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January 15, 2026

President of Board & Board of Trustees
Reed Union School District
277-A Karen Way
Tiburon, CA 94920

Dear President Tsai and Members of the Board,

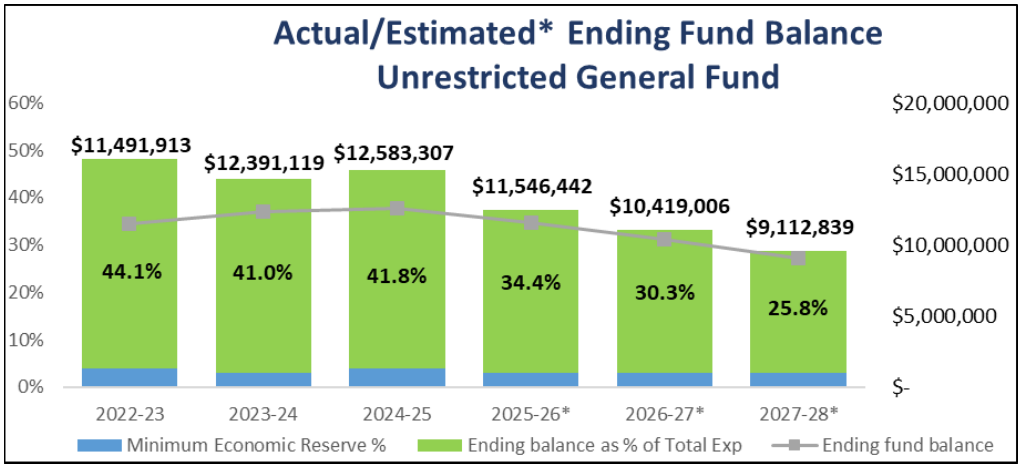
Our office has completed its review of the Reed Union School District's 2025-26 first interim report submitted by the district, in compliance with the provisions of Education Code (EC) 42131(a)(2). The Governing Board approved the budget with a Positive certification that the district will be able to meet its financial obligations for the current and subsequent two (2) years.

Education Code requires the County Superintendent to concur with or change interim report certifications after examining the report to determine if it complies with the standards and criteria established pursuant to EC 33127 and to determine if the interim budget will allow the district to meet its financial obligations during the current fiscal year and is consistent with a financial plan that will enable the district to satisfy its multi-year financial commitments.

Based on our review, we concur with the Board's POSITIVE certification of Reed Union School District's first interim budget.

## BUDGETARY POSITION FOR REED UNION SCHOOL DISTRICT

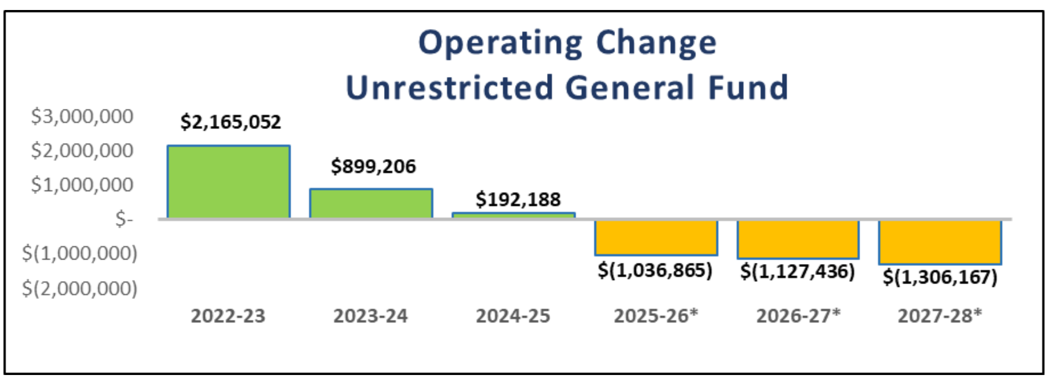
The district's first interim budget and multi-year projection reflects an improvement in budgetary position when compared to the adopted budget. The following graph depicts the district's estimated ending balance in the first interim budget and multi-year projection for the unrestricted general fund, with both the state-required minimum reserve and the district's actual reserve as a percentage of total general fund expenditures. We note the district's estimated ending fund balance is dependent on a reduction of $300,000 in salary adjustments beginning in FY 2026-27.




The district's ending balance meets the state-required minimum reserve for the current and two (2) subsequent years.

## OPERATING CHANGE

The district's interim budget reflects operating deficits in the unrestricted general fund in all three (3) years of the multi-year projection as displayed in the chart below.




The cumulative impact of projected operations is a 28% decline in fund balance over the current plus two (2) subsequent years, resulting in a projected ending fund balance of $9.1 million or 26% of general fund expenditures on June 30, 2028. While some deficit spending may be planned, ongoing structural deficits threaten a school district's future educational programs. Districts that wait too long to address and correct structural deficits are forced to make dramatic corrections all at once. In contrast, carefully planned and phased-in structural corrections lessen the impact on children.

## CASH FLOW

We encourage all districts to request a Tax Anticipation Note (TAN) to allow borrowing in the general fund from the County of Marin for the minimal cost of the treasury interest rate. We note the district's TAN was approved by the County Board of Supervisors in July 2025.

## PARCEL TAXES

Your community has shown support for its schools through a parcel tax. The district's multi-year projection includes parcel taxes in all three (3) years starting with a base of $2.67 million in the interim budget representing 9% of the district's total general fund revenue sources. The district's current parcel tax is escalated 3% annually and expires on June 30, 2031.

## SALARY SETTLEMENTS

We note the district settled negotiations with all bargaining units for the budget year. We thank the district for providing the Public Disclosure of Collective Bargaining Agreement and multi-year projection.

Due to the ongoing nature of these costs, any permanent increases to salary require permanent and ongoing funding sources. When the district and bargaining unit are ready to settle negotiations, Government Code 3547.5 requires the district to publicly disclose costs, as certified by the superintendent and chief fiscal officer. Please provide a Public Disclosure of Collective Bargaining Agreement including the tentative agreement(s) and multi-year projection to our office ten (10) working days prior to Board approval. Budget revisions associated with salary settlements should be approved within 45 days of Board approval.

## RESERVES

We note that the district meets the state minimum reserve of 3% in the interim budget and second projection years. Due to the district's projected ADA falling under 1001 in the second subsequent years, the state minimum requirement increases to 4%, which the district also meets. However, Board Policy 3105.1, which requires a 27% reserve inclusive of the state minimum, is not met in the third projection year.

All school districts, whether state aid or community funded, are well advised to establish higher than minimum reserves to provide for the financial flexibility to absorb unanticipated expenditures without significant disruption to educational programs, cash flow deferrals and general economic uncertainties. Higher than minimum reserves allow the district to better ensure a consistent and stable program offering for students.

**CONCLUSION**

We want to express our appreciation to staff for the first interim budget's timely submission using the statutorily required forms and responsiveness to the requests for information made during our technical review.

We appreciate your dedication and service to the students of Marin County. Your attention to good fiscal stewardship ensures the children of Marin County will continue to experience quality education now and in the future. If you have any questions, please do not hesitate to contact me at 415-499-5835.

Sincerely,

JOHN CARROLL
Marin County Superintendent of Schools

BREEAN BROWN
Assistant Superintendent, Business Services

Cc: Dr. Kimberly McGrath, Superintendent
Dr. Chris Kim, Chief Business Official