,478	AA-	Aa3
UNIV CALIFORNIA	3.063%	7/1/2025	9/1/2020	0.699	6,340,000	\$ 6,596,317	\$ 6,109,541	AA	Aa2
UNIV CALIFORNIA	2.337%	5/15/2024	10/21/2020	0.641	1,500,000	\$ 1,515,539	\$ 1,470,600	AA	Aa2
UNIV CALIFORNIA	0.883%	5/15/2025	11/4/2020	0.791	500,000	\$ 500,646	\$ 466,240	AA	Aa2
UNIV CALIFORNIA	3.359%	5/15/2025	11/18/2020	0.863	1,250,000	\$ 1,299,285	\$ 1,208,238	AA-	Aa3
UNIV CALIFORNIA	3.063%	7/1/2025	12/14/2020	0.773	920,000	\$ 955,987	\$ 886,558	AA	Aa2
UNIV CALIFORNIA	0.883%	5/15/2025	12/17/2020	0.597	15,000,000	\$ 15,066,583	\$ 13,987,200	AA	Aa2
UNIV CALIFORNIA	0.584%	5/15/2024	3/10/2021	0.576	5,000,000	\$ 5,000,000	\$ 4,847,650	AA-	Aa3
UNIV CALIFORNIA	0.985%	5/15/2025	3/10/2021	0.971	4,430,000	\$ 4,430,000	\$ 4,121,628	AA-	Aa3
UNIV CALIFORNIA	0.985%	5/15/2025	3/29/2021	0.937	4,930,000	\$ 4,932,732	\$ 4,586,823	AA-	Aa3
UNIV CALIFORNIA	0.883%	5/15/2025	4/13/2021	0.743	500,000	\$ 501,037	\$ 466,240	AA	Aa2
UNIV CALIFORNIA	3.063%	7/1/2025	4/13/2021	0.838	840,000	\$ 871,884	\$ 809,466	AA	Aa2
UNIV CALIFORNIA	3.359%	5/15/2025	4/15/2021	0.809	500,000	\$ 520,210	\$ 483,295	AA-	Aa3
UNIV CALIFORNIA	3.063%	7/1/2025	4/19/2021	0.923	350,000	\$ 362,746	\$ 337,278	AA	Aa2
UNIV CALIFORNIA	0.670%	5/15/2025	5/13/2021	0.730	400,000	\$ 399,553	\$ 370,524	AA	Aa2
UNIV CALIFORNIA	2.639%	5/15/2026	3/2/2022	2.200	645,000	\$ 651,560	\$ 602,378	AA-	Aa3
UNIV CALIFORNIA	3.150%	5/15/2026	3/2/2022	2.200	750,000	\$ 767,169	\$ 710,198	AA	Aa2
UNIV CALIFORNIA	3.806%	5/15/2026	3/2/2022	2.200	850,000	\$ 883,337	\$ 817,734	AA-	Aa3
UNIV CALIFORNIA	1.316%	5/15/2027	5/16/2022	3.413	3,815,000	\$ 3,545,052	\$ 3,359,031	AA	Aa2
UNIV CALIFORNIA	0.870%	5/15/2026	12/6/2022	4.438	1,520,000	\$ 1,387,329	\$ 1,355,794	AA	Aa2
UPPER SANTA CLARITA VALLEY POW	0.987%	8/1/2025	10/12/2021	0.861	2,000,000	\$ 2,004,098	\$ 1,848,280	AA+	NR
VENTURA COUNTY CA	1.048%	11/1/2023	6/11/2020	0.937	230,000	\$ 230,018	\$ 229,179	AA+	Aa1
VENTURA COUNTY CA	1.223%	11/1/2024	6/11/2020	1.065	500,000	\$ 500,754	\$ 477,355	AA+	Aa1
VENTURA COUNTY CA	1.223%	11/1/2024	4/13/2021	0.868	575,000	\$ 577,099	\$ 548,958	AA+	Aa1
VISTA CA UNIFIED SCHOOLS	0.824%	8/1/2025	4/5/2021	1.036	1,500,000	\$ 1,493,937	\$ 1,379,565	AA	NR
WEST CONTRA COSTA SCHOOLS	2.077%	8/1/2026	9/28/2021	1.016	1,000,000	\$ 1,028,856	\$ 913,660	AA-	A1
Sub Total Municipal Bonds		627	10.76%	1.54%	366,180,000	\$ 365,476,393	\$ 345,395,687		
SCEIP	3.000%	9/2/2029	6/1/2009	2.958	37,181	\$ 37,181	\$ 37,181	NR	NR
SCEIP	3.000%	9/2/2029	7/1/2009	2.959	22,643	\$ 22,643	\$ 22,643	NR	NR
SCEIP	3.000%	9/2/2029	8/3/2009	2.959	107,791	\$ 107,791	\$ 107,791	NR	NR
SCEIP	3.000%	9/2/2029	9/1/2009	2.959	1,217,716	\$ 1,217,716	\$ 1,217,716	NR	NR
SCEIP	3.000%	9/2/2029	10/1/2009	2.959	208,152	\$ 208,152	\$ 208,152	NR	NR
SCEIP	3.000%	9/2/2030	11/2/2009	2.958	114,146	\$ 114,146	\$ 114,146	NR	NR
SCEIP	3.000%	9/2/2030	12/1/2009	2.958	443,572	\$ 443,572	\$ 443,572	NR	NR
SCEIP	3.000%	9/2/2030	1/4/2010	2.959	382,836	\$ 382,836	\$ 382,836	NR	NR
SCEIP	3.000%	9/2/2030	2/1/2010	2.959	443,137	\$ 443,137	\$ 443,137	NR	NR
SCEIP	3.000%	9/2/2030	3/1/2010	2.959	196,921	\$ 196,921	\$ 196,921	NR	NR
SCEIP	3.000%	9/2/2030	4/1/2010	2.959	267,291	\$ 267,291	\$ 267,291	NR	NR
SCEIP	3.000%	9/2/2030	5/3/2010	2.959	125,223	\$ 125,223	\$ 125,223	NR	NR
SCEIP	3.000%	9/2/2030	6/1/2010	2.959	337,511	\$ 337,511	\$ 337,511	NR	NR
SCEIP	3.000%	9/2/2030	6/30/2010	2.959	223,186	\$ 223,186	\$ 223,186	NR	NR
SCEIP	3.000%	9/2/2030	8/2/2010	2.959	105,213	\$ 105,213	\$ 105,213	NR	NR
SCEIP	3.000%	9/2/2030	9/1/2010	2.959	143,308	\$ 143,308	\$ 143,308	NR	NR
SCEIP	3.000%	9/2/2031	10/1/2010	2.958	145,559	\$ 145,559	\$ 145,559	NR	NR
SCEIP	3.000%	9/2/2031	11/1/2010	2.958	125,188	\$ 125,188	\$ 125,188	NR	NR
SCEIP	3.000%	9/2/2031	12/1/2010	2.958	181,462	\$ 181,462	\$ 181,462	NR	NR
SCEIP	3.000%	9/2/2031	1/3/2011	2.959	135,918	\$ 135,918	\$ 135,918	NR	NR
SCEIP	3.000%	9/2/2031	2/1/2011	2.959	296,797	\$ 296,797	\$ 296,797	NR	NR
SCEIP	3.000%	9/2/2031	3/1/2011	2.959	103,240	\$ 103,240	\$ 103,240	NR	NR
SCEIP	3.000%	9/2/2031	4/1/2011	2.959	123,134	\$ 123,134	\$ 123,134	NR	NR
SCEIP	3.000%	9/2/2031	5/2/2011	2.959	90,604	\$ 90,604	\$ 90,604	NR	NR
SCEIP	3.000%	9/2/2031	6/1/2011	2.959	146,017	\$ 146,017	\$ 146,017	NR	NR
SCEIP	3.000%	9/2/2031	6/30/2011	2.959	192,072	\$ 192,072	\$ 192,072	NR	NR
SCEIP	3.000%	9/2/2024	10/1/2013	2.957	2,989	\$ 2,989	\$ 2,989	NR	NR
SCEIP	3.000%	9/2/2024	4/1/2014	2.959	937	\$ 937	\$ 937	NR	NR

Sonoma County Treasury Pooled Investment Inventory

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Description	Coupon Rate	Maturity Date	Purchase Date	Book Yield	Current Par / Shares	Current Book / Shares	Market Value	S&P Rating	Moody's Rating
TOTAL		(WAM)	(% Pool)	2.98%	3,418,217,187	\$ 3,396,992,173	\$ 3,279,672,489		
SCEIP	3.000%	9/2/2024	6/2/2014	2.959	489	\$ 489	\$ 489	NR	NR
SCEIP	3.000%	9/2/2034	6/2/2014	2.959	32,170	\$ 32,170	\$ 32,170	NR	NR
SCEIP	3.000%	9/2/2034	6/30/2014	2.959	77,535	\$ 77,535	\$ 77,535	NR	NR
SCEIP	3.000%	9/2/2024	8/1/2014	2.959	2,707	\$ 2,707	\$ 2,707	NR	NR
SCEIP	3.000%	9/2/2034	8/1/2014	2.959	57,114	\$ 57,114	\$ 57,114	NR	NR
SCEIP	3.000%	9/2/2024	9/2/2014	2.959	817	\$ 817	\$ 817	NR	NR
SCEIP	3.000%	9/2/2034	9/2/2014	2.959	31,036	\$ 31,036	\$ 31,036	NR	NR
SCEIP	3.000%	9/2/2025	10/1/2014	2.957	1,374	\$ 1,374	\$ 1,374	NR	NR
SCEIP	3.000%	9/2/2035	10/1/2014	2.958	45,621	\$ 45,621	\$ 45,621	NR	NR
SCEIP	3.000%	9/2/2035	11/3/2014	2.958	29,269	\$ 29,269	\$ 29,269	NR	NR
SCEIP	3.000%	9/2/2035	12/1/2014	2.958	13,877	\$ 13,877	\$ 13,877	NR	NR
SCEIP	3.000%	9/2/2025	1/5/2015	2.958	2,164	\$ 2,164	\$ 2,164	NR	NR
SCEIP	3.000%	9/2/2035	1/5/2015	2.959	64,260	\$ 64,260	\$ 64,260	NR	NR
SCEIP	3.000%	9/2/2035	2/2/2015	2.959	63,448	\$ 63,448	\$ 63,448	NR	NR
SCEIP	3.000%	9/2/2025	3/2/2015	2.959	1,043	\$ 1,043	\$ 1,043	NR	NR
SCEIP	3.000%	9/2/2035	3/2/2015	2.959	78,450	\$ 78,450	\$ 78,450	NR	NR
SCEIP	3.000%	9/2/2035	4/1/2015	2.959	56,033	\$ 56,033	\$ 56,033	NR	NR
SCEIP	3.000%	9/2/2035	5/1/2015	2.959	15,593	\$ 15,593	\$ 15,593	NR	NR
SCEIP	3.000%	9/2/2035	6/1/2015	2.959	28,468	\$ 28,468	\$ 28,468	NR	NR
SCEIP	3.000%	9/2/2025	8/3/2015	2.959	2,779	\$ 2,779	\$ 2,779	NR	NR
SCEIP	3.000%	9/2/2025	9/2/2015	2.959	2,183	\$ 2,183	\$ 2,183	NR	NR
SCEIP	3.000%	9/2/2026	10/1/2015	2.957	7,981	\$ 7,981	\$ 7,981	NR	NR
SCEIP	3.000%	9/2/2026	8/1/2016	2.959	1,056	\$ 1,056	\$ 1,056	NR	NR
SCEIP	3.000%	9/2/2026	9/2/2016	2.959	15,065	\$ 15,065	\$ 15,065	NR	NR
SCEIP	3.000%	9/2/2027	11/1/2016	2.958	15,690	\$ 15,690	\$ 15,690	NR	NR
SCEIP	3.000%	9/2/2027	2/1/2017	2.959	29,005	\$ 29,005	\$ 29,005	NR	NR
SCEIP	3.000%	9/2/2027	6/1/2017	2.959	5,157	\$ 5,157	\$ 5,157	NR	NR
SCEIP	3.000%	9/2/2028	12/1/2017	2.958	23,462	\$ 23,462	\$ 23,462	NR	NR
SCEIP	3.000%	9/2/2028	3/2/2018	2.959	8,931	\$ 8,931	\$ 8,931	NR	NR
SCEIP	3.000%	9/2/2028	4/2/2018	2.959	29,765	\$ 29,765	\$ 29,765	NR	NR
SCEIP	3.000%	9/2/2028	6/29/2018	2.959	36,873	\$ 36,873	\$ 36,873	NR	NR
SCEIP	3.000%	9/2/2029	10/1/2018	2.957	76,808	\$ 76,808	\$ 76,808	NR	NR
SCEIP	3.000%	9/2/2029	11/1/2018	2.958	29,431	\$ 29,431	\$ 29,431	NR	NR
SCEIP	3.000%	9/2/2029	2/1/2019	2.959	4,247	\$ 4,247	\$ 4,247	NR	NR
SCEIP	3.000%	9/2/2029	6/28/2019	2.959	7,584	\$ 7,584	\$ 7,584	NR	NR
SCEIP	3.000%	9/2/2030	1/2/2020	2.958	12,472	\$ 12,472	\$ 12,472	NR	NR
SCEIP	3.000%	9/2/2030	2/3/2020	2.959	9,906	\$ 9,906	\$ 9,906	NR	NR
SCEIP	3.000%	9/2/2030	4/1/2020	2.959	20,197	\$ 20,197	\$ 20,197	NR	NR
SCEIP	3.000%	9/2/2030	6/1/2020	2.959	13,476	\$ 13,476	\$ 13,476	NR	NR
SCEIP	1.990%	9/2/2031	10/1/2020	1.963	64,198	\$ 64,198	\$ 64,198	NR	NR
SCEIP	1.990%	9/2/2031	11/2/2020	1.963	48,982	\$ 48,982	\$ 48,982	NR	NR
SCEIP	1.990%	9/2/2031	12/1/2020	1.963	40,710	\$ 40,710	\$ 40,710	NR	NR
SCEIP	1.990%	9/2/2031	1/4/2021	1.963	16,184	\$ 16,184	\$ 16,184	NR	NR
SCEIP	1.990%	9/2/2031	2/1/2021	1.963	95,742	\$ 95,742	\$ 95,742	NR	NR
SCEIP	1.990%	9/2/2031	3/1/2021	1.963	26,464	\$ 26,464	\$ 26,464	NR	NR
SCEIP	1.990%	9/2/2031	4/1/2021	1.963	62,047	\$ 62,047	\$ 62,047	NR	NR
SCEIP	1.990%	9/2/2031	5/3/2021	1.963	103,487	\$ 103,487	\$ 103,487	NR	NR
SCEIP	1.990%	9/2/2031	6/1/2021	1.963	50,148	\$ 50,148	\$ 50,148	NR	NR
SCEIP	1.990%	9/2/2031	6/30/2021	1.963	215,506	\$ 215,506	\$ 215,506	NR	NR
SCEIP	1.990%	9/2/2031	9/2/2021	1.963	44,069	\$ 44,069	\$ 44,069	NR	NR
SCEIP	1.990%	9/2/2032	10/1/2021	1.962	279,536	\$ 279,536	\$ 279,536	NR	NR
SCEIP	1.990%	9/2/2032	11/1/2021	1.962	50,602	\$ 50,602	\$ 50,602	NR	NR
SCEIP	1.990%	9/2/2032	12/1/2021	1.962	73,628	\$ 73,628	\$ 73,628	NR	NR
SCEIP	1.990%	9/2/2032	1/3/2022	1.963	33,357	\$ 33,357	\$ 33,357	NR	NR
SCEIP	1.990%	9/2/2032	2/1/2022	1.963	75,356	\$ 75,356	\$ 75,356	NR	NR
SCEIP	1.990%	9/2/2032	4/1/2022	1.963	61,926	\$ 61,926	\$ 61,926	NR	NR
SCEIP	1.990%	9/2/2032	5/2/2022	1.963	98,360	\$ 98,360	\$ 98,360	NR	NR
SCEIP	1.990%	9/2/2032	6/1/2022	1.963	249,632	\$ 249,632	\$ 249,632	NR	NR
SCEIP	1.990%	9/2/2032	9/2/2022	1.963	180,731	\$ 180,731	\$ 180,731	NR	NR
SCEIP	1.990%	9/2/2033	10/3/2022	1.962	143,098	\$ 143,098	\$ 143,098	NR	NR
SCEIP	1.990%	9/2/2033	11/1/2022	1.962	154,922	\$ 154,922	\$ 154,922	NR	NR
SCEIP	2.990%	9/2/2033	11/1/2022	2.948	30,110	\$ 30,110	\$ 30,110	NR	NR
SCEIP	1.990%	9/2/2033	12/1/2022	1.962	16,227	\$ 16,227	\$ 16,227	NR	NR
SCEIP	2.990%	9/2/2033	12/1/2022	2.948	75,353	\$ 75,353	\$ 75,353	NR	NR
SCEIP	1.990%	9/2/2033	1/3/2023	1.963	52,431	\$ 52,431	\$ 52,431	NR	NR
SCEIP	2.990%	9/2/2033	2/1/2023	2.949	26,829	\$ 26,829	\$ 26,829	NR	NR
SCEIP	2.990%	9/2/2033	3/1/2023	2.949	15,089	\$ 15,089	\$ 15,089	NR	NR
SCEIP	1.990%	9/2/2043	3/1/2023	1.963	595,118	\$ 595,118	\$ 595,118	NR	NR
SCEIP	2.990%	9/2/2043	3/1/2023	2.949	148,514	\$ 148,514	\$ 148,514	NR	NR
SCEIP	2.990%	9/2/2033	4/3/2023	2.949	47,587	\$ 47,587	\$ 47,587	NR	NR

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Description	Coupon Rate	Maturity Date	Purchase Date	Book Yield	Current Par / Shares	Current Book / Shares	Market Value	S&P Rating	Moody's Rating
TOTAL		(WAM)	(% Pool)	2.98%	3,418,217,187	\$ 3,396,992,173	\$ 3,279,672,489		
SCEIP	1.990%	9/2/2043	4/3/2023	1.963	48,350	\$ 48,350	\$ 48,350	NR	NR
SCEIP	2.990%	9/2/2043	4/3/2023	2.949	381,477	\$ 381,477	\$ 381,477	NR	NR
SCEIP	2.990%	9/2/2033	5/1/2023	2.949	155,521	\$ 155,521	\$ 155,521	NR	NR
SCEIP	2.990%	9/2/2043	5/1/2023	2.949	410,795	\$ 410,795	\$ 410,795	NR	NR
SCEIP	2.990%	9/2/2033	6/1/2023	2.949	115,127	\$ 115,127	\$ 115,127	NR	NR
SCEIP	2.990%	9/2/2043	6/1/2023	2.949	285,631	\$ 285,631	\$ 285,631	NR	NR
SCEIP	2.990%	9/2/2033	6/30/2023	2.949	201,251	\$ 201,251	\$ 201,251	NR	NR
SCEIP	2.990%	9/2/2043	6/30/2023	2.949	261,825	\$ 261,825	\$ 261,825	NR	NR
SCEIP	2.990%	9/2/2033	8/1/2023	2.949	157,258	\$ 157,258	\$ 157,258	NR	NR
SCEIP	1.990%	9/2/2043	8/1/2023	1.963	1,220,167	\$ 1,220,167	\$ 1,220,167	NR	NR
SCEIP	2.990%	9/2/2043	8/1/2023	2.949	506,174	\$ 506,174	\$ 506,174	NR	NR
SCEIP	2.990%	9/2/2033	9/2/2023	2.949	209,938	\$ 209,938	\$ 209,938	NR	NR
SCEIP	2.990%	9/2/2043	9/2/2023	2.949	608,768	\$ 608,768	\$ 608,768	NR	NR
Sub Total SCEIP Notes		4211	0.43%	2.68%	14,611,511	\$ 14,611,511	\$ 14,611,511		

