PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 28, 2026

NEW ISSUE – BOOK ENTRY ONLY

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

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

$40,000,000*
WASHINGTON UNIFIED SCHOOL DISTRICT
(YOLO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS
ELECTION OF 2020, SERIES C

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

The Washington Unified School District (Yolo County, California) General Obligation Bonds, Election of 2020, Series C (the "Bonds") are being issued by the Washington Unified School District (the "District") to (i) finance the acquisition, construction, furnishing and equipping of District facilities, as more fully described herein under the caption "THE PROJECTS" and (ii) pay certain costs of issuance associated therewith. The Bonds were authorized at an election within the District held on November 3, 2020 (the "Election"), at which more than 55% of the requisite qualified voters of the District voting on the proposition voted to authorize the issuance and sale of $150,000,000 aggregate principal amount of general obligation bonds of the District (the "2020 Authorization"). The Bonds are intended to be the third and final series of general obligation bonds issued under the 2020 Authorization*.

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

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2027. See "THE BONDS" herein.

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

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

MATURITY SCHEDULE
On Inside Cover Pages

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

The Bonds will be offered when, as and if issued and received by the Underwriter (as defined herein) subject to the approval of legality by Dannis Woliver Kelley, Long Beach, California, Bond Counsel, and certain other conditions. Dannis Woliver Kelley, Long Beach, California, is acting as Disclosure Counsel for the issue and Norton Rose Fulbright US LLP, Los Angeles, California, is acting as counsel to the Underwriter. It is anticipated that the Bonds will be available for delivery in definitive form in New York, New York, through the facilities of DTC on or about September 17, 2026.

RAYMOND JAMES

The Date of this Official Statement is: _______________, 2026.

* Preliminary; subject to change.

MATURITY SCHEDULE

$40,000,000*
WASHINGTON UNIFIED SCHOOL DISTRICT
(YOLO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2020, SERIES C

$__________ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP† (937411)

$___________ ____% Term Bonds due August 1, 20__; Yield ____%, CUSIP† 937411

* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

WASHINGTON UNIFIED SCHOOL DISTRICT
Yolo County, State of California

Board of Education

Virginia Coffey, *President, Trustee Area 1*
Vanessa Castro*, Vice President, Trustee Area 2*
Jannette Hunt*, Clerk, Trustee Area 3*
Sarah Kirby-Gonzalez, *Member, Trustee Area 5*
Jackie Thu-Huong Wong, *Member, Trustee Area 4*

District Administrators

Cheryl P. Hildreth, Ed.D., *Superintendent*
Monique Stovall, *Chief Business Officer*
Autri Streeck, *Assistant Superintendent of Educational Services*
Shea Borges, *Assistant Superintendent of Human Resources*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
Long Beach, California

Municipal Advisor

KNN Public Finance, LLC
Berkeley, California

Paying Agent, Transfer Agent and Registration Agent

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

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(continued)

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

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

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

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

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

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

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

$40,000,000*
WASHINGTON UNIFIED SCHOOL DISTRICT
(YOLO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS
ELECTION OF 2020, SERIES C

INTRODUCTION

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

General

The Washington Unified School District (the "District") proposes to issue $40,000,000* aggregate principal amount of its General Obligation Bonds, Election of 2020, Series C (the "Bonds") under and pursuant to a bond authorization (the "2020 Authorization") for the issuance and sale of not more than $150,000,000 of general obligation bonds approved by more than 55% of the requisite qualified voters of the District voting on the proposition at a general election held on November 3, 2020 (the "Election"). The Bonds are the third series of bonds to be issued pursuant to the 2020 Authorization. Subsequent to the issuance of the Bonds, no aggregate principal amount of general obligation bonds will remain for issuance pursuant to the 2020 Authorization.*

Proceeds from the sale of the Bonds will be used to finance the acquisition, construction, furnishing and equipping of District facilities and to pay certain costs of issuance associated therewith. See "THE BONDS – Purpose of Issue" and "THE PROJECTS" herein.

The Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof.

Registration

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

The District

The District is a unified school district established in 1957. The District encompasses approximately 23 square miles in the eastern portion of Yolo County (the "County"), serving a population residing primarily in the City of West Sacramento (the "City"). The District provides education to students enrolled in transitional kindergarten through twelfth grade. The District operates eight elementary schools serving grades TK-8, a comprehensive high school, an alternative high school, a dependent charter, an independent study program, and an adult education program. The District's budgeted average daily

* Preliminary; subject to change.

attendance ("ADA") for fiscal year 2026-27 is 6,801 students. The District's total assessed valuation for fiscal year 2025-26 is $11,001,857,553.

The District is governed by a five-member Board of Education (the "Board"), each member of which is elected by trustee area to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent who is appointed by the Board and who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. See "WASHINGTON UNIFIED SCHOOL DISTRICT– Board of Education" and "– Key Personnel" herein.

The District's audited financial statements for the fiscal year ended June 30, 2025 are attached hereto as APPENDIX B. For further information concerning the District, see the caption "WASHINGTON UNIFIED SCHOOL DISTRICT" herein.

Sources of Payment for the Bonds

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

Continuing Disclosure

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

Professionals Involved in the Offering

Dannis Woliver Kelley, Long Beach, California, is acting as Bond Counsel to the District with respect to the Bonds. Dannis Woliver Kelley, Long Beach, California is acting as Disclosure Counsel to the District with respect to the Bonds. KNN Public Finance, LLC, Berkeley, California, is acting as Municipal Advisor to the District in connection with the issuance of the Bonds. Norton Rose Fulbright US LLP, Los Angeles, California, is serving as counsel to the Underwriter with respect to the Bonds. Dannis Woliver Kelley and KNN Public Finance, LLC will receive compensation from the District contingent upon the sale and delivery of the Bonds. Norton Rose Fulbright US LLP will receive compensation from the Underwriter contingent upon the sale and delivery of the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE

KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Closing Date

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about September 17, 2026.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the Government Code of the State of California (the "Government Code") (commencing with Section 53506), applicable provisions of the Education Code of the State (the "Education Code") and pursuant to a resolution of the Board of Education of the District (the "Board") adopted on August 27, 2026 (the "Resolution").

Purpose of Issue

The net proceeds of the Bonds will be used to finance certain capital improvements for the District as specified in the District bond proposition submitted at the Election, which includes, among other things: upgrading classrooms to provide internet access for science, technology, engineering, arts, math instruction; upgrading schools to meet academic, safety and disabled accessibility standards; bringing all schools up to the same standard; and repairing and upgrading deteriorating roofs, plumbing, and electric systems (the "Projects"). See "THE PROJECTS" herein.

Description of the Bonds

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

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

Book-Entry Only System

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

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

Payment of the Bonds

Interest on the Bonds is payable commencing February 1, 2027, and semiannually thereafter on February 1 and August 1 of each year (each, an "Interest Payment Date"). Principal of the Bonds is payable on August 1 of each year as shown on the inside front cover pages hereto until maturity, or the earlier redemption thereof. The Bonds shall be issued in fully registered form, without coupons, in denominations of $5,000 or any integral multiple thereof.

Interest on each Bond shall accrue from its dated date at the interest rates applicable thereto as set forth on the inside cover pages hereof. Interest shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date (the "Record Date"). Interest will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered as of an Interest Payment Date, in which event interest shall be payable from such date, or (ii) it is registered prior to an Interest Payment Date and after a Record Date, in which event interest shall be payable from such Interest Payment Date, or (iii) it is registered prior to the close of business on January 15, 2027, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of $1,000,000 or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Redemption*

Optional Redemption. The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their stated maturity dates. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

[Remainder of page intentionally left blank]

* Preliminary; subject to change.

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

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

(1) Maturity.

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

Selection of Bonds for Redemption

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

Notice of Redemption

Notice of any redemption of the Bonds shall be mailed by the Paying Agent, postage prepaid, not less than twenty (20) nor more than sixty (60) days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the Registration Books, and (ii) as may be further required in accordance with the Continuing Disclosure Agreement. Each notice of redemption shall state (i) the date of such notice; (ii) the name of the Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Bonds to be redeemed; (vi) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (vii) the CUSIP number, if any, of each Bond to be redeemed; (viii) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (ix) notice that further interest on such Bonds will not accrue after the designated redemption date; and (x) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

Right to Rescind Notice of Redemption

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

Effect of Notice of Redemption

A certificate of the Paying Agent that notice of redemption has been given to Owners shall be conclusive as against all parties. Neither the failure to receive the notice of redemption, nor any defect in such notice, shall affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of interest on the date fixed for redemption. When notice of redemption has been given substantially as provided for in the Resolution, and when the redemption price of the Bonds called for redemption is set aside for the purpose, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date shall be entitled to payment thereof only from the Debt Service Fund or the trust fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Transfer and Exchange

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

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

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

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

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

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

Defeasance

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

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

Continuing Disclosure Agreement

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

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	
[Net] Original Issue Premium	
Total Sources	
Uses of Funds	
Deposit to Building Fund	
Deposit to Debt Service Fund	
Costs of Issuance(1)	
Total Uses	

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

District Investments; Application of Proceeds

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

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

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

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DEBT SERVICE SCHEDULE

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

Bond Year Ending August 1	Principal	Interest	Total Debt Service
Total			

The table on the following page summarizes the aggregate annual debt service on all outstanding general obligation bonds of the District, assuming no optional redemption, comprised of the District's (i) General Obligation Bonds, Election of 1999, Series B (the "Election of 1999 Series B Bonds"), (ii) General Obligation Bonds, Election of 2004, Series A (the "Election of 2004 Series A Bonds"), (iii) General Obligation Bonds, Election of 2004, Series B (the "Election of 2004 Series B Bonds"), (iv) Series 2017 Bonds, (v) General Obligation Bonds, Election of 2020, Series A (the "Election of 2020 Series A Bonds"), (vi) General Obligation Bonds, Election of 2020, Series B (the "Election of 2020 Series B Bonds"), (vii) 2024 General Obligation Refunding Bonds (the "2024 Refunding Bonds"), and (viii) the Bonds. See "WASHINGTON UNIFIED SCHOOL DISTRICT – District Debt Structure" herein for additional information concerning the District's outstanding general obligation bonds.

DEBT SERVICE ON ALL OUTSTANDING GENERAL OBLIGATION BONDS

Bond Year Ending August 1	Election of 1999 Series B Bonds	Election of 2004 Series A Bonds	Election of 2004 Series B Bonds	Series 2017 Bonds	Election of 2020 Series A Bonds	Election of 2020 Series B Bonds	2024 Refunding Bonds	The Bonds	Aggregate Total Debt Service
2027	$1,340,000	$5,405,000	$1,035,000	$1,345,375	$1,800,950	$2,044,788	$1,394,750		
2028	1,425,000	5,730,000	1,100,000	1,364,375	1,872,200	2,044,788	1,447,000		
2029	1,510,000	6,075,000	1,165,000	1,395,875	1,943,950	2,199,788	1,495,250		
2030	1,600,000	--	6,025,000	1,429,125	2,015,950	2,282,388	1,539,500		
2031	1,695,000	--	6,390,000	1,459,975	2,092,950	2,369,888	1,594,750		
2032	--	--	--	1,489,175	2,174,450	2,460,038	1,645,250		
2033	--	--	--	1,516,725	2,258,850	2,552,138	1,701,000		
2034	--	--	--	1,552,625	2,343,450	2,655,488	1,756,500		
2035	--	--	--	1,586,575	2,438,050	2,753,488	1,811,500		
2036	--	--	--	1,617,200	2,532,050	2,859,738	1,870,750		
2037	--	--	--	1,655,794	2,625,250	2,968,488	1,928,750		
2038	--	--	--	1,685,494	2,728,850	3,084,238	1,995,250		
2039	--	--	--	1,717,919	2,834,750	3,201,238	2,064,500		
2040	--	--	--	1,757,906	2,947,850	3,323,988	2,121,000		
2041	--	--	--	3,705,131	3,060,456	3,456,738	--		
2042	--	--	--	3,773,188	3,179,769	3,588,138	--		
2043	--	--	--	--	3,302,681	3,726,138	--		
2044	--	--	--	--	3,431,656	3,870,138	--		
2045	--	--	--	--	3,566,406	4,019,538	--		
2046	--	--	--	--	3,704,706	4,175,119	--		
2047	--	--	--	--	3,850,725	4,339,357	--		
2048	--	--	--	--	4,000,675	4,506,425	--		
2049	--	--	--	--	4,153,125	4,685,988	--		
2050	--	--	--	--	4,317,000	4,866,100	--		
2051	--	--	--	--	4,484,375	5,056,125	--		
Total	$7,570,000	$17,210,000	$15,715,000	$29,052,457	$73,661,124	$83,090,286	$24,365,750		

THE PROJECTS

The net proceeds of the Bonds will be used to finance certain capital improvements for the District, which includes, among other things: upgrading classrooms to provide internet access for science, technology, engineering, arts, math instruction; upgrading schools to meet academic, safety and disabled accessibility standards; bringing all schools up to the same standard; and repairing and upgrading deteriorating roofs, plumbing, and electric systems in accordance with the bond proposition approved at the Election which includes the ballot measure and a project list.

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

SECURITY FOR THE BONDS

General

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

The District received authorization to issue $150,000,000 aggregate principal amount of general obligation bonds pursuant to an election of the qualified electors within the District on November 3, 2020. The Bonds are intended to be the third and final series of bonds issued under the 2020 Authorization. Subsequent to the issuance of the Bonds, no aggregate principal amount of general obligation bonds will remain for issuance under the 2020 Authorization.*

Property Taxation System

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

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

* Preliminary; subject to change.

collector, as *ex officio* treasurer of each school district located in the county, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due.

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

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

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

Pledge of Tax Revenues

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

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

TAX BASE FOR REPAYMENT OF THE BONDS

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

Ad Valorem Property Taxation

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

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

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

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

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

Assessed Valuations

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

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

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

The following table presents the historical assessed valuation in the District since fiscal year 2012-13. The District's total assessed valuation is $11,001,857,553 for fiscal year 2025-26.

WASHINGTON UNIFIED SCHOOL DISTRICT
Summary of Assessed Valuations
Fiscal Years 2013-14 Through 2025-26

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2013-14	$4,864,871,693	$1,946,848	$454,716,234	$5,321,534,775	--%
2014-15	5,236,071,270	1,946,848	459,754,971	5,697,773,089	7.07
2015-16	5,642,183,849	1,946,848	466,558,672	6,110,689,369	7.25
2016-17	5,961,776,764	1,946,848	458,968,951	6,422,692,563	5.11
2017-18	6,227,442,097	3,519,550	476,968,585	6,707,930,232	4.44
2018-19	6,631,490,411	3,519,550	487,736,691	7,122,746,652	6.18
2019-20	6,996,703,952	3,519,550	488,224,444	7,488,447,946	5.13
2020-21	7,397,983,918	3,519,550	507,490,745	7,908,994,213	5.62
2021-22	7,813,456,182	5,732,882	516,569,831	8,335,758,895	5.40
2022-23	8,520,100,043	5,732,882	569,863,922	9,095,696,847	9.12
2023-24	9,276,787,361	5,732,882	673,558,112	9,956,078,355	9.46
2024-25	9,780,085,860	5,732,882	718,072,510	10,503,891,252	5.50
2025-26	10,251,557,361	6,779,786	743,520,406	11,001,857,553	4.74

(1) Includes the secured assessed valuation of utility property and excludes the unitary assessed valuation of utility property, both as determined by the State Board of Equalization.
Source: *California Municipal Statistics, Inc.*

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

Natural Disasters Impacting Assessed Valuations

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

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

The State has experienced severe drought conditions in recent years, but has also recently experienced periods of extreme precipitation. Currently, according to the U.S. Drought Monitor, 57.8% of the State is experiencing abnormally dry conditions, 6.7% of the State is experiencing moderate drought conditions, and 0.7% of the State is experiencing severe drought conditions. The County is currently experiencing abnormally dry conditions. The District cannot predict if or when drought conditions might occur in the County or if water usage restrictions might be imposed again or what impact such restrictions, if imposed, might have on the assessed valuation of the District and the local economy.

Wildfires. In recent years, certain portions of the State were affected by large-scale wildfires which destroyed both natural lands and residential and commercial properties and resulted in large-scale property value reductions in the impacted areas. The District has not been materially impacted by recent wildfires. No portion of the District is in a "High Fire Zone" per the California Department of Forestry and Fire Protection (CAL FIRE).

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

The District has a high likelihood of future earthquakes. There have been a total of 103 earthquakes in the West Sacramento area since 1931. The largest earthquake within 30 miles of West Sacramento was a 4.4 magnitude in 1978. According to the USGS database, there is a 56.72% chance of a major earthquake (i.e., greater than 5.0 magnitude) within 30 miles of the West Sacramento area within the next 50 years.

Floods. Surrounded by levees on all sides, the City of West Sacramento (the "City") is inherently more vulnerable to flooding than most other urbanized areas in the country. Over the past several decades, the City has experienced significant flooding in 1986, 1997, 1998, 2005, 2006 and 2008. Property located within the City is subject to flooding from the Sacramento River if there is a levee breach. Adjacent floodplains, including annual grassland, riparian woodland, freshwater marshes, vernal pools, and seasonal wetlands provide a natural system to help reduce the number and severity of floods, and handle storm runoff. Certain areas within the City are located in the Special Flood Hazard Area (SFHA) designated by the Federal Emergency Management Agency ("FEMA"). The City maintains FEMA Elevation Certificates showing "finished construction" elevations for buildings constructed or substantially improved while in the SFHA. No new construction or substantial improvement, requiring an Elevation Certificate within the City's jurisdiction, has occurred in the SFHA shown on the Flood Insurance Rate Maps since the date of the City's initial Community Rating System application, in September 2010. The City discourages development and construction in the SFHA. FEMA produces Flood Insurance Rate Maps that show that portions of the District are in a 100-year floodplain. A 100-year floodplain is an area expected to be inundated during a flood event of the magnitude for which there is a 1-in-100 probability of occurrence in any year.

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

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

Change in Economic Conditions. The outbreak of COVID-19 and the corresponding measures to prevent its spread caused widespread unemployment and economic slowdown in the United States, the State and the County. The economic slowdown created by such a pandemic may increase the risk of an economic recession or depression or a general market decline in real estate values in the future, which in turn could lead to a reduction of assessed values in the District. Economic downturn which impacts property values can occur as a result of many factors which cannot be predicted.

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

Re-assessments and Appeals of Assessed Valuations

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

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

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

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

No assurance can be given that property tax appeals and reassessments in the future will not significantly reduce the assessed valuation of property within the District. However, any reduction in assessed value within the District would simply increase the tax rate necessary to pay the Bonds and any outstanding general obligation bonds of the District. The Board of Supervisors of the County is obligated to levy and collect *ad valorem* taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on outstanding general obligation bonds of the District.

Assembly Bill 102. On June 27, 2017, the Governor of the State (the "Governor") signed into law Assembly Bill 102 ("AB 102"). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE only hears appeals related to the programs that it constitutionally administers and the Office of Tax Appeals hears appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

Assessed Valuation by Jurisdiction

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

WASHINGTON UNIFIED SCHOOL DISTRICT
2025-26 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of West Sacramento	$10,995,945,780	99.95%	$11,012,156,808	99.85%
Unincorporated Yolo County	5,911,773	0.05	6,520,646,701	0.09
Total District	$11,001,857,553	100.00%		
Yolo County	$11,001,857,553	100.00%	$39,907,719,581	27.57%

Source: *California Municipal Statistics, Inc.*

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Assessed Valuation by Land Use

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

WASHINGTON UNIFIED SCHOOL DISTRICT
2025-26 Assessed Valuation and Parcels by Land Use

	No. of Parcels	2025-26 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	13,557	$5,144,440,445	$379,467	$371,422

2025-26 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	345	2.545%	2.545%	$ 12,998,445	0.253%	0.253%
$50,000 - $99,999	874	6.447	8.992	66,020,385	1.283	1.536
$100,000 - $149,999	1,020	7.524	16.515	127,201,585	2.473	4.009
$150,000 - $199,999	980	7.229	23.744	170,326,513	3.311	7.319
$200,000 - $249,999	846	6.240	29.985	189,168,413	3.677	10.997
$250,000 - $299,999	925	6.823	36.808	255,270,704	4.962	15.959
$300,000 - $349,999	1,235	9.110	45.917	402,661,354	7.827	23.786
$350,000 - $399,999	1,281	9.449	55.366	480,081,446	9.332	33.118
$400,000 - $449,999	1,396	10.297	65.663	592,267,651	11.513	44.631
$450,000 - $499,999	1,156	8.527	74.190	547,966,557	10.652	55.282
$500,000 - $549,999	877	6.469	80.659	459,305,454	8.928	64.210
$550,000 - $599,999	767	5.658	86.317	440,522,010	8.563	72.774
$600,000 - $649,999	561	4.138	90.455	349,836,679	6.800	79.574
$650,000 - $699,999	388	2.862	93.317	261,284,502	5.079	84.653
$700,000 - $749,999	281	2.073	95.390	203,305,412	3.952	88.605
$750,000 - $799,999	183	1.350	96.740	141,272,972	2.746	91.351
$800,000 - $849,999	139	1.025	97.765	114,248,091	2.221	93.572
$850,000 - $899,999	77	0.568	98.333	67,194,143	1.306	94.878
$900,000 - $949,999	47	0.347	98.680	43,350,997	0.843	95.720
$950,000 - $999,999	37	0.273	98.953	35,765,858	0.695	96.416
$1,000,000 and greater	142	1.047	100.000	184,391,274	3.584	100.000
	13,557	100.000%		$5,144,440,445	100.000%	

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

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Assessed Valuation of Single Family Homes

The following table sets forth ranges of assessed valuations of single family homes in the District for fiscal year 2025-26, including the median and average assessed value per single family parcel.

WASHINGTON UNIFIED SCHOOL DISTRICT
Per Parcel 2025-26 Assessed Valuation of Single Family Homes

Non-Residential:	2025-26 Assessed Valuation [(1)]	% of Total	No. of Parcels	% of Total
Agricultural	$ 106,385,511	1.04%	282	1.57%
Commercial/Office	1,093,856,749	10.67	437	2.44
Vacant Commercial	132,569,142	1.29	165	0.92
Industrial	2,539,453,332	24.77	443	2.47
Vacant Industrial	162,002,220	1.58	97	0.54
Recreational	57,297,473	0.56	20	0.11
Government/Social/Institutional	12,727,343	0.12	537	3.00
Subtotal Non-Residential	$4,104,291,770	40.04%	1,981	11.06%
Residential:				
Single Family Residence	$5,144,440,445	50.18%	13,557	75.68%
Condominium/Townhouse	198,103,016	1.93	792	4.42
Mobile Home	24,879,146	0.24	431	2.41
Mobile Home Park	48,535,966	0.47	19	0.11
2-4 Residential Units	133,795,575	1.31	478	2.67
5+ Residential Units/Apartments	503,777,987	4.91	134	0.75
Miscellaneous Residential	12,730,820	0.12	19	0.11
Vacant Residential	81,002,636	0.79	502	2.80
Subtotal Residential	$6,147,265,591	59.96%	15,932	88.94%
Total	$10,251,557,361	100.00%	17,913	100.00%

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

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Largest Taxpayers

The table below sets forth the largest local secured taxpayers within the District in fiscal year 2025-26.

WASHINGTON UNIFIED SCHOOL DISTRICT
2025-26 Largest Local Secured Taxpayers

	Property Owner	Primary Land Use	2025-26 Assessed Valuation	% of Total [1)]
1.	Harsch Investment Corp.	Office Building	$ 165,603,660	1.62%
2.	500 Douglas Street Apartments LLC	Apartments	109,183,928	1.07
3.	Sac Ziggurat LLC	Office Building	106,120,798	1.04
4.	Ginkgo Bioworks Inc.	Industrial	90,651,912	0.88
5.	BRE Delta Industrial Sac LP	Industrial	86,701,742	0.85
6.	Bixby Land Company	Industrial	81,494,220	0.79
7.	West Capitol Commons LLC	Apartments	75,226,354	0.73
8.	Farmer's Rice Co-Op	Industrial	68,212,114	0.67
9.	801 Riverfront Property Owner LLC	Industrial	65,424,015	0.64
10.	USCLP CA Ramco LLC	Industrial	60,147,156	0.59
11.	USCLP CA Southport LLC	Industrial	59,300,000	0.58
12.	ET West Sacramento LLC	Industrial	59,209,038	0.58
13.	Tulloch Construction Inc	Industrial	54,480,881	0.53
14.	Tony's Fine Foods	Industrial	52,358,200	0.51
15.	GEP XI Monticello LLC	Apartments	51,474,190	0.50
16.	River City Land Holding Co LLC	Recreational	49,631,685	0.48
17.	Ikea Property Inc.	Commercial	47,319,684	0.46
18.	Stag CA Holdings LP	Industrial	46,529,448	0.45
19.	ACG Kinect West Sacramento Owner LLC	Apartments	45,251,895	0.44
20.	Ramco Properties LP	Industrial	44,970,140	0.44
			$1,419,291,060	13.84%

[(1)] 2025-26 local secured assessed valuation: $10,251,557,361.
Source: *California Municipal Statistics, Inc.*

The top 20 taxpayers on the secured roll for fiscal year 2025-26 account for 13.84% of the local secured assessed value in the District which is $10,251,557,361. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for fiscal year 2025-26 was Harsch Investment Corp. accounting for 1.62% of the total secured assessed value in the District. No other secured taxpayer accounts for more than 1.07% of the total secured assessed value in the District. The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner.

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Tax Rates

The following table sets forth typical tax rates levied in Tax Rate Area 4-005 by the County within the District for fiscal years 2021-22 through 2025-26:

WASHINGTON UNIFIED SCHOOL DISTRICT
Summary of *Ad Valorem* Tax Rates
(Dollars Per $100 of Assessed Valuation)
TRA 4-005[(1)]

	2021-22	2022-23	2023-24	2024-25	2025-26
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Washington Unified School District	0.1148	0.1030	0.2480	0.1425	0.1430
Los Rios Community College District	0.0249	0.0226	0.0192	0.0200	0.0208
Total	$1.1397	$1.1256	$1.2672	$1.1625	$1.1638

(1) 2025-26 assessed valuation of TRA 4-005 is $4,098,616,509 which is 37.25% of the District's total assessed valuation.
Source: *California Municipal Statistics, Inc.*

The Teeter Plan

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

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

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

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

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

Direct and Overlapping Debt

Numerous local agencies that provide public services overlap the District's service area. These local agencies have outstanding debt in the form of general obligation, lease revenue and special assessment bonds. The following table shows the District's estimated direct and overlapping bonded debt. The statement excludes self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations. The District and the Underwriter have independently verified this table and there can be no assurance as to the accuracy of the information contained in the table; inquiries concerning the scope and methodology of procedures carried out to compile the information presented should be directed to California Municipal Statistics, Inc.

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The following table is a statement of the District's direct and estimated overlapping bonded debt as of August 1, 2026:

WASHINGTON UNIFIED SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness

2025-26 Assessed Valuation: $11,001,857,553

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 8/1/26
Los Rios Community College District	3.745%	$ 9,195,286
Washington Unified School District	**100.000**	**146,796,015**(1)
City of West Sacramento Community Facilities District No. 8	100.000	11,995,364
City of West Sacramento Community Facilities District No. 9	100.000	60,000
City of West Sacramento Community Facilities District No. 10	100.000	6,975,658
City of West Sacramento Community Facilities District No. 11	100.000	1,192,447
City of West Sacramento Community Facilities District No. 12	100.000	1,315,240
City of West Sacramento Community Facilities District No. 14	100.000	5,855,000
City of West Sacramento Community Facilities District No. 15	100.000	787,818
City of West Sacramento Community Facilities District No. 16	100.000	6,037,885
City of West Sacramento Community Facilities District No. 17	100.000	2,700,000
City of West Sacramento Community Facilities District No. 18	100.000	388,929
City of West Sacramento Community Facilities District No. 19	100.000	1,320,604
City of West Sacramento Community Facilities District No. 20	100.000	5,590,000
City of West Sacramento Community Facilities District No. 21	100.000	1,775,000
City of West Sacramento Community Facilities District No. 23	100.000	3,945,000
City of West Sacramento Community Facilities District No. 24	100.000	785,000
City of West Sacramento Community Facilities District No. 27	100.000	24,415,000
City of West Sacramento Community Facilities District No. 29	100.000	3,250,000
West Sacramento Area Flood Control Assessment District	99.849	31,816,884
California Municipal Finance Authority Mello-Roos Act Bonds	100.000	3,435,000
California Statewide Communities Development Authority Mello-Roos Act Bonds	100.000	10,900,000
California Statewide Communities Development Authority 1915 Act Bonds	100.000	9,047,783
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$289,579,913
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Yolo County Certificates of Participation	27.568%	$12,458,367
Yolo County Board of Education Certificates of Participation	27.568	2,405,705
Washington Unified School District General Fund Obligations	**100.000**	**56,155,626**
City of West Sacramento General Fund Obligations	99.853	5,447,603
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$76,467,301
Less: City of West Sacramento supported obligations		4,330,982
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$72,136,319
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$105,451,903
GROSS COMBINED TOTAL DEBT		$471,499,117(2)
NET COMBINED TOTAL DEBT		$467,168,135

Ratios to 2025-26 Assessed Valuation:
Direct Debt ($146,796,015) 1.33%
Total Direct and Overlapping Tax and Assessment Debt........................2.63%
Combined Direct Debt ($202,951,641)..1.84%
Gross Combined Total Debt...4.29%
Net Combined Total Debt..4.25%

Ratios to Redevelopment Incremental Valuation ($5,296,505,794):
Total Overlapping Tax Increment Debt 1.99%

(1) Does not include the Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: *California Municipal Statistics, Inc.*

DISTRICT FINANCIAL INFORMATION

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

State Funding of Education

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

For fiscal year 2026-27, the LCFF provides to school districts and charter schools a Target Base Grant for each Local Education Agency ("LEA") equivalent to (a) $11,811 per ADA for transitional kindergarten/kindergarten through grade 3; (b) $10,860 per ADA for grades 4 through 6; (c) $11,181 per ADA for grades 7 and 8; and (d) $13,295 per ADA for grades 9 through 12. For fiscal year 2026-27, the LCFF also provided an adjusted add-on for Transitional Kindergarten ("TK") equal to $5,704.

Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. With full implementation of the LCFF, the provision of a cost-of-living-adjustment ("COLA") is now subject to appropriation for such adjustment in the annual State budget. For fiscal year 2024-25, the COLA was 1.07%, and for fiscal year 2025-26, the COLA was slightly higher, at 2.30%. The 2026-27 State Budget includes a statutory COLA of 2.87%, as well as a discretionary adjustment to LCFF funding to bring the total COLA to 4.31%. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures" for information regarding the COLA for fiscal years 2025-26 and 2026-27. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

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

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

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

ADA and Enrollment

The following table sets forth the historical ADA (at P-2) and enrollment for fiscal years 2016-17 through 2024-25.

WASHINGTON UNIFIED SCHOOL DISTRICT
Historical ADA and Enrollment
Fiscal Years 2016-17 through 2024-25

Fiscal Year	ADA	Enrollment
2016-17	7,347.09	7,699
2017-18	7,425.32	7,832
2018-19	7,278.07	7,658
2019-20	7,210.35	7,541
2020-21[1]	7,210.35	7,355
2021-22	6,634.20	7,246
2022-23	6,708.40	7,272
2023-24	6,850.75	7,330
2024-25	6,766.39	7,291

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

Enrollment Trends

As shown in the table above, District enrollment has shown an overall declining trend over the last several years. District staff is monitoring enrollment trends and implementing attendance improvement strategies.

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The following table sets forth the ADA, enrollment and the percentage of EL/LI enrollment for fiscal year 2025-26, budgeted for fiscal year 2026-27 and projections for fiscal years 2027-28 through 2028-29.

WASHINGTON UNIFIED SCHOOL DISTRICT
ADA, English Language/Low Income Enrollment
Fiscal Years 2025-26 through 2028-29

	ADA					Enrollment	
Fiscal Year	TK-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment
2025-26	1,978.53	1,562.32	1,089.43	2,004.91	6,635.19	7,151	68.53%
2026-27(1)	1,864.10	1,478.58	1,069.95	2,193.17	6,605.80	7,120	69.07
2027-28(2)	1,836.47	1,471.21	1,037.72	2,271.45	6,616.85	7,126	69.56
2028-29(2)	1,817.13	1,449.11	1,011.93	2,303.69	6,581.86	7,078	69.01

(1) Budgeted.
(2) Projected.
Source*: The District.*

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

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

Certain school districts, known as "community-funded" districts (formerly, "basic aid" districts), have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Community-funded school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for community-funded districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a community-funded district, and does not expect to in future fiscal years.

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

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

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

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

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement. The District has not previously been subject to any of the above-described support and intervention procedures.

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

Revenue Sources

The District categorizes its General Fund revenues into four sources. Each of these revenue sources is briefly described below. See "-Percentage of Revenues by Source" below for the percentage of total General Fund revenues from each of the four sources of revenue for fiscal years 2022-23 through 2026-27.

LCFF Sources. State funding under the LCFF consists of Base Grants and supplemental grants as described above. This category also includes local property taxes. See "-- State Funding of Education – Local Control Funding Formula" above. When a district is a community-funded district, such district's share of local property taxes meets or exceeds its LCFF entitlement and therefore the district only receives minimum State aid and not any portion of its Base Grant from the State.

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

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

Before the OMB Memorandum became effective, two separate lawsuits were filed in federal district courts in Rhode Island and the District of Columbia challenging the OMB Memorandum and seeking injunctions. On January 28, 2025, shortly before the OMB Memorandum became effective, a District of Columbia federal judge issued an emergency administrative stay through February 3, 2025, at which time a preliminary injunction hearing was set. On January 29, 2025, OMB rescinded the OMB Memorandum. Although the OMB Memorandum was rescinded, the executive orders are in effect and the matter is ongoing as spending reviews are ongoing. On January 31, 2025, a Rhode Island federal judge issued a temporary restraining order on the pause. On February 3, 2025, the District of Columbia federal judge issued a temporary restraining order as well. On February 10, 2025, the Rhode Island federal judge granted a motion for a preliminary injunction and issued an Enforcement Order clarifying the scope of the temporary restraining order and ordering the Trump Administration to release federal funds and comply with the earlier order. The Trump Administration appealed the temporary restraining order to the U.S. Court of Appeals for the First Circuit. The Trump Administration's request to stay the temporary restraining order pending appeal was denied. The U.S. Department of Education released a letter, dated February 14, 2025, notifying schools and colleges to eliminate diversity, equity, and inclusion programs and initiatives by the end of the month or risk losing federal funding. The District cannot predict any action to be taken in carrying out the executive orders nor its effect on the District's federal funding or operations of the District.

On March 20, 2025, President Trump signed an executive order aimed at terminating the United States Department of Education. On June 30, 2025, the Trump Administration announced it would be withholding approximately $6.8 billion in federal funding due to be released on July 1, 2025 for certain Title I, II, III and IV programs, including migrant education, professional development, English-learner services, academic enrichment, before-and after-school programs, and adult basic and literacy education. In the June 30, 2025 announcement, the Trump Administration stated that such program grants were under review and no decision had yet been made for the upcoming academic year. The District cannot predict the types of possible federal funding cuts that may occur or the extent of such cuts, if any, however, the District does not expect the withholding of such federal funds to have a material impact on the District's revenues or operations.

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

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

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

The following table presents each revenue source as a percentage of total General Fund revenues for fiscal years 2022-23 through 2026-27.

WASHINGTON UNIFIED SCHOOL DISTRICT
Percentage of Revenue by Source(1)
Fiscal Years 2022-23 through 2026-27

Revenue Source	2022-23	2023-24	2024-25	2025-26(2)	2026-27(3)
LCFF sources	64.72%	69.94%	70.99%	73.38%	72.45%
Federal revenues	8.02	10.11	7.26	4.69	5.99
Other State revenues	23.15	12.47	13.98	17.30	15.17
Other local revenues	4.11	7.48	7.78	4.64	6.39

(1) Percentages may not total to 100% due to rounding.
(2) Based on estimated actual results.
(3) Budgeted.
Source*: The District.*

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Developer Fees

The District recently completed an impact fee ("Developer Fee") study. Effective September 21, 2026, the District will collect fees pursuant to Education Code Section 17620 on residential housing at $5.38 per square foot and on commercial and industrial development at $0.87 per square foot. The following table sets forth developer fee revenues received by the District for the last five fiscal years including the projected developer fee revenues for the current fiscal year.

WASHINGTON UNIFIED SCHOOL DISTRICT
Developer Fee Collections

Fiscal Year	Developer Fees Collected
2022-23	$2,304,062.49
2023-24	1,680,871.16
2024-25	2,459,134.48
2025-26(1)	2,327,201.71
2026-27(2)	2,029,476.82

(1) Estimated.
(2) Projected based on 10-year average.
Source: *The District*.

COVID-19 Outbreak and its Economic Impact

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

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

Budget Procedures

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

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

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

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

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

The District has filed positive interim certifications for each reporting period in the last five years.

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Budget Stabilization Plan

The District is implementing a comprehensive, multiyear Budget Stabilization Plan (the "Plan") designed to address its structural deficit, maintain adequate reserves, and support long-term fiscal sustainability. The District previously set aside approximately $16.25 million in Fund 17 for budget stabilization purposes. The District's fiscal year 2026-27 adopted budget includes a planned $6.2 million transfer from Fund 17, providing a temporary bridge while the District implements structural budget adjustments. The general fund includes approximately $6.425 million of total transfers-in for fiscal year 2026-27.

The stabilization process includes regular review by the District's Budget Advisory Committee, administrator-led budget reviews, evaluation of contracts and expenditures, monitoring of staffing and vacancies, and development of a multiyear plan to bring ongoing expenditures into alignment with ongoing revenues. The District has begun implementing expense reductions in fiscal-year 2026-27. Significant permanent reductions have not yet been finalized or incorporated into the Multi-Year Projection unless approved by the Board and sufficiently defined.

General Fund Budget. The District's General Fund audited actuals for fiscal years 2021-22 through 2024-25, adopted budgets for fiscal years 2021-22 through 2026-27 and estimated actual results for fiscal year 2025-26 are set forth on the following page.

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WASHINGTON UNIFIED SCHOOL DISTRICT
GENERAL FUND BUDGETING

	Adopted Budget 2021-22[(1)]	Audited Actuals 2021-22[(1)]	Adopted Budget 2022-23[(1)]	Audited Actuals 2022-23[(1)]	Adopted Budget 2023-24[(1)]	Audited Actuals 2023-24[(1)]	Adopted Budget 2024-25[(1)]	Audited Actuals 2024-25[(1)]	Adopted Budget 2025-26[(2)]	Estimated Actuals 2025-26[(3)]	Adopted Budget 2026-27[(4)]
REVENUES											
LCFF Sources	$78,486,780	$79,035,749	$86,437,144	$90,067,134	$95,396,051	$95,804,833	$95,028,145	$97,475,300	$97,781,596	$97,021,524	$101,528,121
Federal	20,934,653	9,068,039	15,649,897	11,156,700	13,773,365	13,853,974	11,703,060	9,969,341	6,516,039	6,199,007	8,392,589
Other State	7,017,696	14,571,561	12,706,561	32,221,128	25,162,895	17,085,418	18,564,964	19,192,209	16,581,234	22,869,273	21,257,435
Other Local	3,751,542	5,039,340	4,549,786	5,725,292	4,907,161	10,241,548	5,311,189	10,679,144	5,366,877	6,135,280	8,961,794
Total Revenues	110,190,671	107,714,689	119,343,388	139,170,254	139,239,472	136,985,773	130,607,358	137,315,994	126,245,746	132,225,084	140,139,939
EXPENDITURES											
Current											
Certificated Salaries	39,091,182	40,931,596	44,001,260	45,173,609	47,204,771	47,253,536	47,536,234	48,543,798	49,908,187	51,034,470	55,659,854
Classified Salaries	14,359,213	15,862,221	17,599,149	18,003,277	18,851,423	20,390,174	20,060,355	20,904,561	21,234,460	21,833,468	23,651,257
Employee Benefits	23,439,577	23,651,701	27,638,068	25,394,171	29,290,965	28,059,180	29,641,455	28,506,696	30,389,374	31,943,903	35,034,167
Books and Supplies	4,778,883	6,479,616	11,216,555	5,548,328	9,333,497	7,694,803	12,108,458	4,850,342	6,817,184	7,898,154	8,790,721
Services, Other Operating Expenses	26,619,377	13,980,032	14,935,437	16,767,287	17,895,300	22,751,625	21,547,747	25,879,223	21,696,275	26,764,584	25,222,253
Other Outgo	992,750	1,086,676	7,263,611	868,455	1,155,216	1,271,120	1,309,018	1,360,239	1,931,589	1,600,421	1,674,304
Transfer of Ind. Costs	--	--	--	--	--	--	--	--	(504,298)	(445,147)	(422,632)
Capital Outlay	635,905	700,640	1,021,676	3,046,127	9,488,308	1,997,946	9,432,181	10,269,066	2,223,341	3,099,892	392,087
Total Expenditures	109,916,887	102,692,482	123,675,756	114,801,254	133,219,480	129,418,384	141,635,448	140,313,925	133,696,112	143,729,745	150,002,011
Excess (Deficiency) Of Revenues Over (Under) Expenditures	273,784	5,022,207	(4,332,368)	24,369,000	6,019,992	7,567,389	(11,028,090)	(2,997,931)	(7,450,366)	(11,504,661)	(9,862,072)
OTHER FINANCING SOURCES (USES)											
Transfers in	--	13,783,062	--	2,500,000	--	3,949,531	10,474,766	16,557,561	224,766	224,766	6,424,766
Other financing sources (uses)	--	--	--	--	--	--	--	--	--	--	--
Transfers out	(107,000)	(13,650,000)	--	(4,000,000)	--	(3,949,531)	10,000,000	(16,557,561)	--	(2,500,000)	--
Net Financing Sources/(Uses)	(107,000)	133,062	--	(1,500,000)	--	--	474,766	--	224,766	(2,275,234)	6,424,766
NET CHANGE IN FUND BALANCE	166,784	5,155,269	(4,332,368)	22,869,000	6,019,992	7,567,389	9,446,676	(2,997,931)	(7,225,600)	(13,779,895)	(3,437,306)
Fund Balance, July 1	33,250,467	33,250,467	27,264,013	38,405,736	61,274,736	61,274,736	68,842,125	68,842,125	31,718,879	40,948,686	27,168,791
Fund Balance, June 30	$33,417,251	$38,405,736	$22,931,645	$61,274,736	$67,294,728	$68,842,125	$78,288,801	$65,844,194	$24,493,279	$27,168,791	$23,731,485

(1) From the District's comprehensive audited financial statements for fiscal years 2021-22 through 2024-25, respectively.
(2) From the District's adopted budget for fiscal year 2025-26.
(3) From the Estimated Actuals for fiscal year 2025-26.
(4) From the District's adopted budget for fiscal year 2026-27.
Source: *The District.*

Comparative Financial Statements

The District's General Fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2025, and prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District, 930 Westacre Road, West Sacramento, California 95691. See APPENDIX B hereto for the fiscal year 2024-25 Audited Financial Statements of the District.

The table on the following page reflects the District's audited General Fund revenues, expenditures and fund balances from fiscal year 2021-22 to fiscal year 2024-25.

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WASHINGTON UNIFIED SCHOOL DISTRICT
GENERAL FUND
Statement of Revenues, Expenditures and Change in Fund Balances
for Fiscal Years 2021-22 through 2024-25

	2021-22 Audit	2022-23 Audit	2023-24 Audit	2024-25 Audit
REVENUES				
LCFF Sources	$79,035,749	$90,067,134	$95,804,833	$97,475,300
Federal Revenues	9,068,039	11,156,700	13,853,974	9,969,341
Other State Revenues	14,571,561	32,221,128	17,085,418	19,192,209
Other Local Revenues	5,039,340	5,725,292	10,241,548	10,679,144
Total Revenues	107,714,689	139,170,254	136,985,773	137,315,994
EXPENDITURES				
Current				
Certificated Salaries	40,931,596	45,173,609	47,253,536	48,543,798
Classified Salaries	15,862,221	18,003,277	20,390,174	20,904,561
Employee Benefits	23,651,701	25,394,171	28,059,180	28,506,696
Books and Supplies	6,479,616	5,548,328	7,694,803	4,850,342
Services, Other Operating Expenses	13,980,032	16,767,287	22,751,625	25,879,223
Other Outgo	1,086,676	868,455	1,271,120	1,360,239
Capital Outlay	700,640	3,046,127	1,997,946	10,269,066
Total Expenditures	102,692,482	114,801,254	129,418,384	140,313,925
Excess (Deficiency) Of Revenues Over (Under) Expenditures	5,022,207	24,369,000	7,567,389	(2,997,931)
OTHER FINANCING SOURCES (USES)				
Transfers in	13,783,062	2,500,000	3,949,531	16,557,561
Other financing sources (uses)	--	(1,500,000)	--	--
Transfers out	(13,650,000)	(4,000,000)	(3,949,531)	(16,557,561)
Net Financing Sources/(Uses)	133,062	(3,000,000)	--	--
NET CHANGE IN FUND BALANCE	5,155,269	22,869,000	7,567,389	(2,997,931)
Fund Balance, July 1	33,250,467	38,405,736	61,274,736	68,842,125
Fund Balance, June 30	$38,405,736	$61,274,736	$68,842,125	$65,844,194

Source*: The District.*

Accounting Practices

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

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State Budget Measures

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

2025-26 State Budget. On June 27, 2025, Governor Newsom signed the fiscal year 2025-26 budget for the State ("2025-26 State Budget"), subsequent to the State Legislature passing several pieces of legislation comprising the 2025-26 State Budget bill, including Senate Bill 101 and Assembly Bill 102. The 2025-26 State Budget addressed a projected $11.8 billion shortfall through spending cuts, borrowing, and other solutions. The 2025-26 State Budget included statutory changes to address the State's housing affordability challenges and facilitate housing and infrastructure production. Because the 2025-26 State Budget was approved in late June 2025, it did not reflect the impact of the cuts in federal spending included in the federal omnibus tax and spending bill signed in early July 2025.

The 2025-26 State Budget projected approximately $215.7 billion in general fund revenues with a prior year balance of $35.1 billion for total resources of approximately $250.9 billion, and $228.4 billion in expenditures for fiscal year 2025-26. For fiscal year 2024-25, the 2025-26 State Budget estimated $268.7 billion in total resources and $233.6 billion in expenditures. The 2025-26 State Budget contained total reserves of approximately $15.7 billion, including $11.2 billion in the Rainy-Day Fund and $4.5 billion in the Special Fund for Economic Uncertainty (the "SFEU"). The 2025-26 State Budget maintained the withdrawal of the $8.4 billion balance in the Public School System Stabilization Account (the "PSSSA") in fiscal year 2023-24 and included the scheduled $7.1 billion BSA withdrawal in fiscal year 2025-26 included in the fiscal year 2024-25 State Budget. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 2" herein for more information regarding school district reserves.

The 2025-26 State Budget provided total TK-12 funding of $137.6 billion ($80.5 billion general fund and $57.1 billion from other funds) and included per pupil funding of over $25,000 per student. Revised estimates of General Fund revenues in the 2025-26 State Budget resulted in adjusted Proposition 98 Guarantee amounts of $98.5 billion in fiscal year 2023-24, $119.9 billion in fiscal year 2024-25, and $114.6 billion in fiscal year 2025-26, an increase of approximately $3.9 billion over the three-year period relative to the 2024-25 State Budget. The 2025-26 State Budget also shifted $232.9 million in Proposition 98 resources from community colleges to TK-12 schools to implement the expansion of transitional kindergarten.

The LCFF under the 2025-26 State Budget received a COLA of 2.3%. To fully fund the LCFF, approximately $405.3 million of the $8.4 billion withdrawal from the PSSSA supported LCFF costs in fiscal year 2025-26. While the 2025-26 State Budget fully repaid budgetary deferrals of $246.6 million from fiscal year 2024-25, $1.9 billion in LCFF funding was deferred from June 2026 to July 2026 in order to maintain the level of fiscal year 2025-26 principal apportionments.

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

- *Transitional Kindergarten* — $2.1 billion Proposition 98 funds (inclusive of all prior years' investments) to support the full implementation of universal TK; and an additional $1.2 billion ongoing Proposition 98 funds to support lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.

- *Expanded Learning Opportunities Program* — $515.1 million for the full implementation of the program by increasing the number of elementary schools that offer universal access to all those in school districts with at least 55% unduplicated students and $10.4 million to increase the minimum grant amount from $50,000 to $100,000 per school district.

- *Literary Instruction* — $480 million to support literacy instruction, including one-time Proposition 98 funds to expand the existing Literacy Coaches and Reading Specialists Grant Program and to support evidence-based professional learning for elementary school educators.

- *Teacher Preparation and Professional Development* — $300 million one-time Proposition 98 funds to establish the Student Teacher Stipend Program, providing $10,000 grants to teacher candidates beginning in the 2026-27 school year, and available through the 2028-29 school year; $70 million one-time Proposition 98 funds to increase funding for high-quality teacher residency programs; and $30 million one-time Proposition 98 funds to extend the timeline of the existing National Board Certification Incentive Program to support National Board Certified teachers to teach in high poverty schools.

- *Student Support and Professional Development Discretionary Block Grant* — $1.7 billion one-time Proposition 98 funds for the Student Support and Professional Development Discretionary Block Grant to provide school districts with additional discretionary fiscal support in recognition of rising costs and to fund statewide priorities.

- *State Preschool* — $19.3 million Proposition 98 funds and $10.2 million non-Proposition 98 funds for the California State Preschool Program to support the cost of care.

- *Learning Recovery Emergency Block Grant* — $378.6 million one-time Proposition 98 funds to support the Learning Recovery Emergency Block Grant to establish learning recovery initiatives through the 2027-28 school year.

- *Career Technical Education* — $150 million one-time Proposition 98 funds for career technical education and career pathways programming, subject to pending legislation.

- *Universal School Meals Support Grant* — $145 million one-time Proposition 98 funds for specialized kitchen equipment, infrastructure, training, and procurement of sustainably grown food to support schools in providing more freshly prepared meals; $10 million one-time Proposition 98 funds to recruit and retain school food service workers; and $5 million one-time Proposition 98 funds for a study of ultra-processed foods offered in California school meals.

- *Summer Electronic Benefits Transfer (SUN Bucks)* — $21.9 million in additional ongoing Proposition 98 funds to support the SUN Bucks Program, which provides nutrition funding to eligible students during the summer months. These funds will provide the match to an equal amount of federal funds to support the program.

- *Children and Youth Behavioral Health Initiative Grants* — $20 million one-time Proposition 98 funds to support the implementation of the Children and Youth Behavioral Health Initiative's all-payer fee schedule.

- *Secondary School Redesign Pilot Program* — $10 million one-time Proposition 98 funds for the California Collaborative of Educational Excellence to administer a pilot program to redesign middle and high schools to better serve the needs of all students and increase student outcomes.

- *English Language Proficiency Screener for TK Students* — $10 million one-time Proposition 98 funds for the statewide use of English language proficiency of a list of one or more screeners to support multilingual learners in TK.

- *TK Multilingual Learner Supplementary Funding* — $7.5 million one-time Proposition 98 funds to mitigate reductions in potential LCFF apportionment funding resulting from the recent exemption of TK students from the English language proficiency assessment.

2026-27 State Budget. The budget for fiscal year 2026-27 for the State ("2026-27 State Budget") was signed by the Governor on June 29, 2026. The 2026-27 State Budget includes balanced budgets for fiscal year 2026-27 and fiscal year 2027-28 and reduces operating deficits projected in future years by more than half. For fiscal year 2026-27, the 2026-27 State Budget includes revenues and transfers of approximately $226 billion and a prior year balance of approximately $57 billion for total resources of approximately $284 billion and expenditures of approximately $251 billion. For fiscal year 2025-26, the 2026-27 State Budget includes total resources of $303 billion (revenues and transfers of $246 billion and prior year balance of $57 billion) and expenses of $245 billion.

The 2026-27 State Budget includes three key revenue proposals: i) extending the business credit tax credit limitation of $5 million or 50% of tax liability, whichever is greater, for an additional three years through 2029, ii) taxation of digital prewritten software and software as a service, and iii) a tax on managed care organizations.

In recent years, the State has used withdrawals from the BSA as a budget solution and has suspended deposits to the BSA. However, as a result of an increase in revenue driven by an increase in personal income, corporate, and sales and use taxes, the 2026-27 State Budget includes a $3.6 billion deposit into the BSA in 2026-27 and a minor "true-up" for the 2024-25 fiscal year. After accounting for these actions, the BSA balance in fiscal year 2026-27 is $15.1 billion—an increase of $3.9 billion compared to the fiscal year 2024-25 State budget. In addition, the 2026-27 State Budget includes an ending fund balance of $4.5 billion in the SFEU and $9.2 billion in the PSSSA—bringing the combined reserves in 2026-27 to $28.8 billion.

The 2026-27 State Budget provides for a transfer of $6.4 billion to the recently created Projected Surplus Temporary Holding Account to set aside funds in fiscal year 2026-27 to support fiscal year 2027-28. Established in 2024, the Projected Surplus Temporary Holding Account allows the State to set aside a portion of anticipated surplus funds for allocation in a subsequent fiscal year, helping protect against overcommitting projected resources before revenues are realized and expenditures are finalized. When accounting for the balance in the Projected Surplus Holding Account, the 2026-27 State Budget sets aside approximately $35.2 billion for future funding obligations in the 2026-27 fiscal year.

The 2026-27 State Budget includes $91.1 billion general fund and $60.3 billion other funds for total funding of $151.4 billion for all TK-12 education programs. At the 2026-27 State Budget, the revised estimates of general fund revenues result in adjustments to the Proposition 98 guarantee to $124.9 billion in 2024-25, $125.3 billion in 2025-26, and $128.1 billion in fiscal year 2026-27. These revised Proposition 98 funding amounts represent an increase of approximately $29.2 billion over the three-year period relative to the 2025-26 State Budget.

Much of the funding increase under the 2026-27 State Budget is required to be deposited in the PSSSA and will not immediately be available to TK-12 schools and community colleges. In addition, the Proposition 98 formula requires an $8.3 billion maintenance factor payment in fiscal year 2024-25 above the Proposition 98 guarantee, which will fully retire the Proposition 98 maintenance factor balance. The 2026-27 State Budget also maintains a settle-up payment of $1.9 billion in fiscal year 2024-25 and a $3.9

billion settle-up amount in fiscal year 2025-26; which amounts may be statutorily required if revenues remain at current levels through spring 2027.

The 2026-27 State Budget projects mandatory deposits into the PSSSA across the three-year budget window totaling $8.7 billion. To provide additional long-term budget stability, the 2026-27 State Budget includes a discretionary deposit of $500 million in fiscal year 2025-26, leaving the final balance in the PSSSA at $9.2 billion, which will trigger school district reserve caps beginning in fiscal year 2026-27.

The 2026-27 State Budget includes a statutory LCFF COLA of 2.87%. When combined with population growth adjustments, this will result in an increase of approximately $1.1 billion in discretionary funds for local educational agencies compared to the 2025-26 State Budget. Additionally, the 2026-27 State Budget includes $1.1 billion to further increase funding for the LCFF. This discretionary investment, commonly referred to as a "super COLA," results in a total cost-of-living adjustment of 4.31%.

Additional significant provisions of the 2026-27 State Budget relating to TK-12 education included the following:

- *State Education Governance* — Move of oversight authority of the management of the California Department of Education and support of local educational agencies to the State Board of Education and the State Superintendent, providing the ability to strengthen coordination and alignment among the bodies setting policy from early childhood through postsecondary education, appointment of two new State Board of Education appointees, appointed by each house of the Legislature, as well as the replacement of one gubernatorial appointee with the State Superintendent, bringing the total number of State Board members to 13. The Budget also requires the new Education Commissioner, who will be appointed by the Governor, to oversee the Department of Education, to be confirmed by the State Senate.

- *Paid Pregnancy Disability Leave* — A requirement that all TK-14 local educational agencies provide all employees with up to 14 weeks of paid pregnancy disability leave beginning on January 1, 2027 with costs of the benefit absorbable within the funding allocated to local educational agencies for the discretionary LCFF "super COLA."

- *Non-LEA State Preschool Program* — a change in funding source for non-local educational agency State Preschool providers to Proposition 98 General Fund. The 2026-27 State Budget "rebenches" Proposition 98 by expanding it in proportion to the size of the incoming program shifting $813 million from the General Fund to the Proposition 98 General Fund and increasing the Proposition 98 Guarantee Test 1 from 39.3% to 39.6%.

- *Special Education* — $2.4 billion in special education funding which will allow all LEAs to receive special education funding at the same rate and will increase the per-student rate to $1,340 as well as ongoing allocation of $80 million for the special education extraordinary cost pool, a one-time increase of $30 million for the Supporting Inclusive Practices Project, a one-time increase of $25 million for the Inclusive College Technical Assistance Center and $10 million to develop resources and provide technical assistance to support the implementation of alternative pathways and alternative means to a high school diploma for students with disabilities.

- *Student Support and Professional Development Discretionary Block Grant* — $5 billion one-time Proposition 98 General Fund for the Student Support and Professional Development Discretionary Block for i) professional development for teachers on the English Language Arts/English Language Development (ELA/ELD) Framework and the Literacy Roadmap, ii) professional development for teachers on the Mathematics Framework; iii) professional development for TK-3 teachers and elementary school site administrators on the principles and guidelines of developmentally appropriate instruction; iv) teacher recruitment and retention strategies, v) career pathways and dual enrollment expansion efforts consistent with the Master Plan for Career Education, vi) community school and promising neighborhood partnerships and vii) deferred maintenance of school facilities.

- *Community Schools* — $1 billion ongoing Proposition 98 General Fund to expand the community school model to more school sites that have large concentrations of students from low-income families, English learners, and youth in foster care.

- *Complements to the Community Schools Program* — $50 million to redesign middle and high schools in the context of community schools, $15 million to the State Transformational Assistance Center and Regional Transformational Assistance Centers to support the statewide transformation of new community schools, $13 million to the State Transformational Assistance Center to develop and implement: (1) the ongoing process to certify that community schools are implemented with fidelity and (2) the long-term accountability structure, and $6 million for implementation of Transforming Together, an initiative supported by the Children and Youth Behavioral Health Initiative to strengthen collaboration between county offices of education and community partners to meet the behavioral health needs of students and families.

- *Literacy and Math Instruction* — $350 million to extend funding for Literacy Coaches and Reading Specialists Grant Program for all grantees until June 30, 2031 and $50 million one-time Proposition 98 General Fund to allow the work of the Mathematics Professional Learning Partnership to extend beyond its current expiration date of June 30, 2029.

- *Student Teacher Stipend Program* — $408 million one-time Proposition 98 General Fund for the Student Teacher Stipend Program to extend the program and provide an additional $5,000 stipend for student teachers pursuing a credential in a high-need field.

- *Educator Residency* — $250 million one-time Proposition 98 General Fund to continue educator residency programs through fiscal year 2029-30. Educator residencies provide high-quality, clinically rich preparation for teachers and school counselors, with residency program participants having higher program completion and workforce retention rates than non-residency prepared teachers.

- *Supports for Immigrant Students* — $100 million one-time Proposition 98 General Fund for the Department of Education, in consultation with the Department of Social Services, to establish the California's New Americans in Schools (CalNAS) program to provide supportive services for newcomer pupils, English learners, and immigrant families including: (1) professional development and resources for staff to support immigrant pupils and families; (2) academic and social services supports for newcomer pupils; and (3) contracting with immigration legal service providers to support outreach or immigration-related legal and other support services.

- *Dream Resource Centers* — $75 million one-time Proposition 98 General Fund to establish Dream Resource Centers at high schools serving grades 9-12. Funds are intended to support pupils with social services, state-funded immigration legal services, academic opportunities, and parent and family workshops.

- *Teacher Residency* — $30 million one-time Proposition 98 General Fund for the statewide teacher residency technical assistance center, extending its ability to support local educational agencies in implementing, expanding, and sustaining teacher residency programs and other teacher recruitment and retention through 2034.

- *IDEA and Golden State Teacher Grant Program* — $16.2 million ongoing federal special education (IDEA) funds, $1.6 million one-time federal Title II funds to continue the Golden State Teacher Grant Program (GSTG) and $10 million one-time General Fund for GSTG to support awards for students applying in the 2027-28 school year to prepare to teach in shortage fields.

- *21st Century California School Leadership Academy* — $15 million one-time Proposition 98 General Fund to expand and enhance offerings through the 21st Century California School Leadership Academy (21CSLA) program for school leaders. 21CSLA provides no-cost, high-quality professional learning to support California's education leaders and administrators in improving student outcomes and implementing initiatives like universal transitional kindergarten.

- *Pathways to Bilingual Teaching Program* — $10 million one-time Proposition 98 General Fund for the Pathways to Bilingual Teaching Program to provide competitive grants up to $600,000 to local educational agencies to create pathways that will increase the number of teachers qualified to teach in bilingual settings.

- *CSEA Credentialing* — $10 million one-time Proposition 98 General Fund for the Classified School Employee Teacher Credentialing Program to provide grants up to $24,000 to local educational agencies to support classified employees pursuing teaching credentials.

- *Learning Recovery Emergency Block Grant* — $757.3 million one-time Proposition 98 General Fund to support the Learning Recovery Emergency Block Grant, which provides funds to local educational agencies to establish learning recovery initiatives through the 2027-28 school year.

- *Kitchen Infrastructure and Training* — $500 million one-time Proposition 98 General Fund for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.

- *Support for Students Experiencing Homelessness* — $116 million one-time Proposition 98 General Fund to provide three-year grants to local educational agencies to increase identification of and improve educational outcomes for students experiencing homelessness.

- *Dual Enrollment* — $100 million one-time Proposition 98 General Fund to increase access to college and career pathways for high school students, including expanding access to dual enrollment and dual credit opportunities.

- *Reading Difficulties Risk Screening* — $40 million one-time Proposition 98 General Fund to support continued implementation of student reading difficulties screenings.

- *Holocaust and Genocide Education* — $10 million one-time Proposition 98 General Fund for the Holocaust and Genocide Education Grant Program to support professional development and provide resources on Holocaust and genocide education.

- *Charter School Accountability* — The Budget includes new requirements for charter schools to ensure that public funds are properly utilized, address fraud and malfeasance, and improve accountability and oversight, as well as provide for the use of verified data in the charter school renewal process until June 30, 2028.

Future Actions. The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs previously borne by the State. No prediction can be made as to whether the State will, in the future, take further measures which would, in turn, adversely affect the District. Further State actions taken to address any budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions.

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

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

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CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES

Article XIIIA of the California Constitution

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

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

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

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

Legislation Implementing Article XIIIA

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

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

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

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

Unitary Property

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

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

Article XIIIB of the California Constitution

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

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

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

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

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

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

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

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8 of Article XVI of the State Constitution. See "–Proposition 98" and "–Proposition 111" below.

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

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

Proposition 26

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

Proposition 98

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

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

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

Proposition 111

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

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

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

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

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

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

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

Proposition 39

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

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

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California (the "Controller")). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

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

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

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide. ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to such redevelopment agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities and to any other "enforceable obligations" (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

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

Proposition 30

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

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

Proposition 55

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

Proposition 2

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

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

In the event the Governor were to declare a budget emergency, Proposition 2 would permit a smaller deposit to the BSA. A budget emergency may be called if there is a natural disaster such as an earthquake or flood or General Fund revenues reach a certain minimum level. Withdrawals from the BSA, under Proposition 2, are permitted upon a majority vote of the legislature only when the Governor has declared a budget emergency. If a budget emergency is called for two straight years in a row, in the second budget emergency year, the entire amount on hand might be withdrawn.

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

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

If the cap is triggered, unless exempted, a school district would be required to increase expenditures in order to bring its ending fund balance down to the maximum level. The PSSSA appears to be intended to provide a substitute for local reserves in the event of a future economic downturn. The 2026-27 State Budget includes a trigger of the school district reserve cap. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures" for information regarding the triggering of the reserve cap in fiscal year 2026-27.

Reserve for Economic Uncertainty. The District is required to maintain a reserve for economic uncertainties at least equal to 3% of General Fund expenditures and other financing uses. On June 30, 2025, the District had unassigned available reserves of $16,291,681, or 10.4% of General Fund expenditures and other financing uses. The District's estimated results for fiscal year 2025-26 include available reserves of $9,257,517.27 or 6.3% of General Fund expenditures and the District has budgeted $9,229,522.92 or 6.15% of General Fund expenditures for fiscal year 2026-27. It is anticipated that if the cap is triggered, it will not materially change the District's current policies on reserves.

Proposition 2 (Facilities)

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

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

Proposition 28. On November 8, 2022, voters approved The Arts and Music in Schools - Funding Guarantee and Accountability Act which provides additional funding for arts and music education in all K–12 public schools (including charter schools) by annually allocating from the State General Fund an amount equal to 1% of total State and local revenues received by public schools in the preceding fiscal year under

Proposition 98. Amounts provided under Proposition 28 are in addition to and not considered a part of the Proposition 98 guarantee. Funds appropriated under Proposition 28 are to be allocated 70% based on a school district's share of Statewide enrollment and 30% based on such school district's share of Statewide enrollment of economically disadvantaged students and must be distributed to school sites following such allocation. School districts must expend funds received pursuant to Proposition 28 within three years or such funds revert to the California Department of Education for reallocation under Proposition 28.

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

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

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WASHINGTON UNIFIED SCHOOL DISTRICT

Introduction

The District is a unified school district established in 1957. The District encompasses approximately 23 square miles in the eastern portion of the County, serving a population residing primarily in the City. The District provides education to students enrolled in transitional kindergarten through twelfth grade. The District operates eight elementary schools serving students in grades TK-8, a comprehensive high school, an alternative high school, a dependent charter, an independent study program, and an adult education program. The average daily attendance ("ADA") for the District for fiscal year 2026-27 is budgeted to be approximately 6,801 students and the District has a 2025-26 total assessed valuation of $11,001,857,553. The audited financial statements for the District for the fiscal year ended June 30, 2025 are attached hereto as APPENDIX B.

Board of Education

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

WASHINGTON UNIFIED SCHOOL DISTRICT
Board of Education

Name	Office	Trustee Area	Term Expires December
Virginia Coffey	President	1	2026
Vanessa Castro	Vice President	2	2028
Jannette Hunt	Clerk	3	2028
Sarah Kirby-Gonzalez	Member	5	2026
Jackie Thu-Huong Wong	Member	4	2028

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Key Personnel

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

Name	Title
Cheryl P. Hildreth, Ed.D.	Superintendent
Monique Stovall	Chief Business Officer
Autri Streeck	Assistant Superintendent of Educational Services
Shea Borges	Assistant Superintendent of Human Resources

Cheryl P. Hildreth, Ed.D., Superintendent. Dr. Hildreth has been serving as the Superintendent of the District since January 2021. Dr. Hildreth previously led the district-wide Equity initiative for the Los Angeles Unified School District, where she also served eight years as the Local District West Superintendent. She completed the doctoral program in Educational Leadership from University of Southern California and earned a Master of Arts in Educational Administration from California State University, Dominguez Hills. She brings to the District a background in public education spanning 31 years, having served in various roles as an elementary and middle school teacher, assistant principal, principal, and district principal supervisor.

Employees and Labor Relations

The District employs approximately 505 full-time equivalent ("FTE") certificated academic professionals, approximately 410 FTE classified employees, and approximately 65 FTE management/supervisor/confidential employees.

The certificated employees of the District have assigned the West Sacramento Teachers' Association ("WSTA") as their exclusive bargaining agent and the contract between the District and WSTA expires on June 30, 2028.

The classified employees have assigned California School Employees Association, Chapter #168 ("CSEA") as their exclusive bargaining agent. The contract between the District and CSEA expires on June 30, 2027.

District Retirement Systems

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

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

Benefit provisions and employer contributions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. For fiscal year 2026-27, the District is required by such statutes to contribute 19.10% of eligible salary expenditures, while participants contributed either 10.25% or 10.205% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 10.828% of teacher payroll for fiscal year 2026-27. The State's contribution reflects a base contribution of 2.017% and a supplemental contribution that will vary from year-to-year based on statutory criteria, and a contribution of 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

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

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

Pursuant to AB 1469, school districts' employer contribution rates increased over a seven-year phase-in period beginning in fiscal year 2014-15 through fiscal year 2019-20 when employer contribution rates reached 16.15% (including certain reductions in the contribution rate for supplemental payments made by the State in fiscal years 2019-20 and 2020-21.)

Recent Investment Returns. In fiscal years 2023-24 and 2024-25, STRS realized net return on investments of 8.4% and 8.5% respectively, exceeding its investment rate of return assumption of 7.0% in both years. The STRS pension system is ahead of schedule in reaching full funding by 2046.

The District contributed $6,796,124 to STRS for fiscal year 2021-22, $7,435,609 for fiscal year 2022-23, $8,600,281 for fiscal year 2023-24, $9,039,110 for fiscal year 2024-25 and $13,828,532 for fiscal year 2025-26 per the estimated actual results. Such contributions were equal to 100% of the required contributions for the respective years, with the exception of fiscal year 2021-22, which was $284,330 less than the required contribution, fiscal year 2022-23, which was $39,923 less than the required contribution, fiscal year 2023-24, which was $623,018 in excess of the required contribution and fiscal year 2024-25, which was $425,126 in excess of the required contribution. The amounts reported as contribution deficiencies in fiscal years 2021-22 and 2022-23 reflect differences between the contractually required contributions presented in the GASB pension schedule and contributions recognized for those fiscal years. They do not represent outstanding delinquent STRS obligations. The fiscal year 2021-22 and subsequent audited financial statements reported that the District had no outstanding required contributions to its pension plans. The District has budgeted a contribution of $15,299,803 to STRS for fiscal year 2026-27. With the implementation of AB 1469, the District anticipates that its contributions to STRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to STRS in future fiscal years.

PERS. Classified employees working four or more hours per day are members of the California Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Law. The District is currently required to contribute to PERS at an actuarially determined rate, which is 26.4% of eligible salary expenditures for fiscal year 2026-27, while Classic Members contribute at a rate established by statute which is 7% of their respective salaries, and PEPRA Members contribute at an actuarially determined rate which is 8.00% of their respective salaries. See –"California Public Employees' Pension Reform Act of 2013" below.

On April 13, 2026, the PERS Board adopted the fiscal year 2026-27 contribution rate for school districts of 26.40% and released its school employer projected contribution rates as follows:

Fiscal Year	Projected Employer Contribution Rates Schools Pool (PERS Actuarial Report)[(1)]
2027-28	26.80%
2028-29	25.90
2029-30	25.10
2030-31	24.00
2031-32	23.80

[(1)]As of June 30, 2025.

Recent Investment Returns. From its Basic Financial Statements issued on November 15, 2022, PERS reported a negative 7.5% net return on investments for fiscal year 2021-22, which was PERS' first negative return on investments since fiscal year 2008-09. However, PERS Basic Financial Statements for fiscal years ended June 30, 2023, June 30, 2024 and June 30, 2025 reported investment returns of 6.1%, 9.5% and 11.6%, respectively. Most recently, on July 12, 2026, PERS reported a preliminary investment return of 14.8% for the fiscal year ended June 30, 2026.

The District contributed $3,413,792 to PERS for fiscal year 2021-22, $4,296,748 for fiscal year 2022-23, $5,189,231 for fiscal year 2023-24, $5,586,926 for fiscal year 2024-25 and $5,454,946 for fiscal year 2025-26 per the estimated actual results. Such contributions equaled 100% of required contributions to PERS for the respective years, with the exception of fiscal year 2021-22, which was $443,001 in excess of the required contribution, fiscal year 2022-23, which was $865,172 in excess of the required contribution, fiscal year 2023-24, which was $856,786 in excess of the required contribution and fiscal year 2024-25, which was $441,058 in excess of the required contribution. The amounts reported as excess PERS contributions result from employer contributions exceeding the contractually required contribution reflected in the GASB pension schedule. PERS contribution requirements may include additional employer payments associated with unfunded liabilities or side-fund obligations. Accordingly, the excess amounts reflect contributions made above the scheduled required contribution rather than an overpayment or accounting error. The District has budgeted a contribution of $6,163,283 to PERS for fiscal year 2026-27.

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

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for PERS and STRS as of June 30, 2025.

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

Plan	Accrued Liability	Market Value of Trust Assets	Unfunded Liability
California Public Employees Retirement Fund (PERS)	$141,195	$ 105,452	$(35,743)
California State Teachers' Retirement Fund Defined Benefit Program (STRS)	395,525	349,525	(75,038)

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

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

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

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

The District's proportionate shares of the net pension liability of STRS and PERS, as of June 30, 2025, are as shown in the following table.

Pension Plan	Proportionate Share of Net Pension Liability
STRS	$46,111,561
PERS	34,948,040
Total	$81,059,601

Source*: The District.*

For further information about the District's contributions to PERS and STRS, see Note 6 in the District's audited financial statements for fiscal year ended June 30, 2025 attached hereto as APPENDIX B.

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

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.* The pronouncement required public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. In June 2015, GASB replaced Statement No. 45 with Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which the District implemented in fiscal year 2017-18.

The District's post-employment benefits plan is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the District (the "Plan"). The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plans to continue medical, dental and life insurance coverage as a participant in the District's Plan. The Board has the authority to establish or amend the benefit terms offered by the Plan. The Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2025, the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total other post-employment benefits ("OPEB") liability. Membership of the Plan consisted of 40 inactive employees receiving benefits and 707 participating active employees as of June 30, 2023, the most recent actuarial valuation date.

The following table shows the changes in the District's total OPEB liability as of June 30, 2025.

Total OPEB Plan Fiduciary Liability
Fiscal Year Ended June 30, 2025

Balance at July 1, 2024	$19,504,066
Service Cost	1,387,878
Interest	724,291
Benefit payments	(708,828)
Change in assumptions	(483,077)
Net Change in Total OPEB Liability	920,264
Balance at June 30, 2025	$20,424,330

Source: *The District.*

Risk Management and Joint Powers Agencies

The District is exposed to various risks of loss related to tortious liability, theft, damage or destruction of assets, errors or omissions, employee injuries or natural disasters.

The District participates in four joint powers authorities: Northern California Regional Liability Excess Fund (NCR) for liability insurance, School Project for Utility Rate Reduction (SPURR) for wholesale natural gas, North Valley Schools Insurance Group (NVSIG) for workers compensation insurance and Schools Excess Liability Fund (SELF) for excess insurance coverage. The relationship between District and NCR, SPURR, NVSIG and SELF is such that the joint powers authorities are not a component unit of the District for financial reporting purposes.

District Debt Structure

Long-Term Debt. A schedule of the District's changes in long-term debt for the year ended June 30, 2025 is shown below:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Balance Due In One Year
General Obligation Bonds					
Current Interest	$163,727,420	$ --	$7,163,239	$156,564,181	$6,001,861
Capital Appreciation	30,819,322	4,306,363	5,410,000	29,715,685	6,460,000
Certificates of Participation	51,750,000	--	2,975,000	48,775,000	3,140,000
Qualified School Construction Bonds	8,885,432	--	--	8,885,432	--
Clean Renewable Energy Bonds	3,025,132	--	478,601	2,546,531	488,555
Net Pension Liability	88,614,938	--	7,555,337	81,059,601	--
Net OPEB Liability	19,504,066	920,264	--	20,424,330	--
Compensated Absences	15,039,270	168,076	--	15,207,346	--
Subtotal	381,365,580	5,394,703	23,582,177	363,178,106	16,090,416
Unamortized GO premium	7,261,983	--	369,993	6,891,990	--
Unamortized COP premium	3,398,930	--	283,179	3,115,751	--
Unamortized Loss on Refunding COPs	(2,033,684)	--	(169,474)	(1,864,210)	--
Unamortized Loss on Refunding Bonds	(2,585,636)	--	(179,855)	(2,405,781)	--
Total Deferred Inflows/(Outflows)	6,041,593	--	303,843	5,737,750	--
Total Long Term Liabilities	$387,407,173	$5,394,703	$23,886,020	$368,915,856	$16,090,416

Source: *The District.*

General Obligation Bonds.

1999 Authorization. The District received authorization at an election held on November 2, 1999 by the requisite two-thirds of the votes cast by eligible voters within the District to issue $17,540,000 aggregate principal amount of general obligation bonds (the "1999 Authorization"). On May 24, 2001, the District sold its first series of bonds under the 1999 Authorization in an aggregate principal amount of $10,070,000 (the "1999 Series A Bonds"). On March 13, 2007, the District issued the second and final series of bonds under the 1999 authorization in an aggregate principal amount of $7,469,422.25 (the "1999 Series B Bonds"). On November 30, 2010, the District issued $9,510,000 principal amount of its 2010 General Obligation Refunding Bonds (the "2010 Refunding Bonds") to refund a portion of the then-outstanding 1999 Series A Bonds. On July 7, 2015 the District issued $5,945,000 principal amount of its 2015 General Obligation Refunding Bonds (the "2015 Refunding Bonds") to refund a portion of the then-outstanding 1999 Series B Bonds. On July 24, 2019, the District issued $4,670,000 principal amount of its 2019 General Obligation Refunding Bonds to refund the outstanding 2010 Refunding Bonds.

2004 Authorization. The District received authorization at an election held on March 2, 2004 by the requisite 55% of the votes cast by eligible voters within the District to issue $52,000,000 aggregate principal amount of general obligation bonds (the "2004 Authorization"). On August 11, 2004 the District issued $39,999,039.70 principal amount of its Election of 2004 General Obligation Bonds, Series A (the "Election of 2004 Series A Bonds"). On November 16, 2006, the District issued the second and final series of bonds under the 2004 Authorization in the principal amount of $12,000,432.80 designated Election of 2004 General Obligation Bonds, Series B (the "Election of 2004 Series B Bonds"). On October 2, 2012, the District issued $21,150,000 principal amount of its 2012 General Obligation Refunding Bonds to refund a portion of the then-outstanding Election of 2004 Series A Bonds. Proceeds from the 2015 Refunding Bonds (described above) were also used to refund a portion of the then outstanding Election of 2004 Series B Bonds.

2014 Authorization. The District received authorization at an election held on November 4, 2014 by the requisite 55% of the votes cast by eligible voters within the District to issue $49,800,000 aggregate principal amount of general obligation bonds (the "2014 Authorization"). On July 7, 2015, the District caused the issuance of $24,900,000 principal amount of its Series 2015 Bonds. On June 27, 2017 the District issued the second and final series of bonds under the 2014 Authorization, the Series 2017 Bonds, in the principal amount of $24,900,000. On May 9, 2024, the District issued $19,750,000 principal amount of its 2024 General Obligation Refunding Bonds to refund a portion of the then outstanding Series 2015 Bonds.

2020 Authorization. Pursuant to the 2020 Authorization, at an election held on November 3, 2020, by at least 55% of the votes cast by eligible voters within the District, the District received authorization to issue $150,000,000 aggregate principal amount of general obligation bonds. On June 3, 2021, the District issued the first series of bonds under the 2020 Authorization in the principal amount of $60,000,000 designated General Obligation Bonds, Election of 2020, Series A. On November 29, 2023, the District issued the second series of bonds under the 2020 Authorization in the principal amount of $50,000,000 designated General Obligation Bonds, Election of 2020, Series B. As of the date hereof, $40,000,000 aggregate principal amount of general obligation bonds remain for issuance under the 2020 Authorization. The Bonds are expected to be the third and final series of bonds issued pursuant to the 2020 Authorization.*

Certificates of Participation. In December 2014, the District executed and delivered $6,055,000 of certificates of participation (the "2014 Certificates") for the purpose of financing solar energy and conservation projects. The District makes lease payments of principal and interest with respect to the 2014 Certificates. The outstanding principal balance of the 2014 Certificates as of fiscal year ended June 30, 2025 was $4,975,000.

In June 2017, the District executed and delivered $63,805,000 of certificates of participation (the "2017 Certificates, and together with the 2014 Certificates, the "Certificates") for the purpose of refinancing certificates of participation delivered by the District in 2007 and to finance various capital projects within the District. The outstanding principal balance of the 2017 Certificates as of June 30, 2025 was $43,800,000.

Lease Purchase Financing. In September 2025, the District entered into a lease purchase agreement (the "Lease Purchase Agreement") in the amount of $12,140,000 at the effective interest rate of 4.33% with Public Property Financing Corporation of California.

Clean Renewable Energy Bonds. On October 23, 2012, the District executed and delivered a lease purchase agreement in the amount of $7,306,260 to finance solar projects (the "CREB"). The District designated the CREB as a Clean Renewable Energy Bond qualifying the District to receive an interest subsidy from the federal government which offsets a portion of the interest due on the CREB.

The table below sets forth the annual payments of principal and interest with respect to the Certificates, the Lease Purchase Agreement and the CREB, which are payable from the District's General Fund in the current fiscal year and over the next four fiscal years.

* Preliminary, subject to change.

WASHINGTON UNIFIED SCHOOL DISTRICT
Annual General Fund Debt Service

Year ending (June 30)	Certificates	Lease Purchase Agreement	CREB	Total
2027	$4,848,363	$1,100,296	$603,468	$6,552,126
2028	4,858,288	1,100,296	588,457	6,547,040
2029	4,877,375	1,100,296	573,133	6,550,804
2030	4,885,275	1,100,296	557,491	6,543,061
2031	4,891,988	1,100,296	--	5,992,283

Short-Term Debt

As of June 30, 2025, the District did not have any short-term debt outstanding. The District does not expect to issue any tax and revenue anticipation notes in fiscal year 2026-27.

Cyber Security

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

Charter Schools

The State Legislature enacted the Charter Schools Act of 1992 (State Education Code Sections 47600-47663) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, the State's charter school law states that local boards are the primary charter-approving agency and that county boards of education can approve a denied charter. State education standards apply, and charter schools are required to use the same student assessment instruments. Charter schools are exempt from state and local education rules and regulations, except as specified in the legislation.

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The District has certain fiscal oversight and other responsibilities with respect to any independent and District-operated charter schools established within its boundaries. However, any independent charter schools would receive funding directly from the State, and such funding would not be reported in the District's audited financial statements. Any District-operated charter schools would receive funding through the District, and such funding would be reflected in the District's audited financial statements.

There are four charter schools currently operating within the District, independent charter schools Empowering Possibilities International School (EPIC), Lighthouse Charter School, and Sacramento Valley Charter School and dependent charter school Washington Middle College High School (collectively, the "Charter Schools"). Currently, there are no pending applications for additional charter schools within the District. The following table shows enrollment figures for the District's Charter Schools for the past five fiscal years.

CHARTER SCHOOL ENROLLMENT
Fiscal Years 2021-22 through 2025-26
Washington Unified School District

Fiscal Year	Independent Charter Schools	Dependent Charter School
2021-22	1,067	184
2022-23	1,049	151
2023-24	1,215	149
2024-25	1,287	171
2025-26	1,275	206

Source: *The District.*

The District can make no representations regarding how many District students will transfer to charter schools in the future or back to the District from such charter schools, and the corresponding financial impact on the District.

YOLO COUNTY POOLED INVESTMENT FUND

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

The County Board of Supervisors approved the current County Investment Policy Statement (the "Investment Policy") on December 9, 2025. See APPENDIX E – "YOLO COUNTY INVESTMENT POLICY STATEMENT." The Investment Policy applies to all funds managed by the Treasurer as delegated by the County Board of Supervisors. The objective of the Investment Policy is to obtain the highest feasible return consistent with a high degree of safety of principal and the level of liquidity necessary to meet the needs of the County and the agencies participating in the Pooled Investment Fund. In that regard, safety and liquidity sufficient to meet cash flow needs are of primary concern. Under the Investment Policy, return is secondary and subordinate to safety and liquidity in making investment decisions.

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

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

A summary of the Yolo County Pooled Investment Fund for the three months ending June 30, 2026 is set forth below.

YOLO COUNTY
POOLED INVESTMENT FUND
REPORT AS OF JUNE 30, 2026

	June 30, 2026	May 31, 2026	April 30, 2026
GOVERNMENT INVESTMENT POOLS			
Local Agency Investment Fund (LAIF) Accounts:			
County Pooled Account	$74,817,986	$74,817,986	$74,817,986
Total held in LAIF	74,817,986	74,817,986	74,817,986
California Asset Management Program (CAMP):			
County Pooled Account	129,461,776	157,121,468	268,452,607
Total held in CAMP:	129,461,776	157,121,468	268,452,607
Total Government Investment Pools	$204,279,762	$231,939,454	$343,270,593
INVESTMENTS MANAGED BY PFM			
County Pooled Account at Market Value	$709,059,131	$708,487,525	$707,800,469
PFM-Closing Cash Balance	--	692,586	360,826
Accrued Interest	5,346,694	4,601,889	4,771,583
Total Managed by PFM	714,405,825	713,782,000	712,932,878
CASH IN BANKS			
U.S. BANK – County Pool Checking Account	28,487,477	13,354,506	13,443,537
Total Cash in Banks	28,487,477	13,354,506	13,443,537
CASH IN TREASURY			
	121,919	32,588	11,604
Total Pooled Portfolio	$947,294,982	$959,108,549	$1,069,658,612

Source*: Yolo County Treasurer-Tax Collector.*

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

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than 9 months following the end of the District's fiscal year (currently ending June 30), which date would be March 31, commencing with the report for the 2025-26 fiscal year, and to provide notices of the occurrence of certain enumerated events. The District will enter into a Continuing Disclosure Agreement ("Continuing Disclosure Agreement") for the benefit of the Owners of the Bonds. The Annual Report and each notice of enumerated events will be filed by the District with the Electronic Municipal Markets Access system ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB"), or any other repository then recognized by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

Within the last five years, the District did not timely file a notice of defeasance. The District has since made such filing.

The District has engaged KNN Public Finance, LLC to act as Dissemination Agent with respect to the undertaking to be entered into with respect to the Bonds and to assist the District with compliance with its current and future continuing disclosure obligations.

LEGAL MATTERS

The legal opinion of Dannis Woliver Kelley, Long Beach, California, Bond Counsel to the District ("Bond Counsel"), attesting to the validity of the Bonds, will be supplied to the Underwriter of the Bonds without charge, a form of which is attached hereto as APPENDIX A. Dannis Woliver Kelley, Long Beach, California is also acting as Disclosure Counsel to the District. Norton Rose Fulbright US LLP, Los Angeles, California, is acting as counsel to the Underwriter ("Underwriter's Counsel"). Bond Counsel, Disclosure Counsel and Underwriter's Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

Limitation on Remedies; Amounts Held in the County Treasury Pool

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

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

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

California Senate Bill 222

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

TAX MATTERS

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

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

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

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

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

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

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

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

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

Forms of Bond Counsel Opinions. The forms of the proposed opinions of Bond Counsel relating to the Bonds are attached to this Official Statement as APPENDIX A.

LEGALITY FOR INVESTMENT

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

RATING

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

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

UNDERWRITING

Raymond James & Associates, Inc. (the "Underwriter") has agreed to purchase the Bonds pursuant to the terms of a bond purchase agreement by and between the District and the Underwriter (the "Purchase Agreement") at the purchase price of $_________ (reflecting the principal amount of the Bonds plus [net] original issue premium in the amount of $_________ less an Underwriter's discount of $______), at the rates and yields shown on the inside cover pages hereof.

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

ABSENCE OF MATERIAL LITIGATION

Absence of Pending or Threatened Litigation Relating to the Bonds. No litigation is pending or threatened, nor is any audit or investigation known to be premised on any assertion, concerning or contesting the validity of the Bonds, or contesting the District's ability to issue and retire the Bonds. The District is not aware of any litigation pending or threatened, nor is any audit or investigation known to be premised on any assertion, questioning the political existence of the District or contesting the title to the offices of District officers who will execute the Bonds or District officials who will sign certifications relating to the Bonds, or the powers of those officers. A certificate (or certificates) to that effect will be furnished to the Underwriter (defined herein) at the time of the original delivery of the Bonds.

Absence of Material Litigation. The District is subject to lawsuits and claims that arise in the regular course of operating as a public school district. In the opinion of the District, the aggregate amount of uninsured liabilities of the District under existing lawsuits and claims will not materially affect the financial position or operations of the District. The District has a risk management program pursuant to which it obtains insurance policies to minimize its potential exposures and liabilities. Pursuant to Assembly Bill

218 (“AB 218”), which became effective on January 1, 2020, certain changes have been made to the claim prerequisites, available damages and the applicable statute of limitations periods for claims of childhood sexual assault, including claims against public entities like the District. The District has two pending claims under AB 218; however, if such claims are resolved against the District, they are expected to be covered by insurance. Any expenses or liabilities that may be incurred by the District relating to the AB 218 claims, including those resulting from a final court decision or settlement agreement, will not have a materially adverse effect on the District’s ability to repay the Bonds, which are payable solely from the *ad valorem* property tax levied for such purpose.

For more information on insurance coverage, see “DISTRICT FINANCIAL INFORMATION – Risk Management” herein. The District cannot predict what claims or lawsuits may arise in the future.

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OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the Washington Unified School District, 930 Westacre Road, West Sacramento, California 95691.

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.

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

WASHINGTON UNIFIED SCHOOL DISTRICT

By: ____
Superintendent

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APPENDIX A

FORM OF BOND COUNSEL OPINION

__________, 2026

Board of Education
Washington Unified School District
930 Westacre Road
West Sacramento, California 95691

Re: $___________ Washington Unified School District (Yolo County, California) General Obligation Bonds, Election of 2020, Series C

Members of the Board:

We have acted as bond counsel for the Washington Unified School District (Yolo County, California) (the "District"), in connection with the issuance by the District of $_________ aggregate principal amount of the District's General Obligation Bonds, Election of 2020, Series C (the "Bonds"). The Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53506), as amended, applicable provisions of the Education Code of the State and that certain resolution adopted by the Board of Education of the District on August 27, 2026 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

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

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

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

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

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

1. The Bonds constitute valid and binding general obligations of the District.

2. The Bonds are payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount, except for certain personal property that is taxable at limited rates.

3. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

4. Interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.

5. Interest on the Bonds is exempt from personal income taxes of the State of California.

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

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

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

Dannis Woliver Kelley

APPENDIX B

WASHINGTON UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2025

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WASHINGTON UNIFIED SCHOOL DISTRICT

COUNTY OF YOLO
WEST SACRAMENTO, CALIFORNIA

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

701 HOWE AVENUE, E3
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WASHINGTON UNIFIED SCHOOL DISTRICT

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WASHINGTON UNIFIED SCHOOL DISTRICT

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Tax, and Consulting

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Washington Unified School District
West Sacramento, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Unified School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows 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 (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Matters

Change in Accounting Principle

As described in Note 1Y to the financial statements, the District adopted GASB Statement No. 101, Compensated Absences which required a restatement of net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund, Schedule of Changes in District's Net OPEB Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability and Schedule of Pension Contributions, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The *supplementary information as listed in the table of contents* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *supplementary 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. Such 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 Information

Management is responsible for the other information included in the financial statements. The other information comprises the Organization page but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2025 on our consideration of 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 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 District's internal control over financial reporting and compliance.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Washington Unified School District's (District) annual financial report presents District management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

INTRODUCTION

The Washington Unified School District, founded in 1957, is located in the City of West Sacramento. The city covers a 23 square mile area in eastern Yolo County along the west bank of the Sacramento River, opposite the City of Sacramento. The District serves an ethnically diverse population of approximately 7,291 students. The District has seven (7) K-8 schools, one (1) comprehensive high school, an alternative high school, an independent study program, a virtual school, an adult education program and a 9-12 charter. We believe in our motto: Equity, Excellence, Empowerment, for Every Student, Every Day.

FINANCIAL HIGHLIGHTS

- The Adopted Budget Unrestricted General Fund projected a decrease in fund balance of $12,639,464 and the Adopted Budget Restricted General Fund projected a decrease in fund balance of $5,913,860. The year ended with an Unrestricted General Fund decrease of $3,112,801 and a Restricted General Fund decrease of $4,112,799.
- Contributions to restricted programs were $944,566 less than projected in the 2024-2025 Adopted Budget.
- The General Fund ended the year with a fund balance of $40,948,685.87. This is a decrease of $10,998,835.70 from the prior fiscal year.
- Employee compensation increased by 4.0% for certificated and 4.5% classified employee groups for the 2024-2025 fiscal year.
- The District Administration continues to be proactive with the board, bargaining units, and community stakeholders to convey the District's fiscal position in a very transparent manner. The District maintains a positive certification with its fiscal oversight agent while acknowledging that continued fiscal solvency will require prudent action(s) in the coming fiscal years; even in an improving economy. With the passage of the Local Control Funding Formula in 2013, new funding for schools has materialized.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, (3) required supplementary information and (4) supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services like regular and special education are financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

The relationship between revenues and expenses is the District's operating results. Since it is the responsibility of the Board to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be important components in this evaluation.

In the Statement of Net Position and the Statement of Activities, District activities are defined as follows:

- Governmental activities - Most of the District's services are reported in this category. This includes the education of transitional kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The Fund Financial Statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and some by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the California Department of Education, the U.S. Department of Education, local funds, and external borrowings.

Governmental funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS TRUSTEE

The District is the trustee, or fiduciary, for funds held on behalf of others, like funds for associated student body activities and foundation private-purpose trust funds. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $176.9 million for the fiscal year ended June 30, 2025, resulting in an increase from the prior fiscal period's net position by $61.3 million.

In June of 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Table 1 below focuses on the net position of the District's governmental activities.

Table 1
Condensed Statement of Net Position

	June 30, 2025	June 30, 2024	Change	Percentage Change
Assets				
Current assets	$ 235,700,843	$ 223,643,066	$ 12,057,777	5.1%
Capital assets	299,532,348	284,288,069	15,244,279	5.1%
Total assets	535,233,191	507,931,135	27,302,056	5.1%
Deferred Outflows of Resources	66,017,292	51,185,648	14,831,644	22.5%
Liabilities				
Current liabilities	21,346,214	22,957,257	(1,611,043)	-7.5%
Long-term liabilities				
Due within one year	16,090,416	16,143,529	(53,113)	-0.3%
Due in more than one year	347,087,690	365,222,051	(18,134,361)	-5.2%
Total long-term liabilities	363,178,106	323,763,048	39,415,058	10.9%
Total liabilities	384,524,320	404,322,837	(19,798,517)	-5.1%
Deferred Inflows of Resources	39,824,911	39,149,896	675,015	1.7%
Net Position				
Invested in capital assets, net of related debt	170,409,528	168,503,070	1,906,458	1.1%
Restricted	126,056,534	146,344,504	(20,287,970)	0.0%
Unrestricted	(119,564,810)	(199,203,524)	79,638,714	66.6%
Total net position	$ 176,901,252	$ 115,644,050	$ 61,257,202	-34.6%

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. Table 2 focuses on the change in net position of the District's governmental activities by taking the information from the Statement, rounds off the numbers, and rearranges them slightly so that total revenues for the year can be seen.

Table 2

Condensed Statement of Activities for the Fiscal Years Ended June 30

	2025	2024	Change	Percentage Change
Revenues				
Charges for services	$ 3,019,764	$ 4,298,407	$ (1,278,643)	-42.3%
Operating grants and contributions	46,176,452	48,968,713	(2,792,261)	-6.0%
Federal and state aid not restricted for specific purposes	82,754,743	80,375,880	2,378,863	2.9%
Taxes and subventions	51,921,326	56,501,331	(4,580,005)	
Interest and investment earnings	6,364,569	5,059,228	1,305,341	20.5%
Miscellaneous	1,155,720	1,386,458	(230,738)	-20.0%
Total revenues	191,392,574	196,590,017	(5,197,443)	-2.7%
Expenses				
Instruction	64,966,603	68,924,932	(3,958,329)	-6.1%
Instruction-related services	11,033,128	13,886,843	(2,853,715)	-25.9%
Pupil services	16,174,896	19,522,227	(3,347,331)	-20.7%
General administration	10,180,182	12,455,254	(2,275,072)	-22.3%
Plant services	19,887,895	31,425,622	(11,537,727)	-58.0%
Ancillary services	1,214,797	642,133	572,664	47.1%
Interest on long-term debt	4,924,022	18,726,078	(13,802,056)	-280.3%
Other outgo	1,753,849	1,572,178	181,671	10.4%
Total expenses	130,135,372	167,155,267	(37,019,895)	-28.4%
Change in net position	$ 61,257,202	$ 29,434,750	31,822,452	-51.9%

Governmental Activities

As reported in the Statement of Activities, the cost of all our governmental activities this year was $130.1 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $51.9 million because the cost was paid by those who benefited from the programs ($2.77 million) or by other governments and organizations who subsidized certain programs with grants and contributions ($46.17 million). We paid for the remaining "public benefit" portion of our governmental activities with $29.3 million in State funds and with other revenues, like interest and general entitlements.

THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. The Fund Balances shown on the Governmental Funds Balance Sheet are largely cash and cash equivalents, and do not show Capital Facilities Assets.

The General Fund is the District's principal operating fund. The fund balance in the General Fund, excluding the Deferred Maintenance and Special Reserve Fund for Postemployment Benefits, decreased from $51.9 million to $41.2 million, or by $10.7 million. Expenditures in the Deferred Maintenance Fund, Building Fund, the Capital Facilities Fund, the County School Facilities Fund, and the Special Reserve for Capital Outlay Projects Fund equaled $24.66 million for Elkhorn Modernization, Westfield Modernization, Westmore Oaks re-roofing, Shade Structures, Water Bottle filling stations, Yolo High ADA upgrades , and the 2017 COP Payment.

Table 3

Governmental Activities Expenditures

	2025		2024	
	Total	Net	Total	Net
Instruction	$ 64,966,603	$ 41,041,935	$ 68,924,932	$ 38,443,733
Instruction-related services	11,033,128	8,855,041	13,886,843	10,137,789
Pupil services	16,174,896	6,897,815	19,522,227	7,467,199
General administration	10,180,182	7,895,842	12,455,254	10,338,156
Plant services	19,887,895	19,028,501	31,425,622	30,293,027
Ancillary services	1,214,797	684,512	642,133	535,509
Interest on long-term debt	4,924,022	4,924,022	18,726,078	18,726,078
Other outgo	1,753,849	(8,388,512)	1,572,178	(2,053,344)
Total expenses	$ 130,135,372	$ 80,939,156	$ 167,155,267	$ 113,888,147

The District's Other Non-Major Governmental Funds remained stable from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal 2024-25 budget ran as a $10.99M deficit when it was expecting a $18.55M deficit on the original adopted budget. The District remains with the designated 6% reserve. The District experienced a slight increase in enrollment, and COLA was 1.07% which resulted in an increase in the base funding.

LCFF was fully funded in 2018-19. According to the 2024-25 Enacted State Budget, the COLA is projected at 1.07% for 2024-25 and 2.93% for 2025-26. Salary Compensation has been settled through 2024-2025 for certificated staff and through 2025-2026 for classified staff.

Federal Funds

Federal funding for fiscal 2024-25 decreased by $5.6 million compared to 2023-24. This is due to one-time funding. The District's Administration continues to be conservative with the allocation of these resources and the associated expenditures. As with prior years, the objective of the use of Federal Funds is to spend current year dollars on current year students.

Cash Flow

For the year ending June 30, 2025, the District had a strong ending cash position. Cash continues to be reviewed on a monthly basis.

Capital Assets

At June 30, 2025, the District had $299.5 million in a broad range of capital assets net of accumulated depreciation, including land, buildings, vehicles, and furniture and equipment.

Table 4

Comparative Schedule of Capital Assets

	2025	2024
Land	$ 29,155,759	$ 29,155,759
Work in Pogress	41,316,102	35,888,287
Buildings	275,230,523	274,814,457
Site Improvements	57,827,668	47,978,470
Equipment and Vehicles	20,273,488	20,156,308
Subtotals	423,803,540	407,993,281
Less: Accumulated Depreciation	(124,271,192)	(123,705,212)
Capital Assets, net	$ 299,532,348	$ 284,288,069

We present more detailed information about our capital assets in the notes to the basic financial statements.

Long-term Liabilities

In June 2021, the District issued Measure Z Series A General Obligation Bonds (the "Bonds") in the aggregate principal amount of $60,000,000 for the purpose of financing the school facility improvements and to pay certain costs of issuance associated therewith. The Series A was the first series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. In May 2024, the District issued Measure Z Series B General Obligation Bonds (the "Bonds") in the aggregate principal amount of $50,000,000 for the purpose of financing the school facility improvements and to pay certain costs of issuance associated therewith. The Series B was the second series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. Subsequent to the Series A and B issuance, there is $40,000,000 remaining for future issuances. In November of 2014, the voters in the City of West Sacramento approved Measure V, which authorized the Board of Education to issue General Obligation Bonds in the amount of $49.8 million. Of this authorization, the Board of Education issued Series 2015 Bonds at a value of $24.9 million. The remaining $24.9 million was issued with Series 2017 Bonds. Measure V projects included the Bryte CTE campus, Bridgeway Island classrooms, districtwide re-roofing projects, updating of fire alarm systems, Fallbrook Homecoming and ADA access issues. Table 5 shows the long-term liabilities of the District. We present more detailed information regarding our long-term liabilities in the Notes to the basic financial statements.

Table 5

Comparative Schedule of Long-Term Liabilities

	June 30, 2025	June 30, 2024	Change	Percent Change
General Obligation Bonds	$ 186,279,866	$ 194,546,742	$ 8,266,876	4.4%
Certificates of Participation	48,775,000	51,750,000	2,975,000	6.1%
Qualified School Construction Bonds	8,885,432	8,885,432	-	0.0%
Clean Renewable Energy Bonds	2,546,531	3,025,132	478,601	18.8%
Net Pension Liability	81,059,601	88,614,938	7,555,337	9.3%
Net OPEB Liability	20,424,330	19,504,066	(920,264)	-4.5%
Compensated Absences*	15,207,346	15,039,270	(168,076)	-1.1%
Subtotal	$ 363,178,106	$ 381,365,580	$ 18,187,474	5.0%

*Includes prior period adjustment for GASB 101 implementation.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Governor Gavin Newsom signed several budget and trailer bills before the end of June to adopt and implement the 2025-26 State Budget. The budget maintained the majority of the proposals that were included in the May Revision; however, some additional changes were incorporated. The final budget agreement solves an $11.8 billion General Fund deficit and provides a balanced fiscal plan with reductions in growth in state spending while maintaining key programs. In order to address the state's budget challenges a range of solutions including necessary actions to reduce ongoing expenditures, mandatory reserve drawdowns, new revenue proposals, internal borrowing, fund shifts, and deferrals.

Key TK-12 funding provisions include the following:

- Revised estimates of general fund revenues result in updated Proposition 98 guarantee levels: $98.5 billion for 2023-24, $119.9 billion for 2024-25 and $114.6 billion for 2025-26. These revised levels represent a $3.9 billion increase over the three-year period relative to the 2024 Budget Act. Due to the risk in revenue projections, the 2025-26 Budget appropriates the 2024-25 level at $118 billion - $1.9 billion below the most recent calculation. This difference, referred to as settle-up, is intended to reduce ongoing deficits and protect core program funding if realized. Proposition 98 is calculated using Test 2 for 2023-24 and Test 1 for both 2024-25 and 2025-26.
- Revises the 2024-25 mandatory Proposition 98 Rainy Day fund deposit down to $455 million, triggering a mandatory withdrawal of $455 million in 2025-26. Of that amount, $405.3 million will be used to fund LCFF in 2025-26. This mandatory withdrawal will exhaust the fund balance of the reserve account in 2025-26.
- Maintains a 2.3% funded cost-of-living adjustment (COLA) to the Local Control Funding Formula (LCFF). When combined with population growth adjustments, this results in a $2.1 billion increase compared to the 2024 Budget Act. Categorical programs receiving COLA include Special Education, Child Nutrition, Youth in Foster Care, Mandated Block Grant, Charter School Facilities Grant Program, American Indian Education Centers, the American Indian Early Childhood Education Program, and the LCFF Equity Multiplier.
- Includes a $1.9 billion deferral of LCFF apportionments from June 2026 to July 2026. In addition, prior deferrals from 2024-25 totaling $246.6 million for TK-12 education are fully repaid in 2025-

26.

- Maintains investment of a total of $2.1 billion in ongoing funding (inclusive of all prior years' investments) to support the full implementation of universal transitional kindergarten (TK), ensuring all children who turn four years old by September 1 of the school year can enroll in TK. An additional $1.2 billion in on-going funding to support lowering the average student-to-adult ratio from 12-to-1 to 10-to-1.
- Provides an additional $515.1 million in ongoing Investment in Expanded Learning Opportunities Program for full program implementation. The budget lowers the eligibility threshold for universal access, expanding it to include LEAs with an unduplicated pupil percentage of at least 55%, reduced from the previous threshold of 75%. It also allocates $10.4 million to increase the minimum grant amount from $50,000 to $100,000 per LEA.
- Allocates $1.7 billion one-time Proposition 98 for the Student Support and Professional Development Discretionary Block Grant. The block grant provides discretionary fiscal support to LEAs to address rising costs including, but not limited to, the following: (1) professional development for teachers on the ELA/ELD framework and Literacy Roadmap, with a focus on strategies to support literacy for English learners; (2) professional development for teachers on the Mathematics Framework; (3) teacher recruitment and retention strategies; and (4) career pathways and dual enrollment expansion programs aligned with the Master Plan for Career Education.
- Maintains $378.6 million in one-time funding to support the Learning Recovery Emergency Block Grant (LREBG) through the 2027-28 school year.

Congress recently approved significant cuts to Medicaid and Supplemental Nutrition Assistance Program (SNAP), directly impacting LEA budgets and potentially causing even greater indirect impacts. These reductions may force the state to adjust school funding to mitigate the impact of federal funding cuts. At the same time, projected declines in state revenue and increasing Medi-Cal costs have contributed to a structural budget deficit that is projected to grow significantly. Federal funding reductions, especially to Medicaid, will significantly increase the state's budget deficit and require the legislature to make difficult reductions in other areas.

Given the risks associated with the state budget and changes in federal funding, LEAs should exercise caution before making any long-term commitments and should consider increasing reserves to manage potential cash deferrals and absorb potential state and federal funding reductions.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT TEAM

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 demonstrate the District's accountability for the money it received. If you have questions about this report or need any additional financial information, contact the Business Office, Washington Unified School District, 930 Westacre Road, West Sacramento, California 95691 or call 916-375-7600.

BASIC FINANCIAL STATEMENTS

WASHINGTON UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 224,663,653
Receivables	10,826,250
Stores inventory	210,940
Capital assets, net of accumulated depreciation (Note 4)	299,532,348
Total Assets	535,233,191
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on refunding COPs (Note 5)	1,864,210
Deferred outflows on refunding Bonds (Note 5)	2,405,781
Deferred outflows on OPEB (Note 7)	2,458,034
Deferred outflows on pensions (Note 6)	59,289,267
Total Deferred Outflows	66,017,292
LIABILITIES	
Accounts payable and other current liabilities	19,988,145
Unearned revenue	1,358,069
Long-term liabilities:	
Due within one year	16,090,416
Due in more than one year	347,087,690
Total Liabilities	384,524,320
DEFERRED INFLOWS OF RESOURCES	
Deferred COP premium revenue (Note 5)	3,115,751
Deferred bond premium revenue (Note 5)	6,891,990
Deferred inflows on OPEB (Note 7)	4,104,221
Deferred inflows on pensions (Note 6)	25,712,949
Total Deferred Inflows	39,824,911
NET POSITION	
Net investment in capital assets	170,409,528
Restricted	151,097,108
Unrestricted	(144,605,384)
Total Net Position	$ 176,901,252

See accompanying notes to the basic financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	$ 64,966,603	$ 35,331	$ 23,889,337	$ -	$ (41,041,935)
Instruction - related services:					
Supervision of instruction	4,776,039	885	1,280,736	-	(3,494,418)
Instructional library, media and technology	480,542	1,160	35,390	-	(443,992)
School site administration	5,776,547	1,683	858,233	-	(4,916,631)
Pupil Services:					
Home-to-school transportation	2,988,524	7	2,692	-	(2,985,825)
Food services	5,774,346	541,665	6,818,905	-	1,586,224
All other pupil services	7,412,026	24,633	1,889,179	-	(5,498,214)
General administration:					
Centralized data processing	3,626,723	-	401,026	-	(3,225,697)
All other general administration	6,553,459	19,566	1,863,748	-	(4,670,145)
Plant services	19,887,895	22,536	836,858	-	(19,028,501)
Ancillary services	1,214,797	-	530,285	-	(684,512)
Interest on long-term debt	4,924,022	-	-	-	(4,924,022)
Other outgo	1,753,849	2,372,298	7,770,063	-	8,388,512
Total governmental activities	$ 130,135,372	$ 3,019,764	$ 46,176,452	$ -	(80,939,156)

General Revenues	
Taxes and subventions:	
Taxes levied for general purposes	28,545,264
Taxes levied for debt service	18,672,766
Taxes levied for other specific purposes	4,703,296
Federal and state aid not restricted to specific purposes	82,754,743
Interest and investment earnings	6,364,569
Miscellaneous	1,155,720
Total general revenues	142,196,358
Change in net position	61,257,202
Net Position - July 1, 2024 as originally stated	130,566,630
Change in accounting principle (Note 1Y)	(14,922,580)
Net Position - July 1, 2024, as restated	115,644,050
Net Position - June 30, 2025	$ 176,901,252

WASHINGTON UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2025

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
ASSETS					
Cash	$ 73,271,706	$ 74,910,923	$ 25,040,574	$ 51,440,450	$ 224,663,653
Accounts receivable	8,343,147	-	-	2,483,103	10,826,250
Due from other funds	102,100	-	-	651,932	754,032
Stores Inventory	-	-	-	210,940	210,940
Total Assets	$ 81,716,953	$ 74,910,923	$ 25,040,574	$ 54,786,425	$ 236,454,875
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 15,450,615	$ 87,573	$ -	$ 151,325	$ 15,689,513
Due to other funds	1,030	-	-	753,002	754,032
Unearned revenue	421,114	-	-	936,955	1,358,069
Total Liabilities	15,872,759	87,573	-	1,841,282	17,801,614
Fund balances					
Nonspendable	25,000	-	-	210,940	235,940
Restricted	19,184,663	74,156,198	25,040,574	32,715,673	151,097,108
Committed	30,342,846	667,152	-	20,018,530	51,028,528
Unassigned	16,291,685	-	-	-	16,291,685
Total Fund Balances	65,844,194	74,823,350	25,040,574	52,945,143	218,653,261
Total liabilities and fund balances	$ 81,716,953	$ 74,910,923	$ 25,040,574	$ 54,786,425	$ 236,454,875

WASHINGTON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2025

Total fund balances - governmental funds		$ 218,653,261
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 at historical cost	$ 423,803,540	
Accumulated depreciation	(124,271,192)	
Net		299,532,348
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 pension are reported.		
Deferred outflows of resources relating to pensions		59,289,267
Deferred inflows of resources relating to pensions		(25,712,949)
Unamortized costs: In governmental funds, debt issuance premiums, gain or loss on refunding, and defeasance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, these amounts are amortized over the life of the debt. Unamortized premiums consist of:		
Deferred loss on refunding COPs		1,864,210
Deferred loss on refunding Bonds		2,405,781
Deferred premium revenue on COPs		(3,115,751)
Deferred premium revenue on Bonds		(6,891,990)
Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.		
Deferred outflows of resources relating to OPEB		2,458,034
Deferred inflows of resources relating to OPEB		(4,104,221)
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 unmatured interest owing at the end of the period was:		(4,298,632)
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:		
Current interest bonds payable	$ 156,564,181	
Capital appreciation bonds payable	29,715,685	
Net pension liability	81,059,601	
Net OPEB liability	20,424,330	
Certificates of Participation (COPs)	48,775,000	
Qualified School Construction Bonds (QCSB)	8,885,432	
Clean Renewable Energy Bonds (CREB)	2,546,531	
Compensated absences payable	15,207,346	
		(363,178,106)
Total net position, governmental activities:		$ 176,901,252

WASHINGTON UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
REVENUES					
LCFF sources	$ 97,475,300	$ -	$ -	$ 2,630,627	$ 100,105,927
Federal revenue	9,969,341	-	-	4,828,012	14,797,353
Other state revenues	19,192,209	-	75,452	11,898,103	31,165,764
Other local revenues	10,679,144	4,088,383	19,871,822	11,053,790	45,693,139
Total revenues	137,315,994	4,088,383	19,947,274	30,410,532	191,762,183
EXPENDITURES					
Certificated salaries	48,543,798	-	-	1,474,438	50,018,236
Classified salaries	20,904,561	-	-	2,720,769	23,625,330
Employee benefits	28,506,696	-	-	1,921,753	30,428,449
Books and supplies	4,850,342	451,905	-	3,883,079	9,185,326
Services and other operating expenditures	25,879,223	887,384	-	1,571,793	28,338,400
Capital outlay	10,269,066	5,507,322	-	33,870	15,810,258
Other outgo	1,360,239	-	-	2,271,817	3,632,056
Debt service expenditures	-	-	16,291,168	-	16,291,168
Total expenditures	140,313,925	6,846,611	16,291,168	13,877,519	177,329,223
Excess(deficiency) of revenues over expenditures	(2,997,931)	(2,758,228)	3,656,106	16,533,013	14,432,960
OTHER FINANCING SOURCES (USES)					
Operating transfers in	16,557,561	-	-	856,566	17,414,127
Operating transfers out	(16,557,561)	-	-	(856,566)	(17,414,127)
All Other Financing Sources	-	-	(369,609)	-	(369,609)
Total other financing sources (uses)	-	-	(369,609)	-	(369,609)
Net change in fund balances	(2,997,931)	(2,758,228)	3,286,497	16,533,013	14,063,351
Fund balances, July 1, 2024	68,842,125	77,581,578	21,754,077	36,412,130	204,589,910
Fund balances, June 30, 2025	$ 65,844,194	$ 74,823,350	$ 25,040,574	$ 52,945,143	$ 218,653,261

WASHINGTON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2025

Total net change in fund balances - governmental funds		$ 14,063,351
Amounts reported for governmental activities in the statement of activities are different 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:	$ 15,810,259	
Depreciation expense:	(565,980)	
		15,244,279
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:		16,026,840
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 that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:		(394,531)
Accreted interest on capital appreciation bonds is not recognized as an expenditure in the governmental fund financial statements until paid. In the statement of activities, accreted interest is recognized as an expense as the capital appreciation bonds accrete in value. The net amount of accreted interest recognized in the current year was:		(4,306,363)
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: 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, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is:		303,843
Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		22,462,133
In governmental funds, other postemployment benefits (OPEB) expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer contributions was:		(1,974,274)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measure by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		(168,076)
Total change in net position - governmental activities		$ 61,257,202

WASHINGTON UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2025

	Trust Fund
	Foundation
ASSETS	
Cash and equivalents	$ 45,059
Total assets	$ 45,059
LIABILITIES	
Liabilities	
Accounts payable	$ -
Total liabilities	-
NET POSITION	
Restricted	$ 45,059

See accompanying notes to the basic financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2025

	Trust Fund
	Foundation
REVENUES	
Other local revenue	$ 1,183
Total revenues	1,183
EXPENSES	
Scholarships awarded	(297)
Total expenditures	(297)
Change in Net Position	1,480
Net Position, July 1, 2024	$ 43,579
Net Position, June 30, 2025	$ 45,059

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING POLICIES

Washington Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. For state entitlement programs, the District has elected to match the revenues in the period that program expenditures are made to be consistent with the accounting for grants and other revenues.

B. REPORTING ENTITY

The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board, since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

C. BASIS OF PRESENTATION

<u>Government-wide Financial Statements</u>

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The government-wide statement of net position presents information on all of the District's assets and liabilities, with the difference between the two presented as net position. Net position is reported as one of three categories: invested in capital assets, net of related debt; restricted or unrestricted.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

C. BASIS OF PRESENTATION (CONTINUED)

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense function. Interest on long-term liabilities is considered an indirect expense and is reported separately in the Statement of Activities.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. For the District, “available” means collectible within the current period or within 60 days after year-end.

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 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 specified 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.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Governmental Fund Financial Statements

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

E. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District funds and account groups are as follows:

Governmental Funds

General Fund is the general operating fund of the District. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund. The District includes the following funds as part of its General Fund:

1. The *Deferred Maintenance Fund* is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (Education Code Section 17582).

2. The *Special Reserve Fund for Postemployment Benefits* may be used pursuant to Education Code Section 42840 to account for amounts the LEA has earmarked for the future cost of postemployment benefits but has not contributed irrevocably to a separate trust for the postemployment benefit plan.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains five special revenue funds:

1. The *Student Activity Fund* accounts for student body activities (ASB) to account for the raising and expending of money to promote the general welfare, morale and educational experience of the student body.

2. *Charter Fund* is used to account separately for the operating activities of District-operated charter schools that would otherwise be reported in the authorized District's general fund.

3. *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.

E. FUND ACCOUNTING (CONTINUED)

4. *Child Development Fund* is used to account for revenues received and expenditures made to operate the child development program.

5. *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's cafeterias.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains four capital projects funds:

1. *Building Fund* is used 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.

2. *Capital Facilities Fund* is used to account for community redevelopment agency revenues and capital outlay expenditures.

3. *County School Facilities Fund* is used to account for new school facility construction, modernization projects, and facility grants.

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

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. The District maintains two debt service funds:

1. *Bond Interest and Redemption Fund* is used to account for District taxes received and expended to pay bond interest and redeem bond principal.

2. *Debt Service Fund* is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Private Purpose Trust Funds are used to account for assets held by the District as trustee. The District maintains a Foundation Fund to provide scholarships to students of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

F. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Board of Education must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

The District employs budgetary control by major object code and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the Board of Education to provide for unanticipated revenues and expenditures. The originally adopted and final revised budget for the General Fund is presented as required supplementary information.

G. ACCOUNTS RECEIVABLE

Accounts receivable are made up principally of amounts due from the State of California for the Local Control Funding Formula and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2025.

H. INVENTORY

Inventory in the General and Cafeteria funds consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools. Maintenance and other supplies held for physical plant repair, transportation supplies, and operating supplies are not included in inventories; rather, these amounts are recorded as expenditures when purchased.

The Cafeteria fund records supplies expense which includes a handling charge for the delivery of government surplus food commodities. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The supplies expenditures would have been greater had the District paid fair market value for the government surplus commodities.

I. CAPITAL ASSETS

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expenses as incurred. Depreciation on all capital assets is computed using the straight-line basis over 5-50 years depending on asset types.

J. COMPENSATED ABSENCES

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. ACCUMULATED SICK LEAVE

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since 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.

L. LONG-TERM OBLIGATIONS

The District reports long-term debt of governmental funds at face value in the government-wide statements. In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized during the current period.

M. RESTRICTED NET POSITION

Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

N. UNEARNED REVENUE

Cash received for federal and state special projects and programs is recognized as revenue to the extent that the qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

O. PROPERTY TAX

The District's local control funding formula is received from a combination of local property taxes, state apportionments, and other local sources.

Secured property taxes are levied as an enforceable lien on property as of January 1. Taxes are payable in two installments, on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Yolo bills and collects the taxes for the District.

Tax revenues are recognized by the District when received.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula (LCFF) sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the state apportionment.

P. FUND BALANCE RESERVES AND DESIGNATIONS

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions"*, the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

Nonspendable Fund Balance reflects assets not in spendable form, either because they will never convert to cash (e.g. prepaid expense) or must remain intact pursuant to legal or contractual requirements.

Restricted Fund Balance reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Trustees. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees.

Assigned Fund Balance reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Trustees is authorized to assign amounts for *specific purposes*.

Unassigned Fund Balance represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

Q. ENCUMBRANCES

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

R. FINANCING LEASES

A lease is defined as a contract that coveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for financial leases are recorded in the financial statements to the extent that the District's lease capitalization threshold is met, $1,500,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2025, the District did not have any financing leases that met the threshold.

S. ESTIMATES

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

T. ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide statements, some amounts reported as interfund activity and balances in the fund financial statements were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

U. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position includes 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(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

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

V. PENSIONS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Washington Unified School District's California Public Employees' Retirement System (CalPERS) and California State Teachers Retirement System (CalSTRS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS, respectively. 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.

W. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan (OPEB Plan) and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

X. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)

A SBITA is defined as a contract that coveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for SBITAs are recorded in the financial statements to the extent that the District's capitalization threshold is met, $1,500,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2025, the District did not have any subscription based information technology agreements that met the threshold.

Y. CHANGE IN ACCOUNTING PRINCIPLE – GASB 101, COMPENSATED ABSENCES

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. As a result, the sick leave will be reported as a governmental activity within the compensated absences in the basic financial statements causing the June 30, 2024 balance to be restated as follows:

Net position previously reported, June 30, 2024	$ 130,566,630
Change in accounting principle (Note 1Y)	(14,922,580)
Net position as restated	$ 115,644,050

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2025 consist of the following:

	Governmental Activities	Fiduciary Activities	Total
Cash in County Treasury	$ 224,348,772	$ 1,358	$ 224,350,130
Cash on hand and in banks	289,875	-	289,875
Cash in revolving fund	25,000	-	25,000
Cash with fiscal agent	6	43,701	43,707
	$ 224,663,653	$ 45,059	$ 224,708,712

A. Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts 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.

Cash in County Treasury consists of District cash held by the Yolo County Treasury that is invested in the county investment pool. The Treasury permits negative cash balances so long as the District's total cash in county treasury has a positive balance.

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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 weighted average maturity of the pool is 913 days. The pool is rated AAA by Standard and Poor's.

2. CASH AND INVESTMENTS (CONTINUED)

B. Cash in Revolving Funds and in Banks

Cash balances held in banks and revolving funds are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

Interest Rate Risk. The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2025, the District had no significant interest rate risk related to cash and investments held.

C. Local Agency Investment Fund (LAIF)

The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in this pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within a twenty-four hours notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

LAIF is administered by the State Treasurer. This fund bore an average annual yield of approximately 4.41% for the fiscal year ended June 30, 2025. LAIF is currently unrated and has an average life of 248 days. Investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office; 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

D. Cash with Fiscal Agent

Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for capital projects and repayment of General Obligation Bonds. The District holds their funds with the Yolo County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

3. INTERFUND TRANSACTIONS

Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year-end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables

Individual fund interfund receivable and payable balances at June 30, 2025 were as follows:

Major Funds:	Interfund Receivables	Interfund Payables
General Fund	$ 102,100	$ 1,030
Non-Major Funds:		
Charter Fund	-	36,993
Adult Education Fund	-	65,107
Child Development Fund	1,031	-
Capital Facilities Fund	48,658	650,902
Debt Service Fund	602,243	-
	$ 754,032	$ 754,032

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the year ended June 30, 2025 are as follows:

Transfer from Capital Facilities Fund to Debt Service Fund to pay for the Clean Renewable Energy Bonds and Qualified School Construction Bonds.	$ 763,013
Transfer from General Fund to Special Reserve Fund For Postemployment Benefits to provide funding for the Other Postemployment Benefits plan.	307,561
Transfer from General Fund to Special Reserve Fund For Other Than Capital Outlay to provide budget stabilization.	16,250,000
Transfer from Child Development Fund to Child Development Fund for Preschool Reserve Account	93,553
Total Transfers	$ 17,414,127

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions and Transfers	Deductions and Transfers	Balance June 30, 2025
Non-depreciable assets:				
Land	$ 29,155,759	$ -	$ -	$ 29,155,759
Work in progress	35,888,287	5,427,815	-	41,316,102
Subtotals	65,044,046	5,427,815	-	70,471,861
Depreciable assets:				
Buildings	274,814,457	416,066	-	275,230,523
Site Improvements	47,978,470	9,849,198	-	57,827,668
Equipment	20,156,308	117,180	-	20,273,488
Subtotals	342,949,235	10,382,444	-	353,331,679
Totals, at cost	407,993,281	15,810,259	-	423,803,540
Accumulated depreciation:				
Buildings and improvements	(89,585,077)	(5,784,452)	-	(95,369,529)
Site Improvements	(18,305,808)	(1,760,443)	-	(20,066,251)
Furniture and equipment	(15,814,327)	(690,981)	7,669,896	(8,835,412)
Subtotals	(123,705,212)	(8,235,876)	7,669,896	(124,271,192)
Capital assets, net	$ 284,288,069	$ 7,574,383	$ 7,669,896	$ 299,532,348

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 9,080
School Site Administration	1,521
Food Services	41,097
All Other Pupil Services	4,282
Ancillary Services	1,530
Centralized Data Processing	9,248
All Other General Administration	969
Plant Services	498,253
Total depreciation expense	$ 565,980

5. LONG-TERM LIABILITIES

General Obligation Bonds

The District's outstanding general obligation bonded debt as of June 30, 2025 are as follows:

Current Interest Bonds:

Description	Date Of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding June 30, 2024	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2025
2004, Series A	August 2004	5.00% - 5.25%	8/1/2029	$ 39,999,040	$ 8,999,501	$ -	$ 1,534,463	$ 7,465,038
2004, Series B	November 2006	4.00% 5.40%	8/1/2031	12,000,433	6,133,497	-	393,776	5,739,721
1999, Series B	February 2007	4.00% 7.51%	8/1/2031	7,469,422	3,279,422	-	-	3,279,422
2020, Series A	June 2021	2.00% 5.00%	8/1/2051	60,000,000	51,570,000	-	500,000	51,070,000
2024 Refunding	May 2024	5.00%	8/1/2040	17,950,000	17,950,000	-	180,000	17,770,000
2014, Series 2015	July 2015	3.15% 5.00%	8/1/2040	24,900,000	580,000	-	580,000	-
2015 Refunding	July 2015	3.00% - 5.00%	8/1/2024	5,945,000	615,000	-	615,000	-
2014, Series 2017	June 2017	3.00% - 5.00%	8/1/2042	24,900,000	22,780,000	-	405,000	22,375,000
2019 Refunding	July 2019	2.00% - 4.00%	8/1/2025	4,670,000	1,820,000	-	875,000	945,000
2020, Series B	November 2023	4.00% - 8.00%	8/1/2025	50,000,000	50,000,000	-	2,080,000	47,920,000
			Totals	$ 247,833,895	$ 163,727,420	$ -	$ 7,163,239	$ 156,564,181
							Premium on Bonds	6,891,990
							Total	$ 163,456,171

Capital Appreciation Bonds:

Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding June 30, 2024	Interest Current Year	Redeemed Current Year	Outstanding June 30, 2025
2004	5.4% - 5.730%	2029	$ 10,554,040	$ 18,277,155	$ 2,858,555	$ 4,535,000	$ 16,600,710
2006	4.51% - 5.4%	2031	6,905,433	8,200,175	1,062,328	875,000	8,387,503
2007	4.56%-7.511%	2031	3,279,422	4,341,992	385,480	-	4,727,472
		Totals	$ 20,738,895	$ 30,819,322	$ 4,306,363	$ 5,410,000	$ 29,715,685

In August 2004, the District issued 2004 General Obligation Bonds, Series A totaling $39,999,040. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Current Interest and Capital Appreciation Bonds bear interest rates from 5.0% to 5.25% and are scheduled to mature through August 2029. With the issuance of the 2012 Refunding General Obligation Bonds in October 2012, all of the current interest Series A bonds were refunded.

Year Ended June 30	Principal	Interest	Total
2026	$ 1,516,593	$ 3,293,407	$ 4,810,000
2027	1,497,828	3,597,172	5,095,000
2028	1,486,159	3,918,841	5,405,000
2029	1,482,523	4,247,477	5,730,000
2030	1,481,935	4,593,065	6,075,000
Totals	$ 7,465,038	$ 19,649,962	$ 27,115,000

5. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

In November 2006, the District issued 2004 General Obligation Bonds, Series B totaling $12,000,433. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest and capital appreciation bonds bear interest rates from 4.0% to 5.4% and are scheduled to mature through August 2031. With the issuance of the 2016 Refunding General Obligation Bonds in June 2015, $2,895,000 of the current interest Series B bonds were refunded.

Year Ended June 30	Principal	Interest	Total
2026	$ 396,473	$ 528,527	$ 925,000
2027	399,909	580,091	980,000
2028	401,942	633,058	1,035,000
2029	406,384	693,616	1,100,000
2030	410,185	754,815	1,165,000
2031-2032	3,724,828	8,690,172	12,415,000
Totals	$ 5,739,721	$ 11,880,279	$ 17,620,000

In February 2007, the District issued 1999 General Obligation Bonds, Series B totaling $7,469,422. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Current Interest and Capital Appreciation Bonds bear interest rates from 4.0% to 7.51% and are scheduled to mature through August 2031. With the issuance of the 2016 Refunding General Obligation Bonds in June 2015, $3,410,000 of the current interest Series B bonds were refunded.

Year Ended June 30	Principal	Interest	Total
2026	$ 316,492	$ 573,818	$ 890,310
2027	525,873	774,424	1,300,297
2028	530,278	849,062	1,379,340
2029	536,598	928,186	1,464,784
2030	542,030	1,010,289	1,552,319
2031-2032	828,151	1,940,545	2,768,696
Totals	$ 3,279,422	$ 6,076,324	$ 9,355,746

5. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

In November 2010, the District issued 2010 General Obligation Refunding Bonds in the aggregate principal amount of $9,510,000 for the purpose of refunding $8,740,000 of its 1999 General Obligation Bonds, Series A. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The bonds consist of serial bonds bearing various fixed interest rates from 2% to 4% and mature through August 2025. The 2010 General Obligation Refunding Bonds were refunded in 2019 by the 2019 Refunding bonds.

In June 2021, the District issued 2020 General Obligation Series A Bonds in the aggregate principal amount of $60,000,000 to provide funds to finance school facility improvements approved by the District's voters at an election held on November 3, 2020 and pay costs of issuance of the Bonds. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rates from 2.0% to 5.0% and are scheduled to mature through August 2051.

Year Ended June 30	Principal	Interest	Total
2026	$ 220,000	$ 1,446,200	$ 1,666,200
2027	295,000	1,433,325	1,728,325
2028	375,000	1,416,575	1,791,575
2029	465,000	1,395,575	1,860,575
2030	560,000	1,369,950	1,929,950
2031-2035	4,465,000	6,324,200	10,789,200
2036-2040	7,815,000	5,238,850	13,053,850
2041-2045	11,625,000	4,159,191	15,784,191
2046-2050	16,770,000	2,273,434	19,043,434
2051-2052	8,480,000	215,375	8,695,375
Totals	$ 51,070,000	$ 25,272,675	$ 76,342,675

In October 2012, the District issued 2012 General Obligation Refunding Bonds, consisting of $21,150,000 Serial Bonds. The proceeds were to be used solely to refund that portion of the District's Election of 2004 General Obligation Bonds, Series A. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rates from 2.0% to 4.0% and matured in August 2022.

5. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

In May 2024, the District issued 2020 General Obligation Series B Bonds in the aggregate principal amount of $50,000,000 to provide funds to finance school facility improvements approved by the District's voters at an election held on November 3, 2020 and pay costs of issuance of the Bonds. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rates from 4.0% to 8.0% and are scheduled to mature through August 2051.

Year Ended June 30	Principal	Interest	Total
2026	$ 1,700,000	$ 2,112,788	$ 3,812,788
2027	-	2,044,788	2,044,788
2028	-	2,044,788	2,044,788
2029	-	2,044,788	2,044,788
2030	155,000	2,038,588	2,193,588
2031-2035	2,410,000	9,832,988	12,242,988
2036-2040	5,990,000	8,727,438	14,717,438
2041-2045	10,925,000	6,812,913	17,737,913
2046-2050	17,420,000	3,942,206	21,362,206
2051-2052	9,320,000	404,175	9,724,175
Totals	$ 47,920,000	$ 40,005,456	$ 87,925,456

5. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

In July 2015, the District issued 2015 General Obligation Bonds, consisting of $24,900,000 Serial Bonds. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rates from 3.15% to 5.0% and are scheduled to mature through August 2040. With the issuance of the 2024 Refunding General Obligation Bonds in May 2024, $20,545,000 of the current interest bonds were refunded.

In July 2015, the District issued 2015 General Obligation Refunding Bonds, consisting of $5,945,000 Serial Bonds. The proceeds are to be used solely to refund that portion of the District's Election of 2004 General Obligation Bonds, Series B and 1999 General Obligation Bonds, Series B. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rates from 3.0% to 5.0% and matured in August 2024.

In November 2023, the District issued 2024 General Obligation Refunding Bonds, consisting of $17,95,000 Serial Bonds to refund a portion of the District's outstanding General Obligation Bonds, Election of 2014, Series 2015 and pay certain costs of issuance. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rate of 5.0% and are scheduled to mature through August 2040.

Year Ended June 30	Principal	Interest	Total
2026	$ 450,000	$ 877,250	$ 1,327,250
2027	525,000	852,875	1,377,875
2028	555,000	825,875	1,380,875
2029	635,000	796,125	1,431,125
2030	715,000	762,375	1,477,375
2031-2035	4,960,000	3,153,000	8,113,000
2036-2040	7,910,000	1,563,000	9,473,000
2041	2,020,000	50,500	2,070,500
Totals	$ 17,770,000	$ 8,881,000	$ 26,651,000

5. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

In June 2017, the District issued General Obligation Bonds Election of 2014, Series 2017 in the amount of $24,900,000 to finance specific school facilities projects. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The bonds were issued at interest rates ranging from 3.0% to 5.0% and are scheduled to mature through August 2042.

Year Ended June 30	Principal	Interest	Total
2026	$ 460,000	$ 762,875	$ 1,222,875
2027	520,000	738,375	1,258,375
2028	620,000	709,875	1,329,875
2029	670,000	677,625	1,347,625
2030	735,000	642,500	1,377,500
2031-2035	4,585,000	2,793,850	7,378,850
2036-2040	6,200,000	1,963,647	8,163,647
2041-2043	8,585,000	507,272	9,092,272
Totals	$ 22,375,000	$ 8,796,019	$ 31,171,019

In July 2019, the District issued 2019 General Obligation Refunding Bonds in the aggregate principal amount of $4,670,000 for the purpose of refunding $5,070,000 of its 2010 General Obligation Refunding Bonds. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The bonds consist of serial bonds bearing various fixed interest rate of 5% and mature through August 2025.

Year Ended June 30	Principal	Interest	Total
2026	$ 945,000	$ 23,625	$ 968,625
Totals	$ 945,000	$ 23,625	$ 968,625

5. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

The combined annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2025 are as follows:

Year Ended June 30	Principal	Interest	Total
2026	$ 6,004,558	$ 9,618,490	$ 15,623,048
2027	3,763,610	10,021,050	13,784,660
2028	3,968,379	10,398,074	14,366,453
2029	4,195,505	10,783,392	14,978,897
2030	4,599,150	11,171,582	15,770,732
2031-2035	20,972,979	32,734,755	53,707,734
2036-2040	27,915,000	17,492,934	45,407,934
2041-2045	33,155,000	11,529,875	44,684,875
2046-2050	34,190,000	6,215,641	40,405,641
2051-2052	17,800,000	619,550	18,419,550
Totals	$ 156,564,181	$ 120,585,340	$ 277,149,521

5. LONG-TERM LIABILITIES (CONTINUED)

Certificates of Participation

The outstanding certificates of participation debt is as follows:

Description	Date of Issue	Interest Rates	Maturity Date	Original Issue	Outstanding June 30, 2024	Issued	Redeemed	Outstanding June 30, 2025
2014 COP	December 2014	2.00% - 3.75%	8/1/2039	$ 6,055,000	$ 5,150,000	$ -	$ 175,000	$ 4,975,000
2017 Refunding COP	June 2017	3.00% - 5.00%	8/1/2036	63,805,000	46,600,000	-	2,800,000	43,800,000
			Total	$ 69,860,000	$51,750,000	$ -	$2,975,000	$48,775,000
							Premium on COP	3,115,751
							Total	$51,890,751

In December 2014, the District issued Certificates of Participation (COPs) in the amount of $6,055,000 with an interest rate from 2.0% to 3.75% maturing through December 2039. The annual requirements to amortize the 2014 COPs as of June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 190,000	$ 177,731	$ 367,731
2027	225,000	170,469	395,469
2028	245,000	162,244	407,244
2029	270,000	153,231	423,231
2030	290,000	143,431	433,431
2031-2035	1,730,000	545,516	2,275,516
2036-2040	2,025,000	210,656	2,235,656
Totals	$ 4,975,000	$ 1,563,278	$ 6,538,278

In June 2017, the District issued Certificates of Participation (COPs) in the amount of $63,805,000 with an interest rate from 3.0% to 5.0% maturing through August 2036. The proceeds are used to refund in full the 2007 COPs, to finance various capital improvements, and to pay certain delivery costs of the Certificates. The annual requirements to amortize the 2017 COPs as of June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 2,950,000	$ 1,513,894	$ 4,463,894
2027	3,090,000	1,362,894	4,452,894
2028	3,230,000	1,221,044	4,451,044
2029	3,365,000	1,089,144	4,454,144
2030	3,500,000	951,844	4,451,844
2031-2035	19,325,000	2,827,909	22,152,909
2036-2040	8,340,000	259,062	8,599,062
Totals	$ 43,800,000	$ 9,225,791	$ 53,025,791

5. LONG-TERM LIABILITIES (CONTINUED)

Certificates of Participation

The annual requirements to amortize the combined COPs as of June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 3,140,000	$ 1,691,625	$ 4,831,625
2027	3,315,000	1,533,363	4,848,363
2028	3,475,000	1,383,288	4,858,288
2029	3,635,000	1,242,375	4,877,375
2030	3,790,000	1,095,275	4,885,275
2031-2035	21,055,000	3,373,425	24,428,425
2036-2040	10,365,000	469,718	10,834,718
Totals	$ 48,775,000	$ 10,789,069	$ 59,564,069

Qualified School Construction Bonds

On April 9, 2010, the District received $8,885,432 financing in the form of Qualified School Construction Bonds (QSCB) to provide resources for the implementation of a district-wide energy efficiency projects including the solar project at the River City High School. Under the lease, the principal components of the QSCB payments to be paid by the District are to be accumulated in a sinking fund and are to be paid in a lump sum on March 15, 2026, the maturity date. As of June 30, 2025, $7,888,080 was held by Yolo County Treasury as fiscal agent in the sinking fund. The bonds bear interest at 1.42% payable quarterly. The annual requirements to amortize the QSCB as of June 30, 2025 are as follows:

June 30,	Principal	Interest	Total
2026	$ 8,885,432	$ 94,630	$ 8,980,062
Total	$ 8,885,432	$ 94,630	$ 8,980,062

5. LONG-TERM LIABILITIES (CONTINUED)

Clean Renewable Energy Bonds

On October 23, 2012, the District issued $7,306,260 of Clean Renewable Energy Bonds (CREB) at an interest rate of 5.09%, maturing through October 2029 to fund solar projects. The District receives a Federal interest subsidy. The full value of the subsidy rate is 3.01%. The amount of the Federal subsidy has in the past, and may in the future, be decreased. The annual requirements to amortize the CREB as of June 30, 2025 are as follows:

June 30,	Principal	Interest	Total
2026	$ 488,555	$ 129,618	$ 618,173
2027	498,717	104,751	603,468
2028	509,090	79,366	588,456
2029	519,680	53,454	573,134
2030	530,489	27,002	557,491
Total	$ 2,546,531	$ 394,191	$ 2,940,722

Summary of Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2025, is shown below.

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Balance Due In One Year
General Obligation Bonds					
Current Interest	$ 163,727,420	$ -	$ 7,163,239	$ 156,564,181	$ 6,001,861
Capital Appreciation	30,819,322	4,306,363	5,410,000	29,715,685	6,460,000
Certificates of Participation	51,750,000	-	2,975,000	48,775,000	3,140,000
Qualified School Construction Bonds	8,885,432	-	-	8,885,432	-
Clean Renewable Energy Bonds	3,025,132	-	478,601	2,546,531	488,555
Net pension liability (Note 6)	88,614,938	-	7,555,337	81,059,601	-
Net OPEB liability (Note 7)	19,504,066	920,264	-	20,424,330	-
Compensated Absences*	15,039,270	168,076	-	15,207,346	-
Subtotal	381,365,580	5,394,703	23,582,177	363,178,106	16,090,416
Unamortized general obligation bond premium	7,261,983	-	369,993	6,891,990	-
Unamortized certificates of participation premium	3,398,930	-	283,179	3,115,751	-
Unamortized Loss on Refunding COPs	(2,033,684)	-	(169,474)	(1,864,210)	-
Unamortized Loss on Refunding Bonds	(2,585,636)	-	(179,855)	(2,405,781)	-
Total Deferred Inflows/(Outflows) related to debt issuances	6,041,593	-	303,843	5,737,750	-
Total Long-term Liabilities	$ 387,407,173	$ 5,394,703	$ 23,886,020	$ 368,915,856	$ 16,090,416

* includes prior period adjustment for GASB 101 implementation.

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Capital Facilities Fund. Payments on the Qualified School Construction Bonds and the Clean Renewable Energy Bonds are made from the Debt Service Fund. Payments on net pension liability, compensated absences and the total OPEB liability are made from the fund for which the related employee worked.

6. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

Plan Description

California Public Employees' Retirement System (CalPERS)

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 Law. 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 Headquarters, 400 Q Street, Sacramento, California 95811.

State Teachers' Retirement System (STRS)

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. 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. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Headquarters, 100 Waterfront Place, West Sacramento, California 95605.

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	CalPERS		CalSTRS	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	2.0%
Required employee contribution rates	7%	8%	10.25%	10.21%
Required employer contribution rates	27.05%	27.05%	19.10%	19.10%

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Contributions

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

STRS

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2025, the contributions reported as deferred outflows of resources related to pensions recognized as part of pension expense for each Plan were as follows:

	CalPERS	STRS	Total
Contributions - employer	$ 5,586,926	$ 9,039,110	$ 14,626,036
On behalf contributions - state	-	4,271,875	4,271,875
Total	$ 5,586,926	$ 13,310,985	$ 18,897,911

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

As of June 30, 2025, the District's reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	Proportionate Share of Net Pension Liability
CalPERS	$ 34,948,040
STRS	46,111,561
Total Net Pension Liability	$ 81,059,601

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. 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 employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2024 was as follows:

Measurement Dates	Fiscal Year	CalPERS	STRS
June 30, 2023	2023-24	0.09865%	0.06947%
June 30, 2024	2024-25	0.09779%	0.06866%
Change - Increase (Decrease)		-0.00086%	-0.00081%

For the year ended June 30, 2025, the District recognized pension expense of $22,462,133. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS		STRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,586,926	$ -	$ 13,310,985	$ -	$ 18,897,911	$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2023-24	699,594	4,257,125	731,409	5,155,973	1,431,003	9,413,098
Changes of Assumptions	772,470	-	201,850	3,149,260	974,320	3,149,260
Differences between Expected and Actual Experience	2,929,882	250,122	5,215,812	2,016,433	8,145,694	2,266,555
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	6,959,411	3,795,480	21,523,399	6,902,498	28,482,810	10,697,978
Net differences between projected and actual investment earnings on pension plan investments	1,357,529	-	-	186,058	1,357,529	186,058
Total	$ 18,305,812	$ 8,302,727	$ 40,983,455	$ 17,410,222	$ 59,289,267	$ 25,712,949

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	CalPERS	STRS	Total Deferred Outflows/ (Inflows) of Resources
2026	$ 1,055,770	$ 1,455,403	$ 2,511,173
2027	1,055,770	1,455,403	2,511,173
2028	1,055,770	1,455,403	2,511,173
2029	977,344	1,455,403	2,432,747
2030	271,505	1,455,406	1,726,911
Thereafter	-	2,985,230	2,985,230
Total	$ 4,416,159	$ 10,262,248	$ 14,678,407

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	STRS
Valuation Date	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2024	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	6.90%	7.10%
Inflation	2.30%	2.75%
Payroll Growth Rate	2.80%	3.25%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return [1]	6.80%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

[1] Net of pension plan investment expenses, including inflation.

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

STRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP– 2021 Ultimate Projection Scale.

Discount Rate

CalPERS

The discount rate used to measure the total pension liability for the Plan was 6.90%. These discount rates are equal to the long-term expected rate of return of the respective plan assets and are net of investment expense but not reduced for administrative expenses.

In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are on the following table:

	CalPERS	
Asset Class	Assumed Asset Allocation	Real Return [a][b]
Global Equity - Cap-weighted	30.0%	4.54%
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%
	100.0%	

[a] An expected inflation of 2.30% used for this period.

[b] Figures are based on the 2021-22 Asset Liability Management study.

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

STRS

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases actuarially determined. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those assumptions, the 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.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of our 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, STRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

	STRS	
Asset Class	**Assumed Asset Allocation**	**Long-Term Expected Real Rate of Return [a][b]**
Public Equity	38.0%	5.25%
Real Estate	15.0%	4.05%
Private Equity	14.0%	6.75%
Fixed Income	14.0%	2.45%
Risk Mitigating Strategies	10.0%	2.25%
Inflation Sensitive	7.0%	3.65%
Cash/Liquidity	2.0%	0.05%
Total	100%	

[a] 20- to 30-year geometric average.

[b] Real rates of return are net of assumed 2.75%

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Sensitivity of the 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 for each Plan, calculated using the discount rate for each Plan, 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 or 1-percentage point higher than the current rate:

	CalPERS		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability/(Asset)	$ 51,915,606	$ 34,948,040	$ 20,931,481

	STRS		
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability/(Asset)	$ 82,017,378	$ 46,111,561	$ 16,128,713

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and STRS comprehensive annual financial reports available on the CalPERS' and STRS' websites.

Payable to the Pension Plan

As of June 30, 2025, the District had no outstanding required contributions to the pension plans.

7. OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description. The plan is a single-employer defined benefit OPEB plan to eligible retirees. All employees who retire from the District on or after attaining age 55 with at least 10 years of service.

The District's Plan is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plans to continue medical, dental and life insurance coverage as a participant in the District's plan. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due.

The Plan has no assets, does not issue financial statements, and is not a trust.

Benefits provided. The benefits provided are the same as those provided for active employees. Classified Employees with 40 years of service are eligible for the PEMHCA minimum employer contribution under the unequal method.

Employees covered by benefit terms. At June 30, 2023 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	40
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	707
	747

Contributions. California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were $708,828 for the year ended June 30, 2025. Employees are not required to contribute to the OPEB plan.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Amortization period	13.4 years
Asset valuation method	There are no plan assets
Inflation	2.50% per year
Healthcare cost trend rates	4.00% per year
Payroll increase	2.75% per year
Investment rate of return	3.93% per year net of expenses based on the Bond Buyer 20 Bond Index
Mortality	
Certificated	2020 CalSTRS Mortality
Classified	2021 CalPERS Mortality for Miscellaneous and Schools Employees
Retirement	
Certificated Management	
	Hired 2012 and earlier: 2020 CalSTRS 2.0%@60 Rates
	Hired 2013 and later: 2020 CalSTRS 2.0%@62 Rates
Certificated	
	Hired 2012 and earlier: 2020 CalSTRS 2.0%@60 Rates
	Hired 2013 and later: 2020 CalSTRS 2.0%@62 Rates
Classified	
	Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Schools Employees
	Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for School Employees
Classified Management	
	Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Schools Employees
	Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for School Employees

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2023, Measurement Date	$ 19,504,066	$ -	$ 19,504,066
Changes for the year:			
Service cost	1,387,878	-	1,387,878
Interest	724,291	-	724,291
Contributions - employer	-	708,828	(708,828)
Changes in assumptions	(483,077)	-	(483,077)
Experience (gains)/losses	-	-	-
from employer	-	-	-
Expected minus actual benefit payments	(708,828)	(708,828)	-
Net changes	920,264	-	920,264
Balances at June 30, 2024, Measurement Date	$ 20,424,330	$ -	$ 20,424,330

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB liability (asset)	$ 22,094,561	$ 20,424,330	$ 18,945,521

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB liability (asset)	$ 17,881,494	$ 20,424,330	$ 23,409,133

OPEB plan fiduciary net position. The plan has no assets.

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

For the year ended June 30, 2025, the District recognized OPEB expense of ($1,974,274). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,147,954	$ (1,277,210)
Changes of assumptions	1,310,080	(2,827,011)
Total	$ 2,458,034	$ (4,104,221)

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The District will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

Year ended June 30	Total Deferred Outflows/(Inflows) of Resources
2026	$ (132,525)
2027	(132,525)
2028	(132,525)
2029	(132,525)
2030	(132,525)
Thereafter	(983,562)
Total	$ (1,646,187)

Payable to the OPEB Plan

At June 30, 2025, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

8. EXCESS EXPENDITURES

The District incurred unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

Excess of expenditures over appropriations for the year ended June 30, 2025 were as follows:

	Excess Expenditures
General Fund	
Certificated salaries	$ 615,823
Classified salaries	568,020
Capital outlay	7,384,491
Other outgo	45,162

The excess is not in accordance with Education Code 42600. The excess expenditures for certificated salaries were related to a 2.5% COLA increase and 4% raises for staff and classified salaries were related to a 2.5% COLA increase and 4.5% raises for staff. The excess expenditures for capital outlay were due to concrete paving at the sites being higher than expected. The excess expenditures for other outgo was due to Yolo SELPA billback being higher than expected.

9. FUND BALANCES

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified on the following page.

9. FUND BALANCES (CONTINUED)

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Funds	Total
Nonspendable:					
Revolving Cash	$ 25,000	$ -	$ -	$ -	$ 25,000
Inventory	-	-	-	210,940	210,940
Total Nonspendable	25,000	-	-	210,940	235,940
Restricted:					
Expanded Learning Opportunities Program	3,657,186	-	-	-	3,657,186
Special Education	764,119	-	-	-	764,119
Special Education Early Intervention Preschool Grant	907,304	-	-	-	907,304
Mental Health-Related Services	-	-	-	24,852	24,852
Arts, Music, and Instructional Materials Discretionary Block Grant	3,161,464	-	-	60,381	3,221,845
Arts and Music in Schools (AMS)-Funding Guarantee and				50,109	50,109
Accountability Act (Prop 28)	1,973,704	-	-	-	1,973,704
Learning Recovery Emergency Block Grant	2,394,457	-	-	156,236	2,550,693
Educator Effectiveness, FY 2021-22	602,416	-	-	7,052	609,468
A-G Access/Success Grant	392,963	-	-	12,911	405,874
A-G Learning Loss Mitigation Grant	-	-	-	71,444	71,444
Literacy Coaches and Reading Specialists Grant Program	801,746	-	-	-	801,746
Classified School Employee Professional Development Block Grant	1,397	-	-	-	1,397
Dual Enrollment Opportunities	-	-	-	113,289	113,289
Other Restricted Local	2,561,392	74,156,198	25,040,574	19,669,457	121,427,621
CalWORKs for ROCP or Adult Education	-	-	-	30,669	30,669
Adult Education Program	-	-	-	76,666	76,666
California Clean Energy Jobs Act	-	-	-	223,111	223,111
CA Community Schools Partnership Act- Implementation grant	1,190,396	-	-	-	1,190,396
Lottery: Instructional Materials	120,072	-	-	38,025	158,097
Early Education: Center-Based Reserve Account	-	-	-	110,353	110,353
LCFF Equity Multiplier	598,318	-	-	-	598,318
Expanded Learning Opportunities (ELO)					
Other Restricted State	57,729	-	-	383,145	440,874
Student Activity Funds	-	-	-	289,875	289,875
Child Nutrition: School Programs	-	-	-	8,593,298	8,593,298
Child Nutrition: Kitchen Infrastructure Upgrade Funds	-	-	-	965,913	965,913
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	-	-	-	271,089	271,089
Child Nutrition: Supply Chain Assistance (SCA) Funds	-	-	-	614,436	614,436
Child Nutrition: Child Care Food Program	-	-	-	511,866	511,866
Early Education: Coronavirus Response and Relief Supplemental appropriations C(CRRSA) Act - One-time Stipend				57,881	57,881
Early Education: ARP California State Preschool Program One-time Stipend				50,141	50,141
Early Education: ARP California State Preschool Program - Rate Supplements	-	-	-	333,474	333,474
Total Restricted	19,184,663	74,156,198	25,040,574	32,274,177	151,097,108
Committed:					
Other commitments	30,342,846	667,152	-	20,018,530	51,028,528
Total Committed	30,342,846	667,152	-	20,018,530	51,028,528
Assigned:					
Unassigned:					
Reserve for Economic Uncertainties	8,854,103	-	-	-	8,854,103
Unappropriated	7,437,582	-	-	-	7,437,582
Total Unassigned	16,291,685	-	-	-	16,291,685
Total Fund Balances	$ 65,844,194	$ 74,823,350	$ 25,040,574	$ 52,945,143	$ 218,653,261

10. JOINT VENTURES

The District participates in four joint ventures under Joint Powers Agreements (JPA): Northern California Regional Liability Excess Fund NCR) for liability insurance, School Project for Utility Rate Reduction (SPURR) for wholesale natural gas, North Valley Schools Insurance Group (NVSIG) for workers compensation insurance, Schools Excess Liability Fund (SELF) for excess insurance coverage.

The relationship between District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes.

The most recently available audited, condensed financial information for the JPAs is as follows:

	NCR June 30, 2024	NVSIG June 30, 2024	SPURR June 30, 2024	PIPS June 30, 2024
Total Assets	$ 60,197,497	$ 4,221,757	$ 27,962,068	$ 355,843,948
Total Liabilities	33,663,136	918,359	16,606,062	232,047,232
Net Position	$ 26,534,361	$ 3,303,398	$ 11,356,006	$ 123,796,716
Revenues	$ 102,463,560	$ 13,966,263	$ 3,515,140	$ 434,574,777
Expenditures	107,276,977	13,650,996	65,500	396,182,636
Change in Net Position	$ (4,813,417)	$ 315,267	$ 3,449,640	$ 38,392,141

Audited financial statements for the JPAs are prepared annually and can be obtained from management of the individual JPAs.

11. COMMITMENTS AND CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

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

12. SUBSEQUENT EVENTS

In September 2025, the District entered into a Lease Purchase Financing Agreement for $12,140,000 with Public Property Financing Corporation of California.

The District's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2025 through December 12, 2025, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
LCFF sources	$ 95,028,145	$ 97,471,547	$ 97,475,300	$ 3,753
Federal revenue	11,703,060	12,296,060	9,969,341	(2,326,719)
Other state revenues	18,564,964	17,207,507	19,192,209	1,984,702
Other local revenues	5,311,189	7,807,753	10,679,144	2,871,391
Total revenues	130,607,358	134,782,867	137,315,994	2,533,127
EXPENDITURES				
Certificated salaries	47,536,234	47,927,975	48,543,798	(615,823)
Classified salaries	20,060,355	20,336,541	20,904,561	(568,020)
Employee benefits	29,641,455	28,631,916	28,506,696	125,220
Books and supplies	12,108,458	7,946,327	4,850,342	3,095,985
Services and other operating expenditures	21,547,747	29,409,817	25,879,223	3,530,594
Capital outlay	9,432,181	2,884,575	10,269,066	(7,384,491)
Other outgo	1,309,018	1,315,077	1,360,239	(45,162)
Total expenditures	141,635,448	138,452,228	140,313,925	(1,861,697)
Excess (deficiency) of revenues over expenditures	(11,028,090)	(3,669,361)	(2,997,931)	671,430
OTHER FINANCING SOURCES (USES)				
Operating transfers in	10,474,766	224,766	16,557,561	(16,332,795)
Operating transfers out	10,000,000	(13,258,078)	(16,557,561)	3,299,483
Total other financing sources (uses)	20,474,766	(13,033,312)	-	13,033,312
Net change in fund balances	9,446,676	(16,702,673)	(2,997,931)	13,704,742
Fund balances, July 1, 2024	68,842,125	68,842,125	68,842,125	-
Fund balances, June 30, 2025	$ 78,288,801	$ 52,139,452	$ 65,844,194	$ 13,704,742

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Fiscal Year, June 30,	**2025***	**2024***	**2023***	**2022***	**2021***	**2020***	**2019***	**2018***
Measurement Date:	*6/30/2024*	*6/30/2023*	*6/30/2022*	*6/30/2021*	*6/30/2020*	*6/30/2019*	*6/30/2018*	*6/30/2017*
Total OPEB liability								
Service cost	$ 1,387,878	$ 1,300,674	$ 1,565,054	$ 2,184,345	$ 1,718,330	$ 1,321,721	$ 1,286,346	$ 1,251,918
Interest	724,291	714,457	467,853	431,455	561,534	468,611	432,258	358,098
Changes of benefit terms	-	-	-	817,769	-	-	-	-
Experience (Gains)/Losses	-	(1,434,287)	-	-	-	-	-	-
Differences between expected and actual experience	-	(23,745)	(28,185)	57,487	-	2,006,795	-	-
Changes of assumptions	(483,077)	(125,916)	(2,448,749)	(352,874)	1,707,583	286,154	(273,786)	-
Benefit payments	(708,828)	(942,109)	(864,825)	(667,473)	(637,967)	(501,287)	(510,408)	(490,777)
Net change in total OPEB liability	920,264	(510,926)	(1,308,852)	2,470,709	3,349,480	3,581,994	934,410	1,119,239
Total OPEB liability - beginning	19,504,066	20,014,992	21,323,844	18,853,135	15,503,655	11,921,661	10,987,251	9,868,012
Total OPEB liability - ending (a)	$ 20,424,330	$ 19,504,066	$ 20,014,992	$ 21,323,844	$ 18,853,135	$ 15,503,655	$ 11,921,661	$ 10,987,251
Plan fiduciary net position								
Contributions - employer	$ 708,828	$ 942,109	$ 864,825	$ 667,473	$ 637,967	$ 501,287	$ 510,408	$ 490,777
Net investment income	-	-	-	-	-	-	-	-
Benefit paymens	(708,828)	(942,109)	(864,825)	(667,473)	(637,967)	(501,287)	(510,408)	(490,777)
Administrative expense	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's net OPEB liability - ending (a) - (b)	$ 20,424,330	$ 19,504,066	$ 20,014,992	$ 21,323,844	$ 18,853,135	$ 15,503,655	$ 11,921,661	$ 10,987,251
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%
Covered-employee payroll	$ 73,692,353	$ 71,720,052	$ 66,688,417	$ 60,014,704	$ 55,297,197	$ 53,507,304	$ 54,567,965	$ 54,895,662
District's net OPEB liability as a percentage of covered-employee payroll	28%	27%	30%	36%	34%	29%	22%	20%

*** Only eight years are presented as GASB 75 was implemented in 2017-2018.**

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

CalPERS	June 30, 2015 (1)	June 30, 2016 (1)	June 30, 2017 (1)	June 30, 2018 (1)	June 30, 2019 (1)	June 30, 2020 (1)	June 30, 2021 (1)	June 30, 2022 (1)	June 30, 2023 (1)	June 30, 2024 (1)
Proportion of the net pension liability (asset)	0.10028%	0.10299%	0.10526%	0.10958%	0.10434%	0.09900%	0.10003%	0.09773%	0.09865%	0.09865%
Proportionate share of the net pension liability (asset)	$ 14,781,590	$ 20,340,254	$ 25,128,500	$ 29,216,768	$ 30,409,322	$ 30,376,723	$ 20,341,221	$ 33,627,465	$ 35,709,033	$ 34,948,040
Covered payroll (2)	$ 11,030,894	$ 10,539,754	$ 12,002,833	$ 12,427,893	$ 13,236,474	$ 17,909,845	$ 12,967,224	$ 13,526,117	$ 16,238,549	$ 19,023,542
Proportionate Share of the net pension liability (asset) as a percentage of covered payroll	134.00%	192.99%	209.35%	235.09%	229.74%	169.61%	156.87%	248.61%	219.90%	183.71%
Plan fiduciary net position as a percentage of the total pension liability (asset)	79.43%	73.90%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%	69.96%	72.29%
Proportionate share of aggregate employer contributions (3)	$ 1,306,830	$ 1,463,761	$ 1,864,160	$ 2,244,726	$ 2,610,365	$ 3,707,338	$ 2,970,791	$ 3,431,576	$ 4,332,445	$ 5,145,868

STRS	June 30, 2015 (1)	June 30, 2016 (1)	June 30, 2017 (1)	June 30, 2018 (1)	June 30, 2019 (1)	June 30, 2020 (1)	June 30, 2021 (1)	June 30, 2022 (1)	June 30, 2023 (1)	June 30, 2024 (1)
Proportion of the net pension liability (asset)	0.06236%	0.06576%	0.06798%	0.06877%	0.06892%	0.06297%	0.06902%	0.06749%	0.06947%	0.06947%
Proportionate share of the net pension liability (asset)	$ 41,986,522	$ 53,183,333	$ 62,864,351	$ 63,206,610	$ 62,245,016	$ 61,027,114	$ 31,409,609	$ 46,893,399	$ 52,905,905	$ 46,111,561
Covered payroll (2)	$ 23,955,685	$ 27,951,272	$ 31,408,087	$ 32,448,440	$ 35,268,088	$ 38,171,232	$ 41,846,655	$ 39,138,911	$ 41,765,775	$ 45,099,393
Proportionate Share of the net pension liability (asset) as a percentage of covered payroll	175.27%	190.27%	200.15%	194.79%	176.49%	159.88%	75.06%	119.81%	126.67%	102.24%
Plan fiduciary net position as a percentage of the total pension liability (asset)	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%	80.62%	83.55%
Proportionate share of aggregate employer contributions (3)	$ 2,570,445	$ 3,516,270	$ 4,532,187	$ 5,282,606	$ 6,030,843	$ 6,164,654	$ 7,080,454	$ 7,475,532	$ 7,977,263	$ 8,613,984

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. This is the measurement date of the actuary report.

(2) Covered payroll is the payroll on which contributions to a pension plan are based.

(3) The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of fiduciary net position as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

CalPERS	Fiscal Year 2015-16 (1)	Fiscal Year 2016-17 (1)	Fiscal Year 2017-18 (1)	Fiscal Year 2018-19 (1)	Fiscal Year 2019-20 (1)	Fiscal Year 2020-21 (1)	Fiscal Year 2021-22 (1)	Fiscal Year 2022-23 (1)	Fiscal Year 2023-24 (1)	Fiscal Year 2024-25 (1)
Contractually required contribution (2)	$ 1,306,830	$ 1,463,761	$ 1,864,160	$ 2,244,726	$ 2,610,365	$ 3,707,338	$ 2,970,791	$ 3,431,576	$ 4,332,445	$ 5,145,868
Contributions in relation to the contractually required contribution (2)	(1,463,761)	(1,864,160)	(2,245,420)	(2,629,325)	(2,819,797)	(3,007,744)	(3,413,792)	(4,296,748)	(5,189,231)	(5,586,926)
Contribution deficiency (excess)	$ (156,931)	$ (400,399)	$ (381,260)	$ (384,599)	$ (209,432)	$ 699,594	$ (443,001)	$ (865,172)	$ (856,786)	$ (441,058)
Covered payroll (3)	$ 11,030,894	$ 10,539,754	$ 12,002,833	$ 12,427,893	$ 13,236,474	$ 17,909,845	$ 12,967,224	$ 13,526,117	$ 16,238,549	$ 19,023,542
Contributions as a percentage of covered payroll (3)	11.847%	13.888%	15.531%	18.062%	19.721%	20.700%	22.910%	25.370%	26.680%	27.050%

STRS	Fiscal Year 2015-16 (1)	Fiscal Year 2016-17 (1)	Fiscal Year 2017-18 (1)	Fiscal Year 2018-19 (1)	Fiscal Year 2019-20 (1)	Fiscal Year 2020-21 (1)	Fiscal Year 2021-22 (1)	Fiscal Year 2022-23 (1)	Fiscal Year 2023-24 (1)	Fiscal Year 2024-25 (1)
Contractually required contribution (2)	$ 2,570,445	$ 3,516,270	$ 4,532,187	$ 5,282,606	$ 6,030,843	$ 6,164,654	$ 7,080,454	$ 7,475,532	$ 7,977,263	$ 8,613,984
Contributions in relation to the contractually required contribution (2)	(3,516,270)	(4,532,187)	(5,460,830)	(6,009,554)	(6,068,254)	(5,757,498)	(6,796,124)	(7,435,609)	(8,600,281)	(9,039,110)
Contribution deficiency (excess)	$ (945,825)	$ (1,015,917)	$ (928,643)	$ (726,948)	$ (37,411)	$ 407,156	$ 284,330	$ 39,923	$ (623,018)	$ (425,126)
Covered payroll (3)	$ 23,955,685	$ 27,951,272	$ 31,408,087	$ 32,448,440	$ 35,268,088	$ 38,171,232	$ 41,846,655	$ 39,138,911	$ 41,765,775	$ 45,099,393
Contributions as a percentage of covered payroll (3)	10.730%	12.580%	14.430%	16.280%	17.100%	16.150%	16.920%	19.100%	19.100%	19.100%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Employers are assumed to make contributions equal to the contractually required contributions. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the contractually required contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

(3) Covered payroll is the payroll on which contributions to a pension plan are based.

1. PURPOSE OF SCHEDULES

A - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of the Changes in the District's Net OPEB Liability and Related Ratios

Benefit changes: Classified Employees with 40 years of service are eligible for the PEMHCA minimum employer contribution under the unequal method.

Changes of assumptions: The discount rate changed from 3.65% as of June 30, 2023 measurement date to 3.93% as of June 30, 2024 measurement date.

Fiscal year 2018 was the first year of implementation, therefore only eight years are shown.

C - Schedule of OPEB Contributions

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year ended June 30, 2025 were from the June 30, 2024 valuation.

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Amortization period	13.4 years
Asset valuation method	There are no plan assets
Inflation	2.50% per year
Healthcare cost trend rates	4.00% per year
Payroll increase	2.75% per year
Investment rate of return	3.93% per year net of expenses based on the Bond Buyer 20 Bond Index
Mortality	
Certificated	2020 CalSTRS Mortality
Classified	2021 CalPERS Mortality for Miscellaneous and Schools Employees
Retirement	
Certificated Management	
	Hired 2012 and earlier: 2020 CalSTRS 2.0%@60 Rates
	Hired 2013 and later: 2020 CalSTRS 2.0%@62 Rates
Certificated	
	Hired 2012 and earlier: 2020 CalSTRS 2.0%@60 Rates
	Hired 2013 and later: 2020 CalSTRS 2.0%@62 Rates
Classified	
	Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Schools Employees
	Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for School Employees
Classified Management	
	Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Schools Employees
	Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for School Employees

1. PURPOSE OF SCHEDULES (CONTINUED)

D - Schedule of Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Assumptions
There were no changes in assumptions for CalPERS and CalSTRS.

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

E - Schedule of Pension Contributions

If an employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plans (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll. In the future, as data becomes available, ten years of information will be presented.

	CalPERS	STRS
Valuation Date	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2024	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	6.90%	7.10%
Inflation	2.30%	2.75%
Payroll Growth Rate	2.80%	3.25%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	6.80%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

(1) Net of pension plan investment expenses, including inflation.

SUPPLEMENTARY INFORMATION

WASHINGTON UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

JUNE 30, 2025

	Student Activity Fund	Charter Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilitiies Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund	Total
ASSETS										
Cash and cash equivalents	$ 289,875	$ 3,650,186	$ 100,924	$ 1,184,029	$ 9,743,982	$ 15,776,080	73,226	$ 12,711,199	$ 7,910,949	$ 51,440,450
Accounts receivable	-	318,804	101,090	741,662	1,321,547	-	-	-	-	2,483,103
Due from other funds	-	-	-	1,031	-	48,658	-	-	602,243	651,932
Stores Inventory	-	-	-	-	210,940	-	-	-	-	210,940
Total Assets	$ 289,875	$ 3,968,990	$ 202,014	$ 1,926,722	$ 11,276,469	$ 15,824,738	$ 73,226	$ 12,711,199	$ 8,513,192	$ 54,786,425
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	$ -	$ 18,337	$ 26,378	$ 13,695	$ 79,404	13,102	$ -	$ 409	$ -	$ 151,325
Unearned revenue	-	-	-	936,955	-	-	-	-	-	936,955
Due to other funds	-	36,993	65,107	-	-	650,902	-	-	-	753,002
Total Liabilities	-	55,330	91,485	950,650	79,404	664,004	-	409	-	1,841,282
Fund balances										
Nonspendable	-	-	-	-	210,940	-	-	-	-	210,940
Restricted	289,875	539,004	107,874	949,443	10,956,602	11,159,441	-	223,111	8,490,323	32,715,673
Committed	-	3,374,656	2,655	26,629	29,523	4,001,293	73,226	12,487,679	22,869	20,018,530
Total Fund Balances	289,875	3,913,660	110,529	976,072	11,197,065	15,160,734	73,226	12,710,790	8,513,192	52,945,143
Total liabilities and fund balances	$ 289,875	$ 3,968,990	$ 202,014	$ 1,926,722	$ 11,276,469	$ 15,824,738	$ 73,226	$ 12,711,199	$ 8,513,192	$ 54,786,425

WASHINGTON UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL NON-MAJOR FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Student Activity Fund	Charter Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilitiies Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund	Total
REVENUES										
LCFF sources	$ -	$ 2,630,627	$ -	$ -	$ -	-	$ -	$ -	$ -	$ 2,630,627
Federal revenue	-	-	71,101	-	4,756,911	-	-	-	-	4,828,012
Other state revenues	-	170,249	554,634	1,291,717	2,306,135	-	-	7,575,368	-	11,898,103
Other local revenues	513,194	156,932	3,191	18,099	712,209	8,373,463	5,170	479,461	792,071	11,053,790
Total revenues	513,194	2,957,808	628,926	1,309,816	7,775,255	8,373,463	5,170	8,054,829	792,071	30,410,532
EXPENDITURES										
Certificated salaries	-	1,000,494	158,717	315,227	-	-	-	-	-	1,474,438
Classified salaries	-	186,444	90,338	352,457	1,938,984	152,546	-	-	-	2,720,769
Employee benefits	-	474,585	86,606	332,147	960,207	68,208	-	-	-	1,921,753
Books and supplies	523,554	35,908	23,391	122,499	3,167,898	9,829	-	-	-	3,883,079
Services and other operating expenditures	3,612	318,405	161,819	2,172	349,102	73,269	-	663,414	-	1,571,793
Capital outlay	-	-	-	-	6,720	-	-	27,150	-	33,870
Other outgo	-	61,444	21,929	91,392	218,846	1,150,997	-	-	727,209	2,271,817
Total expenditures	527,166	2,077,280	542,800	1,215,894	6,641,757	1,454,849	-	690,564	727,209	13,877,519
Excess(deficiency) of revenues over expenditures	(13,972)	880,528	86,126	93,922	1,133,498	6,918,614	5,170	7,364,265	64,862	16,533,013
OTHER FINANCING SOURCES (USES)										
Operating transfers in	-	-	-	93,553	-	-	-	-	763,013	856,566
Operating transfers out	-	-	-	(93,553)	-	(763,013)	-	-	-	(856,566)
Total other financing sources (uses)	-	-	-	-	-	(763,013)	-	-	763,013	-
Net change in fund balances	(13,972)	880,528	86,126	93,922	1,133,498	6,155,601	5,170	7,364,265	827,875	16,533,013
Fund balances, July 1, 2024	303,847	3,033,132	24,403	882,150	10,063,567	9,005,133	68,056	5,346,525	7,685,317	36,412,130
Fund balances, June 30, 2025	$ 289,875	$ 3,913,660	$ 110,529	$ 976,072	$ 11,197,065	$ 15,160,734	$ 73,226	$ 12,710,790	$ 8,513,192	$ 52,945,143

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Second Period Report	Revised Second Period Report*	Annual Report
DISTRICT			
Elementary			
TK through Third	2,041.14	2,041.14	2,041.37
Fourth through Sixth	1,614.08	1,614.08	1,584.23
Seventh through Eighth	1,061.77	1,061.77	1,069.08
Special Education			
TK through Third	5.01	6.91	8.52
Fourth through Sixth	3.09	6.75	7.43
Seventh through Eighth	1.37	2.55	3.30
Extended Year			
Fourth through Sixth	0.14	-	-
Subtotal	4,726.60	4,733.20	4,713.93
Secondary			
Ninth through Twelfth	2,034.31	2,030.62	2,082.71
Special Education			
Ninth through Twelfth	5.48	14.16	18.29
Subtotal	2,039.79	2,044.78	2,101.00
Totals	6,766.39	6,777.98	6,814.93
CHARTER SCHOOL			
Secondary			
Ninth through Twelfth	161.86	161.86	161.04
Totals	161.86	161.86	161.04

* The revision to Second Period Report was not a result of the audit.

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Grade Level	Standard Minutes Requirement	2024-25 Actual Instructional Minutes	2024-25 Instructional Days	Status
Kindergarten	36,000	36,000	180	In compliance
Grade 1	50,400	51,415	180	In compliance
Grade 2	50,400	51,415	180	In compliance
Grade 3	50,400	51,415	180	In compliance
Grade 4	54,000	54,780	180	In compliance
Grade 5	54,000	54,780	180	In compliance
Grade 6	54,000	57,010	180	In compliance
Grade 7	54,000	57,010	180	In compliance
Grade 8	54,000	57,010	180	In compliance
Grade 9	64,800	66,001	180	In compliance
Grade 10	64,800	66,001	180	In compliance
Grade 11	64,800	66,001	180	In compliance
Grade 12	64,800	66,001	180	In compliance
CHARTER SCHOOL				
Grade 9	64,800	70,540	175	In compliance
Grade 10	64,800	70,540	175	In compliance
Grade 11	64,800	70,540	175	In compliance
Grade 12	64,800	70,540	175	In compliance

See accompanying notes to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Charter School ID Number	Charter Schools Chartered by the District	Included in the District Financial Statements, or Separate Report
0907	Washington Middle College High	Included as Charter Schools Fund
1338	Sacramento Valley Charter	Separately Reported
1659	River Charter Schools Lighthouse Charter	Separately Reported

See accompanying notes to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Child Development Fund	Capital Facilities Fund	County Schools Facilities Fund	Bond Interest & Redemption Fund
FUND BALANCE				
Beginning balance, July 1, 2024, Unaudited Actuals	$ 485,980	$ 8,737,398	$ 68,916	$ 21,654,565
Increase in:				
Interest	396,170	-	-	-
Mitigation Developer Fees	-	267,735	-	-
All Other Financing Sources	-	-	-	369,609
Decrease in:				
Net Increase (Decrease) in the Fair Value of Investments	-	-	(860)	(270,097)
Balance, July 1, 2024, Audited Financial Statements	$ 882,150	$ 9,005,133	$ 68,056	$ 21,754,077

	Bond Interest and Redemption Fund	Foundation Fund
FUND BALANCE		
Balance, June 30, 2025, Unaudited Actuals	$ 24,965,976	$ 45,059
Increase in:		
Fair Value Adjustment to Cash in County Treasury	74,598	4
Balance, June 30, 2025, Audited Financial Statement	$ 25,040,574	$ 45,063

There were no adjustments to any of the other funds at the District.

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number		Federal Expenditures
U.S. Department of Education				
Passed through California Department of Education				
	Special Education Cluster (IDEA)			
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	*	$ 1,687,047
84.173	Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	13430	*	35,017
84.027A	Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	15197	*	87,336
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	13431	*	744
	Subtotal Special Education Cluster (IDEA)			1,810,144
	Adult Education Cluster			
84.002A	Adult Education: Adult Basic Education & ELA (Section 231)	14508		36,233
84.002	Adult Education: Adult Secondary Education (Section 231)	13978		34,868
	Subtotal Adult Education Cluster			71,101
	Education Stabilization Fund (ESF) Cluster			
84.425	Elementary and Secondary School Emergency Relief III (ESSER III) Fund	15559		3,871,210
84.425U	Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	10155		1,004,342
84.425U	ESSER III State Reserve, Emergency Needs	15620		24,477
	Expanded Learning Opportunities (ELO) Grant:			
84.425U	ESSER III State Reserve, Learning Loss	15621		41,522
84.425	American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	15566		35,959
	Subtotal Education Stabilization Fund (ESF) Cluster			4,977,510
84.010	ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	*	2,077,388
84.010	ESEA: ESSA School Improvement (CSI) Funding for LEAs	15438		421,948
84.367	ESSA: Title II, Part A, Supporting Effective Instruction Local Grants	14341		276,295
84.424	ESSA: Title IV, Part A, Student Support and Academic Enrichment Grants	15396		186,005
84.365	ESEA (ESSA) : Title III, Immigrant Student Program	15146		47,142
84.365	ESSA: Title III, English Learner Student Program	14346		162,973
84.060	Indian Education (from Federal Government)	10011		9,936
	Total U.S. Department of Education			10,040,442
U.S. Department of Agriculture				
Passed through California Department of Education				
	Child Nutrition Cluster			
10.555	Child Nutrition: School Programs (NSL Sec 4)	13391		3,153,149
10.555	Local Food for Schools	15708		53,895
10.582	Child Nutrition: Fresh Fruit and Vegetable Program	14968		101,260
	Total Cash Assistance Subtotal			3,308,304
10.555	School Lunch Program - Nonmonetary Assistance	13391		407,750
	Total Non-Cash Assistance Subtotal			407,750
	Subtotal Child Nutrition Cluster			3,716,054
10.558	Child Nutrition: CACFP Claims - Centers and Family Day Care	13393	*	539,554
	Total U.S. Department of Agriculture			4,255,608
	Total Federal Programs			$ 14,296,050

* Tested as a major program.

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

General Fund	Adopted Budget 2025/2026	Actuals 2024/2025	Actuals 2023/2024	Actuals 2022/2023
Revenues and Other Financial Sources	$ 126,470,512	$ 153,873,555	$ 140,935,304	$ 141,670,254
Expenditures	133,696,112	140,313,925	129,418,384	114,801,254
Other Uses and Transfers Out	-	16,557,561	3,949,531	4,000,000
Total Outgo	133,696,112	156,871,486	133,367,915	118,801,254
Change in Fund Balance	(7,225,600)	(2,997,931)	7,567,389	22,869,000
Ending Fund Balance	$ 58,618,594	$ 65,844,194	$ 68,842,125	$ 61,274,736
Available Reserves	$ 18,876,995	$ 16,291,681	$ 13,100,060	$ 11,593,004
Reserve for Economic Uncertainties	$ 8,008,281	$ 8,854,103	$ 7,864,747	$ 7,045,575
Unassigned Fund Balance	$ 10,868,714	$ 7,437,578	$ 5,235,313	$ 4,547,429
Available Reserves as a Percentage of Total Outgo	14.1%	10.4%	9.8%	9.8%
Total Long-Term Debt	$ 347,087,690	$ 363,178,106	$ 381,365,580 *	$ 323,763,048
Average Daily Attendance at P-2	6,919	6,778	6,830	6,708

*Includes prior period adjustment for GASB 101 implementation.

The general fund balance has increased by $27,438,458 over the past three years. Fiscal year 2025-26 projects a decrease of $7,225,600. For a District this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District has incurred an operating surplus in two of the past three years and anticipates incurring an operating deficit during fiscal year 2025-2026.

Total long-term liabilities have increased by $39,415,058 over the past two years due issuances of new General Obligation Bonds, increases in the Net Pension Liability.

Average Daily Attendance (ADA) has increased by 70 over the past two years. The District anticipates an increase in ADA in fiscal year 2025-26.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

1. PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule Of Average Daily Attendance

Average daily attendance 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.

B. Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206. Districts must maintain their instructional minutes at the State's standard requirements as required by Education Code Section 46201(b).

C. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) require a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The schedule below provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	Assistance Listing Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 14,797,353
Reconciling items		
Child Nutrition: CACFP Claims - Centers and Family Day Care	10.558	(501,303)
Total Schedule of Expenditures of Federal Awards		$ 14,296,050

1. PURPOSE OF STATEMENTS AND SCHEDULES (CONTINUED)

D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides information necessary to reconcile the Annual Financial and Budget Report to the audited financial statements.

E. 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.

F. Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosures in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2025, the District has not adopted such a program.

OTHER INFORMATION

WASHINGTON UNIFIED SCHOOL DISTRICT

ORGANIZATION

JUNE 30, 2025

Washington Unified School District was established on July 1, 1957 and comprises an area of approximately 23 square miles located in Yolo County. Washington Unified School District serves an ethnically diverse and growing population of 7,421 students, with a staff of 400 certificated employees and 350 classified employees. The district currently operates seven elementary schools (six K-8 schools and one Transitional Kindergarten-5 school), a comprehensive high school, an alternative high school, a dependent charter, an independent study program, and an adult education program. At least one additional elementary school is planned for the future to accommodate growth. There were no changes in District boundaries during the year.

BOARD OF TRUSTEES

Name	Office	Term Expires December
Sarah Kirby Gonzalez	Board President	2026
Virginia Coffey	Board Vice President	2026
Vanessa Castro	Board Clerk	2028
Jannette Hunt	Board Trustee	2028
Jackie Thu-Huong Wong	Board Trustee	2028

ADMINISTRATION

Dr. Cherly Hildreth
Superintendent

Monique Stovall
Assistant Superintendent, Business Services

Autri Streeck
Assistant Superintendent, Educational Services

Shea Borges
Assistant Superintendent, Human Resources

OTHER INDEPENDENT AUDITOR'S REPORTS

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Washington Unified School District
West Sacramento, California

Report on Compliance

Opinion

We have audited the Washington Unified School District (the "District") compliance with the requirements specified in the 2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, Washington Unified School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the 2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists.

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jdeol@jpmcpa.com www.jpmcpa.com

The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Local Education Agencies Other Than Charter Schools

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	
General Requirements	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive Program	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes

School Districts, County Offices of Education and Charter Schools	
Description	**Procedures Performed**
Arts and Music in Schools	Yes
After/Before Schools Education and Safety Program	
General Requirements	Yes
After School	Yes
Before School	No, see below
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	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	No, see below
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Kindergarten Continuance	Yes
Transitional Kindergarten	Yes

Charter Schools	
Description	**Procedures Performed**
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	No, see below

We did not perform any procedures related to Early Retirement Incentive, Juvenile Court Schools, Apprenticeship: Related and Supplemental Instruction, Independent Study-Course Based, Before section of the After/ Before Schools Education and Safety Program or District of Choice because the District does not offer these programs.

We did not perform any procedures related to Expanded Learning Opportunities Grant (ELO-G) because the District fully spent all funding in the prior years.

We did not perform any procedures related to Nonclassroom-Based Instruction/Independent Study for Charter Schools and Determination of Funding for Nonclassroom-Based Instruction for Charter Schools as the Charter school does not have an independent study program.

We did not perform any procedures related Charter School Facility Grant Program because the District did not receive any grant funding from this program.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the 2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Accordingly, this report is not suitable for any other purpose.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2025

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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 AUDITOR'S REPORT

Board of Trustees
Washington Unified School District
West Sacramento, CA

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Unified School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered District's internal control over financial reporting (internal control) as a basis for designing the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2025

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Washington Unified School District
Benicia, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Washington Unified School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2025.

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Washington Unified School District as of and for the year ended June 30, 2025, and have issued our report thereon dated December 12, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2025

FINDINGS AND RECOMMENDATIONS

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section I – Summary of Audit Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_______ Yes	___X___ No
Significant deficiency(ies) identified?	_______ Yes	___X___ None reported
Noncompliance material to financial statements noted?	_______ Yes	___X___ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_______ Yes	___X___ No
Significant deficiency(ies) identified?	_______ Yes	___X___ None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)?	_______ Yes	___X___ No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.027, 84.173, 84.173A	Special Education Cluster
84.010	ESSA: Title I, Part A, Basic Grants Low-Income and Neglected

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	___X___ Yes	_______ No

State Awards

Internal control over state programs:		
Material weakness(es) identified?	_______ Yes	___X___ No
Significant deficiency(ies) identified?	_______ Yes	___X___ None reported
Type of auditor's report issued on compliance for state programs:	Unmodified	

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – State Award Findings and Questioned Costs

No matters were reported.

WASHINGTON UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

No matters were reported.

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APPENDIX C

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR YOLO COUNTY

The following information has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District or the Underwriter. The District comprises only a portion of Yolo County, and the Bonds are only payable from ad valorem property taxes levied on property in the District.

The following information concerning Yolo County (the "County") is included only for the purpose of supplying general information regarding the area served by the District. The Bonds are not a debt of the County.

Population

The following table shows historical population statistics, from 2022 to 2026, for the City of West Sacramento, other cities in the County, the unincorporated portion of the County, and the County as a whole.

POPULATION ESTIMATES[(1)]
Cities of Yolo County and County Total
Calendar Years 2022 through 2026

Area	2022	2023	2024	2025	2026
Davis	64,883	65,029	65,670	65,712	66,002
West Sacramento	52,510	54,349	54,812	55,376	55,871
Winters	7,378	7,550	7,660	8,007	8,028
Woodland	59,743	60,151	61,257	61,693	61,324
Unincorporated	34,032	33,513	34,061	34,766	34,679
Incorporated	184,514	187,079	189,399	190,788	191,225
Total	**218,546**	**220,592**	**223,460**	**225,554**	**225,904**

(1) Population estimates as of January 1st for cities in the County.
Source: California State Department of Finance, *E-4 Population Estimates for Cities, Counties, and the State, 2021-2026, with 2020 Census Benchmark*. Sacramento, California, May 2026.

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Employment

The County, State, and United States civilian labor force figures are shown in the following table for the years 2021 through 2025. The County figures are County-wide and may not necessarily reflect employment trends in the District.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT [(1)]
Yolo County, California, and the United States
Calendar Years 2021 through 2025

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate[(2)]
2021				
Yolo County	102,600	96,400	6,200	6.0%
California	18,954,600	17,564,900	1,389,700	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Yolo County	108,300	103,800	4,600	4.2%
California	19,218,300	18,393,900	824,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
Yolo County	110,100	104,800	5,300	4.8%
California	19,471,000	18,551,800	919,200	4.7
United States	167,116,000	161,037,000	6,080,000	3.6
2024				
Yolo County	111,800	105,700	6,100	5.4%
California	19,644,100	18,600,900	1,043,100	5.3
United States	168,106,000	161,346,000	6,761,000	4.0
2025				
Yolo County	113,600	107,000	6,600	5.8%
California	19,823,800	18,738,500	1,085,300	5.5
United States	170,807,000	163,493,000	7,314,000	4.3

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) The unemployment rate is calculated using unrounded data. Data may not add due to rounding.
Source*: California State Employment Development Department, and U.S. Bureau of Labor Statistics.*

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Industry

Service providers are the largest employers in the County followed by government and private education and health. The table below shows the estimated employment by industry group for 2021 through 2025.

EMPLOYMENT BY INDUSTRY[(1)]
Yolo County
Calendar Years 2021 through 2025

Industry	2021	2022	2023	2024	2025
Total Farm	5,300	4,900	5,000	4,800	4,500
Total Nonfarm	108,100	110,300	110,600	113,000	113,400
Goods Producing	12,100	13,100	12,300	12,200	11,400
Mining Logging Construction	5,200	5,600	5,300	5,300	5,000
Manufacturing	6,800	7,500	7,000	6,900	6,400
Service Providing	96,000	97,200	98,300	100,800	102,000
Wholesale Trade	4,800	5,200	4,900	5,500	5,500
Retail Trade	8,300	8,300	8,100	7,900	8,200
Transportation, Warehousing, Utl.	9,900	10,200	9,700	8,900	8,600
Financial Activities	2,400	2,400	2,400	2,300	2,200
Professional Business and Services	9,500	9,500	9,300	9,000	8,700
Private Education and Health	10,800	11,100	11,800	12,800	13,300
Leisure and Hospitality	7,000	7,900	8,300	8,200	8,400
Government	40,300	39,200	40,700	42,800	43,800
Total	**113,400**	**115,200**	**115,700**	**117,800**	**118,000**

(1) Data not seasonally adjusted; Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: *State of California Employment Development Department Labor Market Information Division, Industry Employment and Labor Force by Annual Average, March Benchmark*. Sacramento, California, July 2026.

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Major Employers

The County hosts a diverse mix of major employers representing industries ranging from government to retail, wholesale, health services, and education. The following table lists the County's major employers in 2026.

MAJOR EMPLOYERS
Yolo County
Calendar Year of 2026

Employer	Location	Industry
Beckman Coulter Inc.	West Sacramento	Physicians & Surgeons Equip & Supplies
Cache Creek Casino Resort	Brooks	Hotels & Motels
Capital Express Lines	West Sacramento	Trucking-Motor Freight
City of Davis	Davis	City Hall
City of Davis-City Manager Office	Davis	City Government-Executive Offices
Clark Pacific	West Sacramento	Concrete Products-Except Block & Brick
Dennis Blazona Construction Inc.	West Sacramento	Construction Companies
Fedex Freight	West Sacramento	Trucking-Motor Freight
KOVR	West Sacramento	Television Stations & Broadcasting Co.
Mariani Nut Co.	Winters	Nuts-Edible
Nor-Cal Beverage Co.	West Sacramento	Vending Machines-Manufacturers
Pacific Coast Producers	Woodland	Canned Specialties
Procurement Office	West Sacramento	State Government-General Offices
Promega Corporation	Madison	Biotechnology Products & Services
Sutter Davis Hospital	Davis	Hospitals
Target Distribution Center	Woodland	Distribution Centers
Treasure Chest Advg Co. Inc.	West Sacramento	Printers
University of California Davis	Davis	Schools-Universities & Colleges Academic
UPS Customer Center	West Sacramento	Mailing & Shipping Services
Walmart Supercenter	West Sacramento	Department Stores
Woodland Healthcare	Woodland	Health Care Management
Woodland Healthcare Foundation	Woodland	Health Services
Yolo County District Attorney	Woodland	County Government-Legal Counsel
Yolo County Office of Education	Woodland	County Government-Education Programs

Source: *California Employment Development Department*, extracted from the *America's Labor Market Information System (ALMIS) Employer Database, 2026 2nd Edition*.

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Income

The following tables show the personal income and per capita personal income for the County, the State of California and the United States from 2020 through 2024.

PERSONAL INCOME
Yolo County, State of California, and the United States
Calendar Years 2020 through 2024

Year	Yolo County	California	United States
2020	$13,019,078	$2,770,488,779	$19,613,059,000
2021	14,128,918	3,019,215,724	21,144,814,000
2022	14,242,589	3,021,645,501	23,577,208,000
2023	14,949,143	3,182,779,295	23,577,208,000
2024	16,002,676	3,400,237,317	24,897,613,000

Source: U.S. Bureau of Economic Analysis, *SAINC1 State annual personal income summary: personal income, population, per capita personal income* and *CAINC1 County and MSA personal income summary: personal income, population, per capita personal income* (accessed Thursday, August 20 2026).

PER CAPITA PERSONAL INCOME[1]
Yolo County, State of California, and the United States
Calendar Years 2020 through 2024

Year	Yolo County	California	United States
2020	$59,784	$70,100	$59,151
2021	66,164	77,134	64,692
2022	63,771	77,196	66,298
2023	67,061	81,196	70,002
2024	71,044	86,232	73,204

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: *U.S. Department of Commerce, Bureau of Economic Analysis.*

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Commercial Activity

A summary of historic taxable sales in the County and the City of West Sacramento from 2021 through 2025 (the most recent data available) are shown in the following tables.

VALUATION OF TAXABLE TRANSACTIONS
Yolo County
Fiscal Years 2021 through 2025

Year	Total Retail and Food Permits	Retail and Food Taxable Transactions	Total Outlet Permits	Total Outlets Taxable Transactions
2021	2,842	$856,709,462	5,291	$1,418,027,699
2022	2,898	844,450,776	5,453	1,483,973,360
2023	2,817	863,605,976	5,387	1,531,193,293
2024	2,770	821,080,660	5,379	1,465,334,488
2025	2,795	806,687,039	5,383	1,460,360,531

Source: *California Department of Tax and Fee Administration*.

VALUATION OF TAXABLE TRANSACTIONS
City of West Sacramento
Fiscal Years 2021 through 2025

Year	Total Retail and Food Permits	Retail and Food Taxable Transactions	Total Outlet Permits	Total Outlets Taxable Transactions
2021	740	$222,973,509	1,547	$456,901,261
2022	771	228,252,089	1,617	498,496,451
2023	710	263,067,855	1,565	546,540,880
2024	733	222,519,354	1,609	522,989,746
2025	742	219,176,131	1,619	491,463,026

Source: *California Department of Tax and Fee Administration*.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the Washington Unified School District (the "District") in connection with the execution and delivery of $__________ aggregate principal amount of the District's General Obligation Bonds, Election of 2020, Series C (the "Bonds"). The Bonds are being issued pursuant to the Resolution adopted by the Board of Education of the District on August 27, 2026 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Raymond James & Associates, Inc. (the "Underwriter") in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

"Bondholder" or "Holder" means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

"Dissemination Agent" shall mean any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Agent has evidenced its acceptance in writing. The initial Dissemination Agent shall be KNN Public Finance, LLC

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Event" means any of the events listed in Section 6 of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board, through its electronic municipal market access system, which can be found at http://emma.msrb.org/, or any repository of disclosure information that may be designated by the Securities and Exchange Commission for purposes of the Rule.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated _____, 2026 ("Final Official Statement").

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 9 months after the end of the District's fiscal year (currently ending June 30), which date would be March 31, commencing with the report for the fiscal year ending June 30, 2026, which would be due on March 31, 2027, to provide to the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District, in a timely manner, shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine the name and address of the MSRB each year prior to the date established hereunder for providing the Annual Report; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding fiscal year, or, if available, the current fiscal year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) adopted budget of the District for the current fiscal year, or a summary thereof;

(ii) assessed value of taxable property for the current fiscal year in the District as shown on the recent equalized assessment role;

(iii) assessed valuation of the top ten taxpayers in the District for the current fiscal year; and

(iv) property tax levies, collections, and delinquencies for the District, for the most recent completed fiscal year, if the District is no longer a participant in Yolo County's Teeter Plan.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Significant Events.

(a) The District agrees to provide or cause to be provided to the MSRB, in readable PDF or other electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on any debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on any credit enhancements reflecting financial difficulties.

(iv) Substitution of or failure to perform by any credit provider.

(v) Adverse tax opinions with respect to the tax status of the Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Bonds;

(vi) Tender Offers;

(vii) Defeasances;

(viii) Rating changes;

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person; or

(x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person which reflect financial difficulties.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the securities, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the securities;

(ii) Modifications of rights to security holders;

(iii) Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) Appointment of a successor or additional Paying Agent or Trustee or the change of name of a Paying Agent or Trustee; and

(viii) Incurrence of a Financial Obligation of the obligated person or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the Resolution which are incorporated by reference herein. The Dissemination Agent agrees to perform only those duties of the Dissemination Agent specifically set forth in the Disclosure Agreement, and no implied duties, covenants or obligations shall be read into this Disclosure Agreement against the Dissemination Agent.

The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Disclosure Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Disclosure Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Disclosure Agreement upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Disclosure Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, cost or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Disclosure Agreement and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement under the following conditions, provided no amendment to this Disclosure Agreement shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or to include it in any future disclosure or notice of occurrence of a Listed Event.

Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State, applicable to contracts made and performed in such State.

Dated: _____________, 2026

WASHINGTON UNIFIED SCHOOL DISTRICT

By:_______________________________________

Superintendent

Acceptance of duties as Dissemination Agent:

KNN Public Finance, LLC

By:_____________________________________

Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Washington Unified School District

Name of Issue: $_________ General Obligation Bonds, Election of 2020, Series C

Date of Issuance: ______________, 2026

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Agreement dated _____________, 2026. The Issuer anticipates that the Annual Report will be filed by ___________________.

Dated: __________________________

KNN Public Finance, LLC

By:____

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APPENDIX E

YOLO COUNTY INVESTMENT POLICY STATEMENT

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TITLE: Investment Policy

Department: Financial Services

TYPE: POLICY **DATE:** December 9, 2025

A. PURPOSE

This document is known as the annual investment policy and represents the policies of the Board of Supervisors of the County of Yolo related to the investment of funds under the control of the Chief Financial Officer. The office of the Auditor-Controller and the Treasurer-Tax Collector have been consolidated. All statutory duties, responsibilities, and budgets of the Auditor-Controller and Treasurer-Tax Collector are consolidated into the office known as the Chief Financial Officer as per Yolo County code section 2-5.113 effective January 5, 2015.

The Department of Financial Services was established to consolidate and perform all functions of the offices of the Auditor, Controller, Tax Collector, and Treasurer, and any other county-wide fiscal functions directed by the board as per county code sec. 2-5.2001.

This policy is prepared annually by the Chief Financial Officer in accordance with the California Government Code and prudent asset management principles. Pursuant to Government Code sections 27133 and 53646 this policy has been reviewed by the Financial Oversight Committee and approved by the Board of Supervisors at a public meeting.

B. APPLICABILITY

This policy will cover the period of January 1, 2026 through December 31, 2026.

This policy applies to the cash management and investment activities performed by County personnel and officials for any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool. The terms "County" and "county treasury pool" are used interchangeably and include all such funds so invested.

The investment of bond proceeds will be governed by the provisions of relevant bond and related legal documents.

The investment of endowment funds will be governed by the underlying laws, regulations, and specific governmental approvals under those laws pursuant to which the endowments were created. Endowment fund investments will primarily focus on the preservation of principal and use of investment income for operational purpose.

The investment of the Section 115 Trusts related to OPEB and Pension will be invested in compliance with the County Policies on “Accounting, Funding and Recovery of OPEB Costs” and the “Pension Funding Policy” and legal documents associated with the Section 115 Trusts.

C. STANDARD OF CARE

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent investor" standard which states that “when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, 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 agency.

This standard shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

D. PUBLIC TRUST

All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the County's ability to govern effectively.

E. OBJECTIVES

The primary objectives, in descending priority order, of the investment activities of the County shall be:

1. **Safety.** Safety of principal is the foremost objective of the investment program. Investments of the County shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.

2. **Liquidity**. The investment portfolio shall be maintained in such a manner as to provide sufficient liquidity to meet the operating requirements of any of the participants.

3. **Return on Investment.** The investment portfolio of the County shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and liquidity considerations.

F. DELEGATION OF AUTHORITY

Subject to Section 53607 the authority of the Board of Supervisors to invest or to reinvest funds of the pooled investments, or to sell or exchange securities so purchased, may be delegated for a one-year period by ordinance in accordance with Government Code Sections 27000.1 and 27000.3.

The Board of Supervisors has designated the Chief Financial Officer as its agent authorized to make investment decisions after considering the strategy proposed by the investment advisor.

G. <u>ETHICS AND CONFLICT OF INTEREST</u>

Individuals performing the investment function and members of the Financial Oversight Committee (FOC) shall maintain the highest standards of conduct.

<u>County Officers and employees</u> involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. These individuals should follow the Code of Ethics for Procurement approved by the Board of Supervisors and comply with all relevant provisions of the Political Reform Act, especially the requirements of Chapter 7 – Conflict of Interest and Chapter 9.5 – Ethics. The key requirements are listed below:

1. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could affect their ability to make impartial decisions.

2. Officers and employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the County.

3. Officers and employees shall not accept gifts or gratuities with a value exceeding $500 in any one year from any bank, broker, dealer, or any other person, firm, or organization who conducts business with the Department of Financial Services.

4. No person with investment decision-making authority in the County Administrator's office or the Department of Financial Services may serve on the board of directors or any committee appointed by the board or the credit committee or supervisory committee of a state or federal credit union which is a depository for County funds.

The Financial Oversight Committee Charter includes the following requirements for <u>members</u> of the committee:

1. A member shall disclose to the committee at a regular meeting any activities that directly or indirectly raised money for a member of the governing board of any local agency that has deposited funds in the County Treasury while a member of the committee. For purposes of this subsection, raising money includes soliciting, receiving, or controlling campaign funds of a candidate, but not the member's individual campaign contributions or non-financial support. This section does not apply to a member raising money for his or her own campaign.

2. A member shall disclose to the Committee at a regular meeting any contributions, in the previous three years or during the period that the employee is a member of the committee, by an employer to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the County Treasury.

3. A member cannot secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, financial services firms, financial institutions, and municipal advisors with whom the County is doing business during the member's Financial Oversight Committee membership period or for one year after leaving the Financial Oversight Committee. This subsection only applies to employment or soliciting employment, and not other relationships with such companies with whom the County is doing business.

4. A member shall disclose to the Committee any honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons who conduct business with the Department of Financial Services while a member of the Committee. All members shall also comply with the requirements of the Political Reform Act or any other law or regulation regarding to receipt and disclosure of financial benefits and conflicts.

H. INTERNAL CONTROLS

Internal control procedures shall be established and maintained by the Department of Financial Services that provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, misuse, or mismanagement. The internal controls shall be reviewed as part of the regular annual independent audit. The controls and procedures shall be designed to prevent employee error, misrepresentations by third parties, and imprudent or illegal actions by employees or officers of the County.

I. CASH MANAGEMENT

In determining the amount that can be invested County personnel shall take into account the liquidity needs of the County and the agencies in the Treasury pool, and shall take reasonable steps to ensure that cash flow requirements of the County and pool participants are met for the next six months, barring unforeseen actions from the State Controller or other funding sources, such as deferral of cash payments.

County personnel shall maintain separate accounting for cash funds and monitor aggregate cash balances of the County and each agency in the Treasury pool, and shall notify the County Administrator or agency management of unhealthy trends in aggregate cash balances. Unhealthy trends may include but are not limited to deferral of cash payments from State, Federal grantors, or other funding sources, significant declines in available aggregate cash balances, or near-deficit aggregate balances. Agencies that are so notified are expected to take immediate action to cure any deficit and improve cash balances. Continuing deficits shall be reported to the Board of Supervisors for further action.

The Chief Financial Officer shall provide quarterly reports on total cash flows and balances of the Treasury Pool to the Financial Oversight Committee.

J. AUTHORIZED FINANCIAL DEALERS AND QUALIFIED INSTITUTIONS

The County may secure the services of an Investment Advisor. Precautionary contractual language with such an adviser shall include: delivery versus payment methods, third-party custody arrangements, prohibitions against self-dealings, independent audits, and other appropriate internal control measures as deemed necessary by the Chief Financial Officer.

The County or the County's Investment Advisor shall maintain a list of authorized broker/dealers and financial institutions which are approved for investment transaction purposes, and it shall be the policy of the County to purchase securities only from those authorized institutions or firms. Authorized brokers/dealers must either (i) be classified as Reporting Dealers affiliated with the New York Federal Reserve Bank as Primary Dealers or (ii) be registered to conduct business in the State of California and be licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code.

No broker/dealer shall be selected which has within any consecutive 48-month period made a political contribution to any member of the Board of Supervisors or to any candidate for these offices in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board.

K. <u>PERMITTED INVESTMENT INSTRUMENTS</u>

1. <u>United States Treasury Obligations.</u> Government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.

2. <u>Federal Agency Obligations.</u> Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

3. <u>California Municipal Obligations.</u> Obligations of the State of California, this local agency or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state, this local agency or any local agency or by a department, board, agency or authority of the state or any local agency that is rated in a rating category of “A” long term or “A-1” short term, the equivalent or higher by a nationally recognized statistical rating organization (NRSRO). Any investment in obligations of this local agency shall be in a ratio proportionate to the County’s share of the pooled investments.

4. <u>Other 49 State Municipal Securities.</u> Registered treasury notes or bonds issued by any of the other 49 states, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state that is rated in a rating category of “A” long term or “A-1” short term, the equivalent or higher by a NRSRO.

5. <u>Repurchase Agreements.</u> Agreements to be used solely as short-term investments not to exceed 90 days.

   The County may enter into Repurchase Agreements with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York.

   The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described above in (K)(1) and (K)(2), will be acceptable collateral.

   All securities underlying Repurchase Agreements must be delivered to the County's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each Repurchase Agreement must equal or exceed, 102 percent of the total dollar value of the money invested by the County for the term of the investment. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed at least weekly.

   Market value must be calculated each time there is a substitution of collateral.

   The County or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

   The County will have properly executed a Public Securities Association (PSA) agreement with each counter party with which it enters into Repurchase Agreements.

6. <u>Banker's Acceptances.</u> Issued by domestic or foreign banks, the short-term paper of which is rated in the highest category by a nationally recognized statistical rating organization (NRSRO).

Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of the County's investment portfolio.

7. Commercial Paper. Of prime quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions shown in either paragraph (A) or paragraph (B):

   a. The entity meets the following criteria:

      i. Is organized and operating in the United States as a general corporation.
      ii. Has total assets in excess of five hundred million dollars ($500,000,000).
      iii. Has debt other than commercial paper, if any, that is rated in a rating category of “A”, the equivalent or higher by a nationally recognized statistical-rating organization (NRSRO).

   b. The entity meets the following criteria:

      i. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
      ii. Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
      iii. Has commercial paper that is rated in a rating category “A-1", the equivalent or higher by a nationally recognized statistical-rating organization (NRSRO).

   Purchases of eligible commercial paper may not exceed 397 days maturity. No more than 40 percent of the County’s investment portfolio may be invested in eligible commercial paper.

8. Medium-Term Corporate Notes. Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term corporate notes shall be rated in a rating category "A", the equivalent or higher by a nationally recognized statistical rating organization (NRSRO) and shall have a maximum remaining maturity of five years or less. Purchase of medium-term corporate notes may not exceed 30 percent of the County's investment portfolio.

9. Non-Negotiable Certificates of Deposit. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California, including U.S. branches of foreign banks licensed to do business in California. All time deposits must be collateralized in accordance with California Government Code Section 53651, either at 150% by promissory notes secured by first mortgages and first trust deeds upon improved residential property in California eligible under section (m) or at 110% by eligible marketable securities listed in subsections (a) through (l) and (n) and (o). The County, at its discretion and by majority vote of the Board of Supervisors, on a quarterly basis, may waive the collateralization requirements for any portion of the deposit that is covered by federal insurance. Alternatively, the County may invest in deposits, including certificates of deposit, at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit as provided for in Government Code section 53635.8.

10. Negotiable Certificates of Deposit. Negotiable certificates of deposit issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a federally-licensed or a state-licensed branch of a foreign bank that is rated in a rating category of “A” long-term or “A-1 short-term, the equivalent or higher by a nationally recognized statistical rating organization (NRSRO). Purchases of all negotiable certificates of deposit may not exceed 30 percent of the County's investment portfolio.

11. Local Government Investment Pools. (Either state-administered or through joint powers statutes and other intergovernmental agreement legislation.) Investments may be maximized to the level allowed by the State and should be reviewed periodically. Investment objectives, limitations, and controls of each pool must be consistent with this policy.

12. Money Market Funds. Shares of beneficial interest issued by diversified management companies that are money market mutual funds registered with Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the largest nationally recognized statistical rating organizations or (2) have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience investing in securities and obligations authorized by Government Code Section 53601 and with assets under management in excess of $500,000,000. Money Market Funds shall not exceed 20 percent of the investment portfolio of the County as recorded at purchase price on date of purchase.

13. Asset-Backed Securities. Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond. For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision (1) or (2), the following limitations apply: Eligible securities must be rated, by a nationally recognized statistical rating organization, as "AAA", and have a maximum remaining maturity of five years or less. No more than 20 percent of the County’s investment portfolio may be invested in this type of security.

14. Reverse Repurchase Agreements. Reverse repurchase agreements shall be used primarily as a cash flow management tool and subject to all the following conditions

a. The security to be sold using a reverse repurchase agreement has been owned and fully paid for by the County for a minimum of 30 days prior to sale.

b. The total of all reverse repurchase agreements on investments owned by the County does not exceed 20 percent of the base value of the portfolio. The base value of the County's portfolio for this section is defined as that dollar amount obtained by totaling all cash balances placed in the portfolio by all participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

c. The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.

d. Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement, unless the reverse repurchase agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.

e. Investments in reverse repurchase agreements or similar investments in which the County sells securities prior to purchase with a simultaneous agreement to repurchase the security shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency. A significant banking relationship is defined by any of the following activities of a bank:

i. Involvement in the creation, sale, purchase, or retirement of the County's bonds, warrants, notes, or other evidence of indebtedness.
ii. Financing of the County's activities.
iii. Acceptance of the County's securities or funds as deposits.

15. Supranationals. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA”, the equivalent or higher by a NRSRO. Purchases of these securities shall not exceed 30 percent of the County’s portfolio.

The Chief Financial Officer may make permitted investments (as described above) pursuant to the California Government Code (including Section 53601 et. seq.) or deposit funds for safekeeping in state or national banks, savings association, credit unions, or federal insured industrial loan companies (as described in Section 53635.2). For purposes of compliance with this policy, an investment’s term or remaining maturity shall be measured from the settlement date to final maturity. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment.

Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased. Should a security owned by the County be downgraded below “A” the Investment Advisor shall immediately notify the Chief Financial Officer who will report to the Board of Supervisors, at their next regularly scheduled meeting, the circumstances of the downgrade and any action taken or recommended.

L. INELIGIBLE INVESTMENTS

The County shall not invest any funds in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity.

Effective January 1, 2021, the County may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. The County may hold these instruments until their maturity dates. Securities described in this paragraph shall remain in effect only until January 1, 2031, and as of that date is repealed.

Any other security not specifically permitted by Section K is prohibited.

M. MAXIMUM MATURITY

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the County to meet all projected obligations.

Where this policy does not specify a limitation on the term or remaining maturity at the time of the investment, or unless authorized by the Board of Supervisors no less than three months prior to the investment, no investment shall be made in any security, other than a security underlying a repurchase agreement as authorized by this policy that at the time of the investment has a term remaining to maturity in excess of five years.

The Board of Supervisors has specifically approved investment maturities beyond five years for certain three long-term portfolios: Yolo County Landfill Closure Trust Fund, the Yolo County Cache Creek Maintenance and Remediation Fund, and the Demeter Endowment (funds deallocated from the Ceres Tobacco Endowment Fund).

N. DIVERSIFICATION & PERCENTAGE LIMITATIONS

The County shall limit the County's investments in any one issuer to no more than 5 percent of the County's total investments at the time of purchase, except for U.S. Treasuries, Federal Agencies, Supranationals, repurchase and reverse repurchase agreements, and pooled investments such as local government investment pools, LAIF, and money market funds

All percentage limitations apply at the time of the investment (purchase date).

O. REPORTING REQUIREMENTS

The Chief Financial Officer shall render a quarterly investment report to the Board of Supervisors that includes, at a minimum, the following information for each investment:

- Type of investment instrument (e.g., U.S. Treasury note, Federal Agency note)
- Issuer name (e.g., General Electric Capital Corp.)
- Credit quality
- Purchase date
- Maturity date
- Par value
- Purchase price
- Current market value and the source of the valuation
- Current amortized or book value
- Accrued interest
- Original yield to maturity
- Overall portfolio yield based on cost
- New investment transactions

The quarterly report shall (i) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance, (ii) include a description of any of the County's funds, investments or programs that are under the management of contracted parties, including lending programs, and (iii) include a statement explaining the ability of the County to meet its cash flows requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

This quarterly report shall be available within 45 days following the end of the quarter and submitted to the Board of Supervisors at the earliest reasonable opportunity, with copies published and available to all pool participants.

P. ANNUAL REVIEW OF INVESTMENT POLICY

The Chief Financial Officer shall annually prepare an investment policy that will be reviewed by the County Financial Oversight Committee and submitted to the Board of Supervisors for approval in a public meeting. Any change to the investment policy shall be reviewed and approved by the Board in a public meeting.

Q. SAFEKEEPING AND CUSTODY

All securities, whether negotiable, bearer, registered or non-registered shall be delivered either by book entry or physical delivery to the County's third-party custodian.

Monthly safekeeping statements are received from custodians where securities are held. Authorized personnel, other than the person handling daily investments, shall review the statements to confirm that investment transactions have settled and been delivered to the County's third-party custodian.

R. APPORTIONMENT OF EARNINGS AND COSTS

The manner of calculating and apportioning the cost of investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds is as follows:

Investment earnings shall be apportioned to all pool participants quarterly based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the investment pool. Earnings are computed on an accrual basis and the effective date that earnings are deposited into each fund is the first day of the following quarter (January 1, April 1, July 1, and October 1).

Direct and Administrative (including indirect) costs associated with investing, depositing, banking, auditing, reporting, safekeeping, or otherwise handling or managing funds shall be netted against any moneys received pursuant to state mandated reimbursements and deducted from the gross investment earnings in the quarter received.

S. CRITERIA FOR CONSIDERING REQUEST TO WITHDRAW FUNDS

Withdrawal of funds from County Treasurer Pool may occur pursuant to Government Code Section 27136 and approval of the Board of Supervisors.

Assessment of the effect of a proposed withdrawal on the stability and predictability of the investment in the County Pool will be based on the following criteria:

- Size of withdrawal
- Size of remaining balances of:
  - Pool
  - Agency
- Current market conditions

- Duration of withdrawal
- Effect on predicted cash flows
- A determination if there will be sufficient balances remaining to cover costs
- Proof that adequate information has been supplied in order to make a proper finding that other pool participants will not be adversely affected.

The Chief Financial Officer reserves the right to mark a fund balance to market value prior to allowing a withdrawal if it is deemed necessary to be equitable to the remaining funds.

T. <u>TERMS AND CONDITIONS FOR NON-STATUTORY COMBINED POOL PARTICIPANTS</u>

All entities qualifying under California Government Code Section 27133 (g) may deposit funds for investment purposes providing all of the following has been accomplished: (1) the agency's administrative body has requested the privilege, (2) has agreed to terms and conditions of an investment agreement as prescribed by the County's Board of Supervisors, (3) has by resolution identified the authorized officer acting on behalf of the agency; and (4) the Chief Financial Officer has prescribed the appropriate accounting procedures.

U. <u>AUDIT</u>

1. <u>Annual Compliance Audit</u> - The Financial Oversight Committee is not designated a Treasury Oversight Committee however the FOC may cause an annual audit pursuant to Government Code section 27134 at its discretion which may include issues relating to the structure of the investment portfolio and risk. The costs of complying with this article shall be County charges and may be included with those charges enumerated under Section 27013.

2. <u>Quarterly Review and Annual Financial Audit</u> – The Chief Financial Officer shall cause quarterly reviews to be made of the Treasury Division records relative to the type and amount of assets in the treasury, pursuant to Government Code sections 26920 - 26923. The Chief Financial Officer shall also cause an annual financial audit to be made of the Treasury Division's records as of June 30. In addition to an opinion on the statement of assets held in the treasury this audit shall include a review of the adequacy of internal controls.

The annual compliance audit and the annual financial audit may be combined.

The Chief Financial Officer shall report audits that contain significant audit findings to the Audit Subcommittee of the Board of Supervisors immediately and to the full Board at the earliest reasonable opportunity. Copies of the audit reports shall be provided to the Financial Oversight Committee.

All audit recommendations shall be addressed timely and in a manner acceptable to the Board of Supervisors' Audit Subcommittee.

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The foregoing internet addresses are included for reference only, and the information on these internet sites is not incorporated by reference herein.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in Houston, Texas. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the office of the Paying Agent, initially located in Houston, Texas, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.