Annual Report

Colusa Unified School District

Debt Issuance Update

July 27, 2026

INTRODUCTION

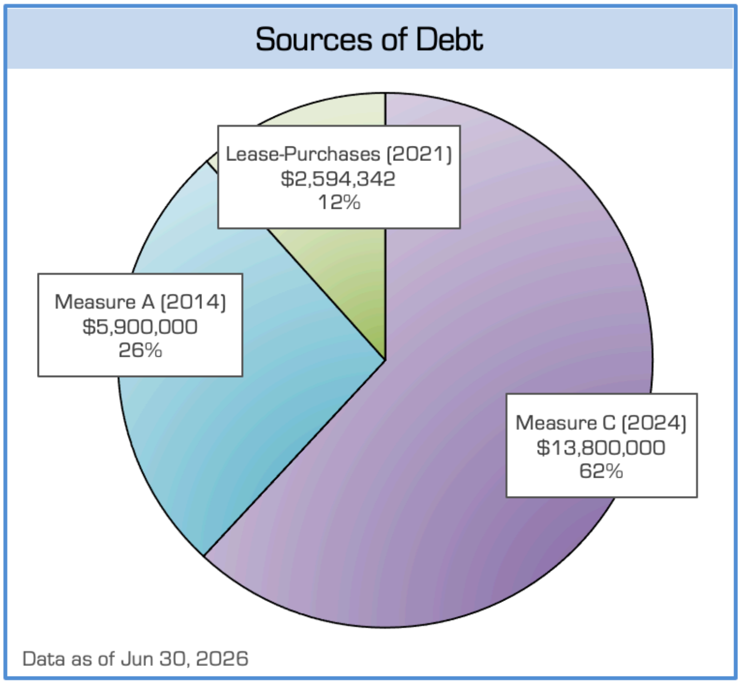
This report provides an update on the District's debt issuances. It is intended to assist the District with managing its debt portfolio, in accordance with the District's Debt Management Policy, BP 3461.

DEBTS ISSUED BY THE DISTRICT

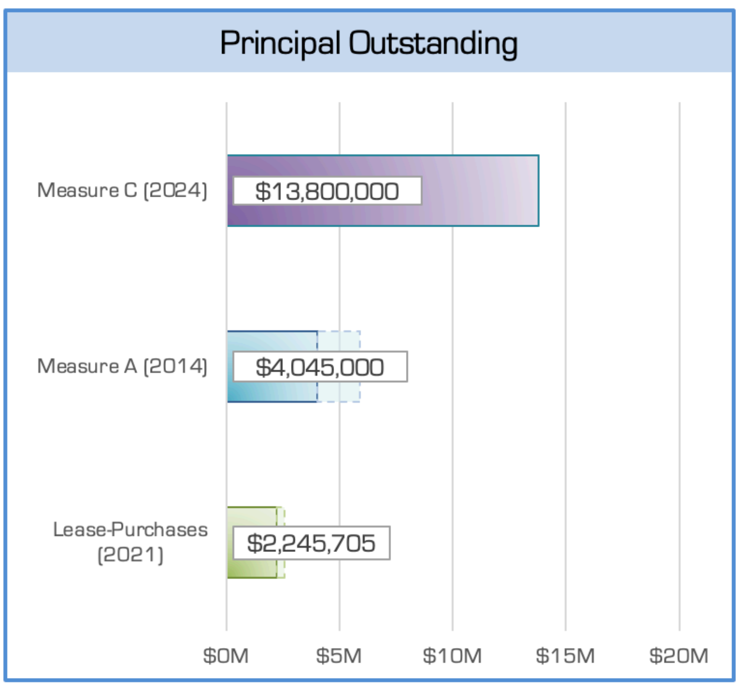
The District's debts have historically fallen into two primary categories:

1) District-wide general obligation (GO) bonds, authorized by voters from two bond measures:
    - Measure A in 2014
    - Measure C in 2024
2) Lease-revenue (LR) bonds, issued by the District in 2021

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



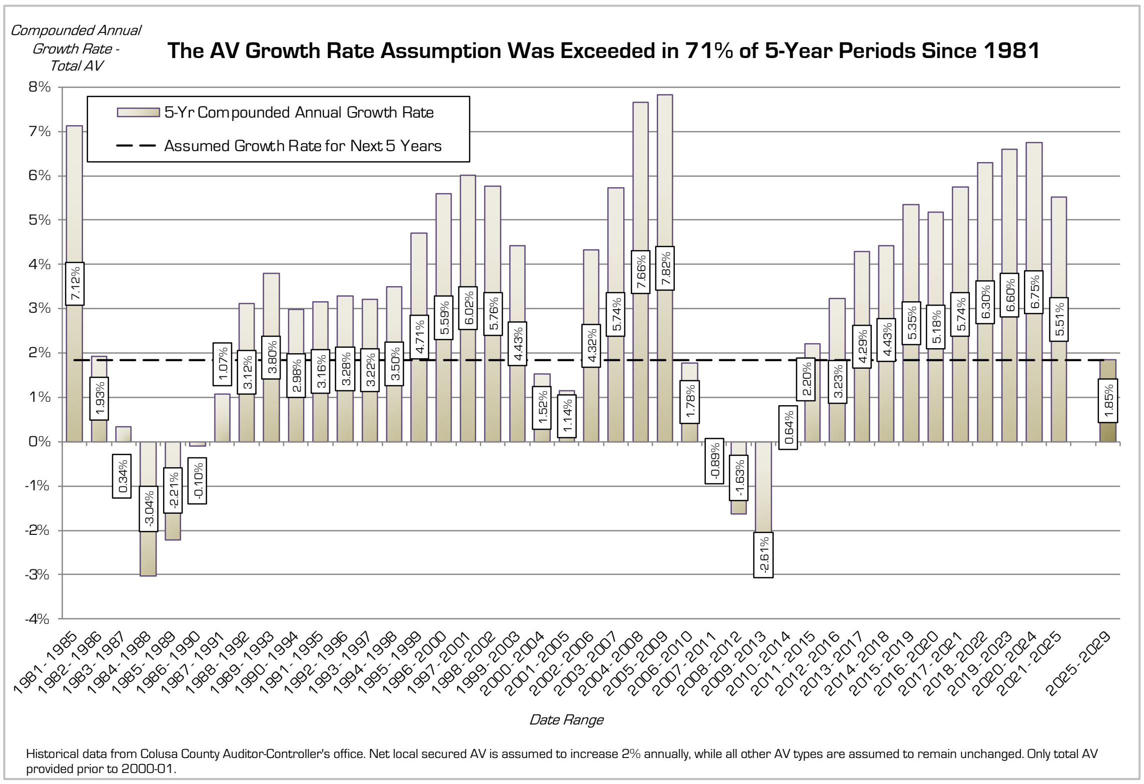
As the debt gets repaid over time, the amount of principal still outstanding varies by debt issuance. The amount of principal outstanding is detailed in the chart below:



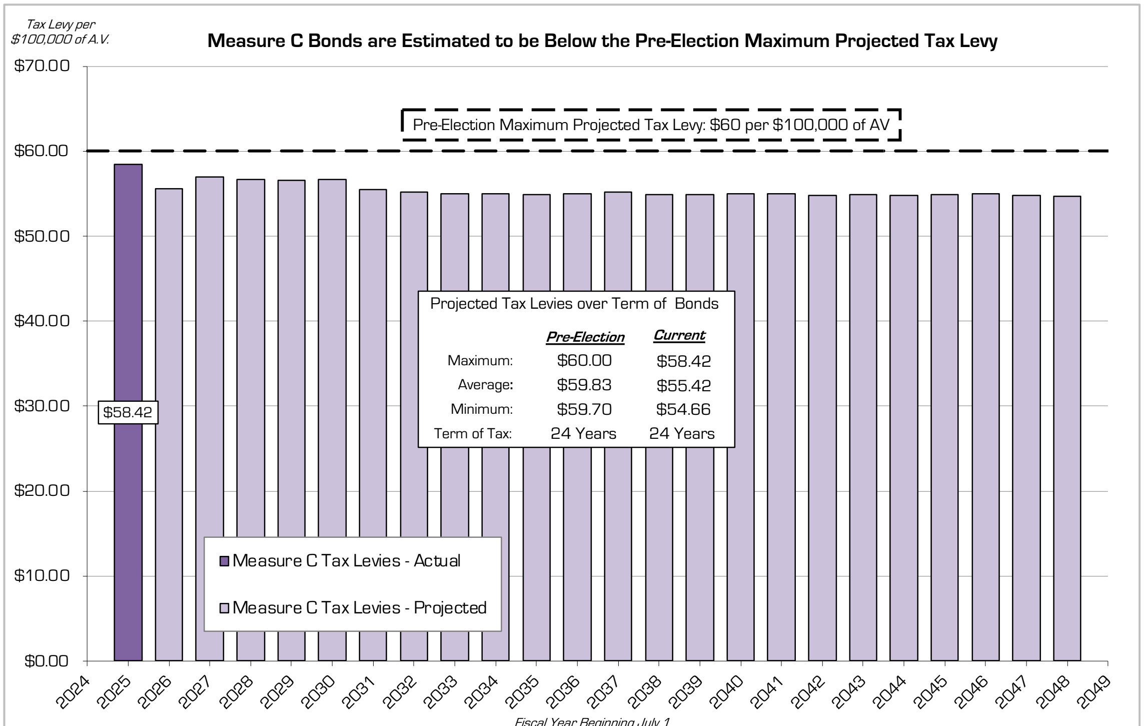
ACTUAL AND PROJECTED TAX RATES

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).

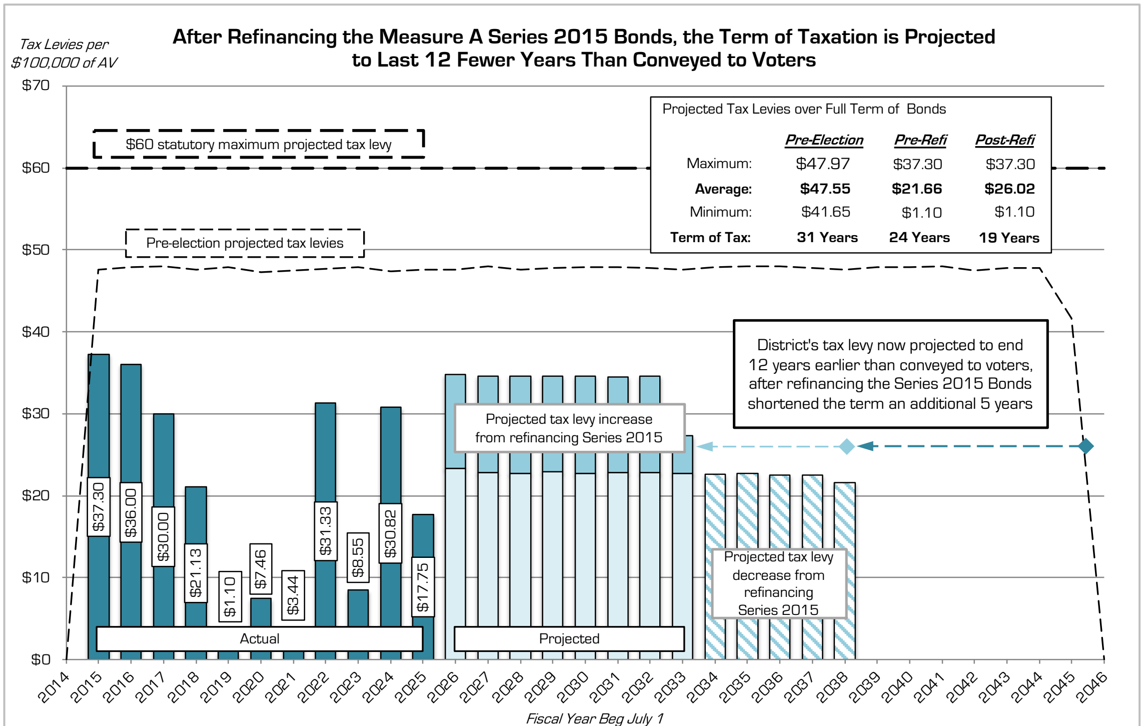
Projected tax rates include assumptions of the District's future assessed value growth. The assumptions used in the projection included herein are 2.00% growth annually for net local secured assessed value, and all other types of assessed value are assumed to remain unchanged. This equates to a growth rate of 1.85% for total assessed value. This assumption was established based on an analysis of the District's historical assessed value, shown below:



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



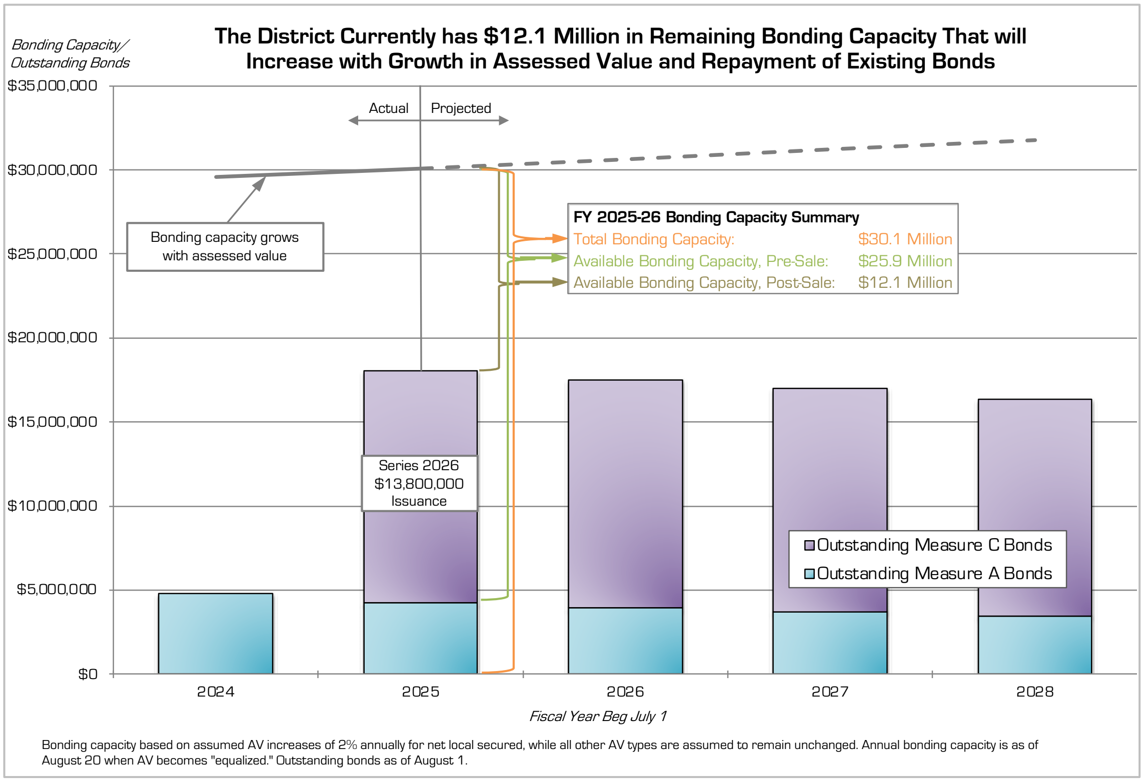
Notes: Maximum allowable projection per statute is $60 per $100,000 of AV. Tax levies based on assumed AV increases of 2% annually for net local secured, while all other AV types are assumed to remain unchanged. Tax collection is equal to the following calendar year's debt service plus the subsequent calendar year debt service as a reserve, less prior year's collected reserve. 2025-26 tax levy is actual, based on estimated debt service provided to County in anticipation of 2026 issuance.



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, approximately $12 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 CFD bonds, lease-revenue bonds, etc. A chart illustrating the District's bonding capacity is below:



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 and the date it was last reviewed are shown in the summary table below:

Credit Rating Summary Table

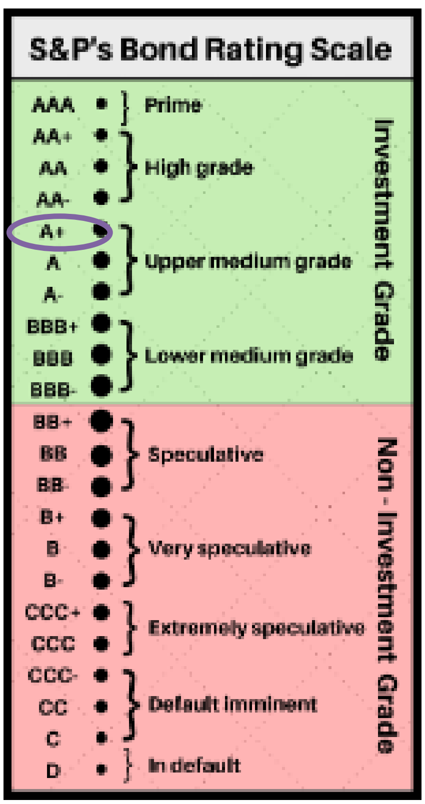
Debt	S&P	Most Recent Review
GO Bonds	A+	March 2026

Source: S&P

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

Credit Ratings Scale

S&P Global Ratings



MARKET UPDATE AND REFINANCING OPPORTUNITIES

Market conditions have been challenging at times due in large part to interest rate volatility caused by geopolitical events, inflation, and tariff policy. The Federal Reserve has so far this year held the Federal Funds rate steady in the target range of 3.50% to 3.75%.

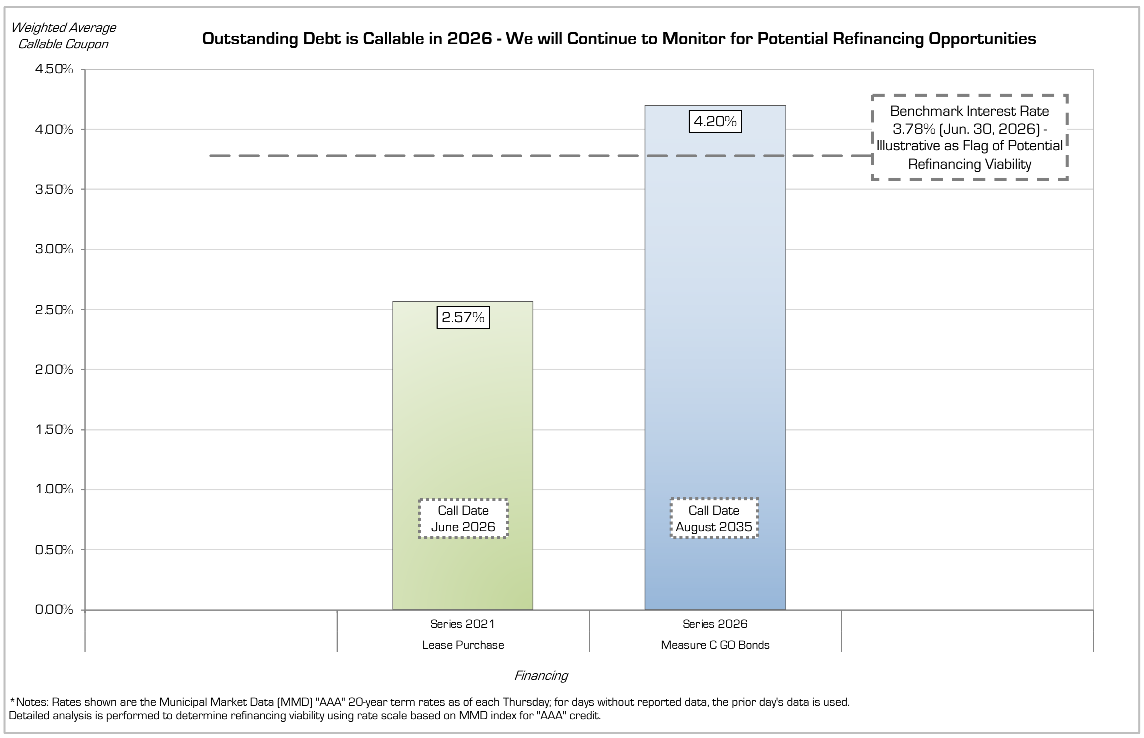
In FY 2025-26, the Municipal Market Data benchmark interest rate[1] ranged from a high of 4.48% to a low of 3.78%. During this period, GFSJPA members were engaged in 14 financings that sold via competitive bidding. These financings included notes, lease-purchases, refinancings, special tax and general obligation bonds, sold in public and private offerings, receiving between 4 and 11 bids each from across the United States, and winning bidders included 11 different firms, indicating the value of competition.

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:



[1] The Municipal Market Data (MMD) benchmark interest rate refers to the "AAA" rate with a 20-year term as a representative interest rate. The index is published daily by Thomson Reuters.

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

NEW DEVELOPMENTS FOR CALIFORNIA BOND FINANCINGS

The next Statewide opportunity for local school district bond measures is during the current gubernatorial election cycle in the upcoming November 2026 general election. On the June 2026 primary election ballot were 26 school district 55% voter approval bond measures, of which preliminary results indicate 15 (or 58%) were successful.[2]

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, 2027
- Annual Continuing Disclosure Reports: next due March 31, 2027
- 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 R 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.

[2] Information per California City Finance as of June 15 and reflects uncertified election results.