Annual Report

Colusa Unified School District

Debt Issuance Update

June 30, 2025

INTRODUCTION

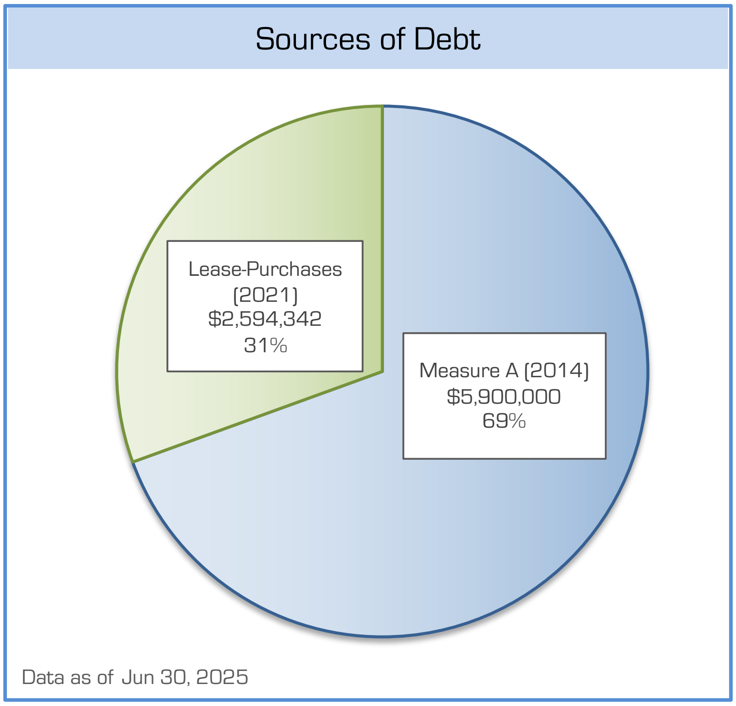
This report provides an update on the District's debt issuances. It is intended to assist the District with managing its debt portfolio, in accordance with the District's Debt Management Policy, BP 3461.

DEBTS ISSUED BY THE DISTRICT

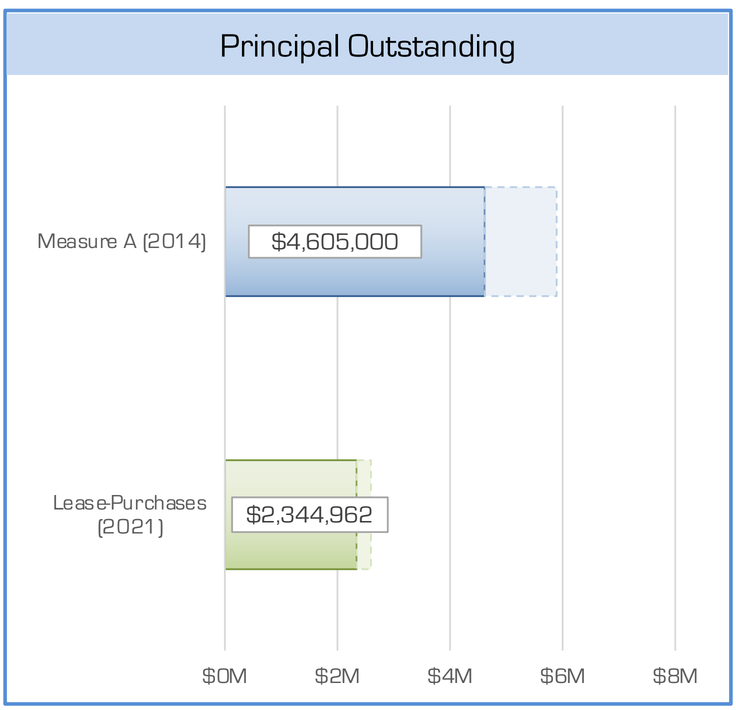
The District's debts have historically fallen into two primary categories:

1) District-wide general obligation (GO) bonds, authorized by voters from Measure A in 2014 (bonds from the District's successful 2024 Measure C have not yet been issued)
2) Lease-purchase financing, issued by the District in 2021

A summary of the amount of debt issued under each of the primary sources is illustrated in the chart below estimated for June 30th fiscal year-end:



As the debt gets repaid over time, the amount of principal still outstanding varies by debt issuance. The amount of principal outstanding is detailed in the chart below:

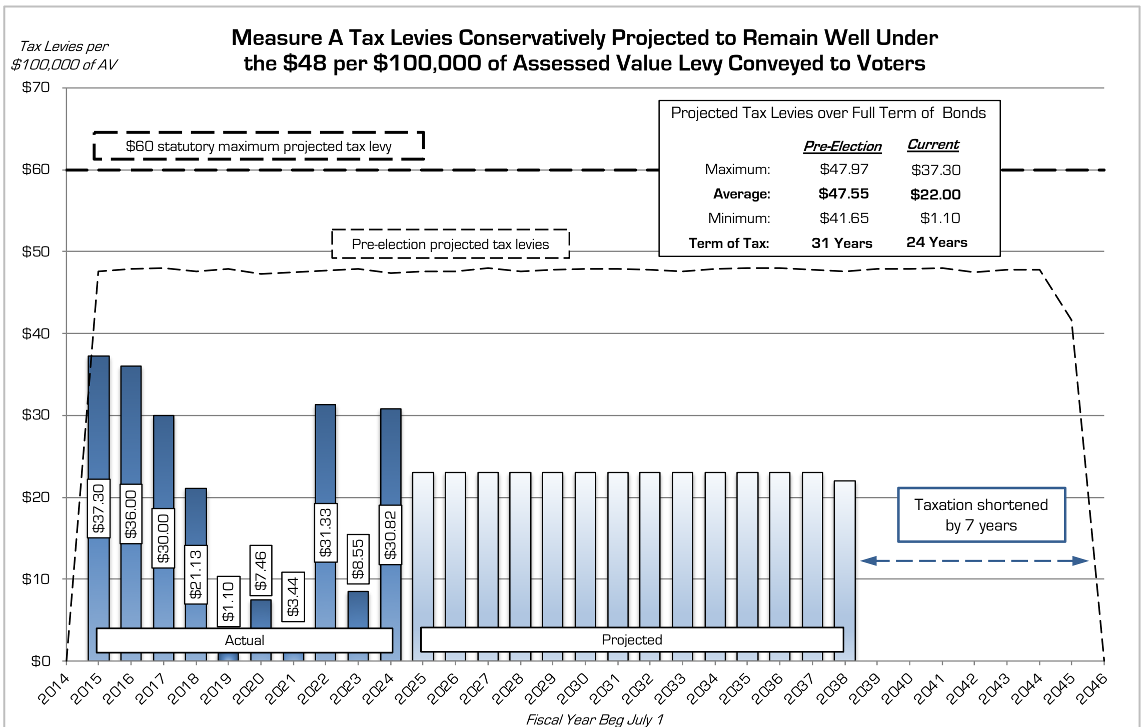


ACTUAL AND PROJECTED TAX RATES

The actual tax rates for the District's GO bonds are set by the County of Colusa each fiscal year. The tax rates are based on the District's assessed value, with each property owner in the District paying their pro-rata share of the tax based on their property's individual assessed value (note that assessed value typically differs from market value).

Projected tax rates include an assumption of the District's future assessed value growth. The assumptions used in the projection included herein are 2.00% growth annually for net local secured assessed value and all other types of assessed value are assumed to remain unchanged. This equates to a growth rate of 1.84% for total assessed value. This assumption was established based on an analysis of the District's historical assessed value.

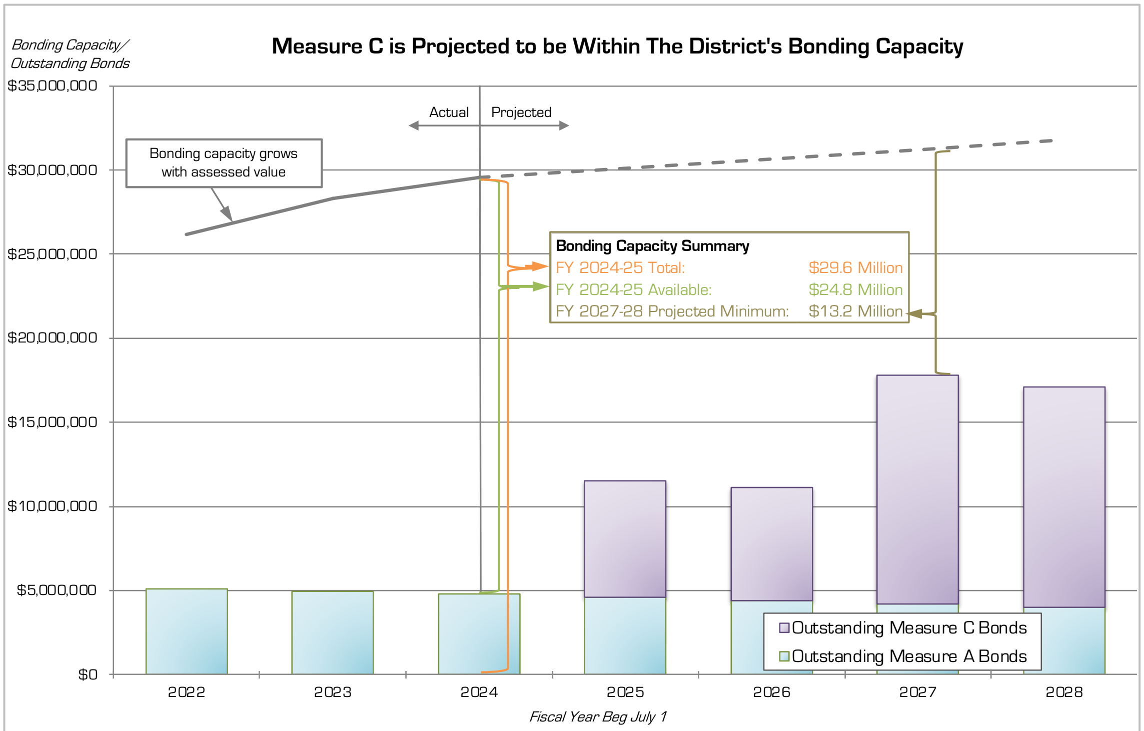
The actual and projected tax rates for the District's outstanding GO bonds (Measure A) are illustrated in the charts below:



Tax levies based on assumed AV increases of 2% annually for net local secured, while all other AV types are assumed to remain unchanged. County revised reserve methodology to increase reserves on hand. Tax collection is equal to the following calendar year's debt service plus the subsequent calendar year debt service as a reserve less prior year's collected reserve. Values rounded.

BONDING CAPACITY

The District's bonding capacity is currently approximately $30 million. After accounting for outstanding GO bonds (Measure A), approximately $25 million of the bonding capacity remains. Bonding capacity changes each year based on the District's assessed value and the repayment of outstanding bonds. Note that bonding capacity is a statutory limitation applicable to GO bonds and excludes other types of debt such as lease-purchase financings, etc. A chart illustrating the District's bonding capacity is below:



Bonding capacity based on assumed AV increases of 2% annually for net local secured, while all other AV types are assumed to remain unchanged. Annual bonding capacity is as of August 20 when AV becomes "equalized." Outstanding bonds as of March 1, 2025.

CREDIT RATINGS

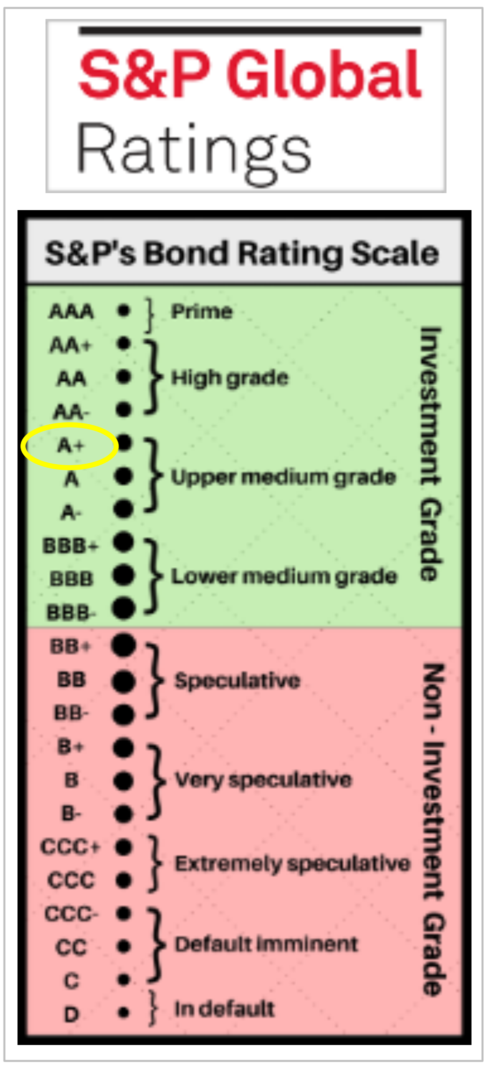
The District currently has a credit rating assigned to its GO bonds by one of the main credit rating agencies, S&P. The credit rating on the Measure A GO bonds was reviewed by S&P as "A+" in August 2023. The credit rating is shown in the summary table below:

Credit Rating Summary Table

Debt	Rating	Rating Agency	Last Review
GO Bonds	A+	S&P	August 2023

Source: S&P

For context, below is the credit rating table from S&P and the associated rating the District has received is circled:



MARKET UPDATE AND REFINANCING OPPORTUNITIES

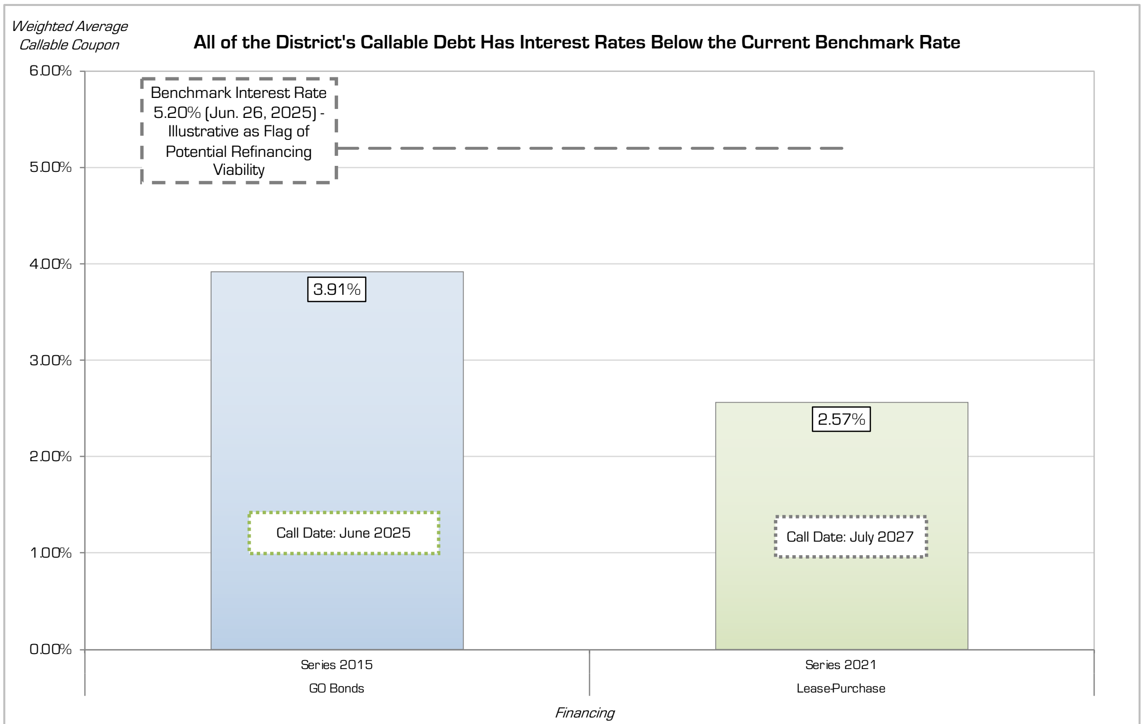
Market interest rates have remained elevated, in large part due to the recent tariff policy by the Federal Government and the recent decisions to keep the Federal Funds rate steady in the target range of 4.25% to 4.50% by the Federal Reserve. Volatility has also been significant due to policy surprises that have diverged from market expectations.

Refinancing opportunities are driven by three main factors:

- Current market interest rates
- Interest rates on the outstanding debt
- Call dates of the outstanding debt

The call date is the first opportunity to prepay or refinance debt on a tax-exempt basis, and so is a key data point in the timeline for consideration of refinancing.

The three main factors driving refinancing opportunities are illustrated in the chart below for the District's outstanding debt with call dates in the near term:



Notes: The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years and is compiled every Thursday. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service Aa2 rating and Standard & Poor's Rating Service AA.

As shown in the chart above, current market interest rates (as illustrated by a representative benchmark) remain near or just above the outstanding debt that have call dates in the near term. As such, it is not anticipated that refinancing would generate any savings at this time. However, the market will continue to be monitored for refinancing opportunities.

NEW DEVELOPMENTS FOR CALIFORNIA BOND FINANCINGS

The success of Proposition 2 at the November 2024 election has provided additional funds for the State school facilities program. Also on the November 2024 ballot were 251 school district 55% voter approval bond measures, of which 76% were successful. There were additionally one school district two-thirds voter approval bond measure and 15 community college district bond measures, amounting to 267 total bond measures, of which 77% were successful. The next Statewide opportunities for local school district bond measures are during the 2026 gubernatorial election cycle, involving the June 2026 primary and November 2026 general elections.

COMPLIANCE WITH POST-ISSUANCE REQUIREMENTS

The District has several compliance and administrative requirements associated with its debt issuance, including:

- Annual Debt Transparency Reports: next due January 31, 2026
- Annual Continuing Disclosure Reports: next due March 26, 2026
- Monitoring for Significant Event Disclosure Reports
- Monitoring Refinancing Opportunities
- Monitoring Credit Ratings
- Monitoring for Arbitrage Rebate and Yield Restriction
- Communication from Third Parties (credit rating companies, Securities and Exchange Commission, Internal Revenue Service, bond market investors, etc.)
- Measure C Citizens' Oversight Committee

District staff conducts ongoing communication with legal counsel, finance professionals, and consultants to fulfill the District's responsibilities associated with compliance and administrative requirements.