This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 25, 2026

NEW ISSUE – BOOK ENTRY ONLY

RATING:
S&P: "A-"
(See "RATING" herein)

In the opinion of Dannis Woliver Kelley, Special Counsel to the District, under existing law, interest represented by the Certificates is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Certificates with certain covenants contained in the Resolution authorizing the Certificates and subject to the matters set forth under "TAX MATTERS" herein, interest represented by the Certificates 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 Certificates, and will not be included in computing the alternative minimum taxable income of the owners thereof; however, interest represented by the Certificates is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. See "TAX MATTERS" herein.

$30,000,000*
2026 CERTIFICATES OF PARTICIPATION
Evidencing the Fractional Interests of the Owners Thereof in Lease Payments to be Made by the CALEXICO UNIFIED SCHOOL DISTRICT (Imperial County, California)

Dated: Date of Delivery **Due: May 1, as shown on the inside cover hereof**

The Calexico Unified School District's (the "District") 2026 Certificates of Participation (the "Certificates") are being executed and delivered pursuant to a Trust Agreement, dated as of July 1, 2026 (the "Trust Agreement"), by and among U.S. Bank Trust Company, National Association, as trustee, the Public Property Financing Corporation of California (the "Corporation") and the District to (i) finance certain capital improvements to District facilities, (ii) fund a debt service reserve fund for the Certificates, and (iii) pay the costs related to the execution and delivery of the Certificates, all as further described in the sections "THE PROJECTS" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

Pursuant to a Site Lease, dated as of July 1, 2026, the District will lease the i) Calexico High School 9th Grade Academy and ii) Enrique Camarena Junior High School (together, the "Property") to the Corporation, and will lease the Property back from the Corporation pursuant to a Lease Agreement, dated as of July 1, 2026 (the "Lease"), by and between the Corporation and the District. The Certificates evidence fractional interests in Lease Payments to be made by the District, as lessee under the Lease. The District will covenant to budget and appropriate Lease Payments in each year in consideration of the use and occupancy of the Property from any source of legally available funds, and to take such action as may be necessary to include all Lease Payments in its annual budgets and to make the necessary annual appropriations therefor. See "SECURITY AND SOURCES OF PAYMENT OF THE CERTIFICATES — Lease Payments" herein. The District's obligation to make Lease Payments is subject to abatement in the event of the taking of, damage to or loss of use and possession of the Property. See "RISK FACTORS — Abatement" herein.

Interest represented by the Certificates is payable semiannually on May 1 and November 1 of each year, commencing November 1, 2026. The Certificates will be delivered as fully registered securities, without coupons, and when delivered will be registered in the name of The Depository Trust Company ("DTC"), New York, New York, or its nominee. DTC will act as securities depository for the Certificates. Ownership interests in the Certificates may be purchased in book-entry form only, in authorized denominations, as described in this Official Statement. See APPENDIX F — "BOOK-ENTRY ONLY SYSTEM".

The Certificates are subject to prepayment prior to their stated maturity as described herein. See "THE CERTIFICATES — Prepayment" herein.

NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS CONSTITUTES A DEBT OF THE DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS IS SUBJECT TO THE DISTRICT'S BENEFICIAL USE AND POSSESSION OF THE PROPERTY.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Certificates or the Lease. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "RISK FACTORS" herein.

The Certificates are offered when, as and if issued, subject to the approval of their legality by Dannis Woliver Kelley, Long Beach, California, Special Counsel, and certain other conditions. Dannis Woliver Kelley, Long Beach, California, is acting also as Disclosure Counsel for the issue. Certain matters will be passed on for the Underwriter by Jones Hall LLP, San Mateo, California, for the Corporation by its counsel and for the Trustee by its counsel. It is anticipated that the Certificates will be available for delivery in definitive form in New York, New York, through the facilities of DTC on or about July 21, 2026.

RBC Capital Markets

The Date of this Official Statement is: _____, 2026

* Preliminary, subject to change.

MATURITY SCHEDULE

**$30,000,000*
2026 CERTIFICATES OF PARTICIPATION
Evidencing the Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
CALEXICO UNIFIED SCHOOL DISTRICT
(Imperial County, California)**

$_____ Serial Certificates

Maturity (May 1)	Principal Amount	Interest Rate	Yield	CUSIP(1) (129577)

$_____ ____% Term Certificates due May 1, 20___; Yield _____%, CUSIP[1] 129577

* Preliminary, subject to change.

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No dealer, broker, salesperson or other person has been authorized by Calexico 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 Certificates 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 Certificates. Statements contained in this Official Statement which 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. When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. Although certain information set forth in this Official Statement has been provided by Imperial County, Imperial County 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 "IMPERIAL COUNTY POOLED INVESTMENT FUND."

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

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CERTIFICATES 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 CERTIFICATES TO CERTAIN SECURITIES DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.**

The District maintains a website and certain social media accounts. However, the information presented on the District's website and such accounts is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates.

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

CALEXICO UNIFIED SCHOOL DISTRICT
Imperial County, State of California

Board of Trustees

Alejandro Aviña, *President*
Fabiola Calderon, *Clerk/Vice President*
Kevin Arellano, *Board Member*
Michael Castillo, *Board Member*
Carlos Contreras, *Board Member*

District Administrators

Arturo Jimenez, *Superintendent*
Luis De La Torre, *Assistant Superintendent of Business Services*
Elisa Ramirez, *Assistant Superintendent Educational Services*
Rommel Guerrero, *Assistant Superintendent of Human Resources and Risk Management*

SPECIAL SERVICES

Special Counsel and Disclosure Counsel

Dannis Woliver Kelley
Long Beach, California

Municipal Advisor

Dale Scott & Company, Inc.
San Francisco, California

Trustee

U.S. Bank Trust Company, National Association
Los Angeles, California

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$30,000,000*
2026 CERTIFICATES OF PARTICIPATION
Evidencing the Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
CALEXICO UNIFIED SCHOOL DISTRICT
(Imperial County, California)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover and appendices hereto, provides certain information concerning the sale and delivery of the 2026 Certificates of Participation (the "Certificates"), in the aggregate principal amount of $30,000,000*, evidencing the fractional interests of the registered owners thereof (the "Owners") in Lease Payments (as hereinafter defined) to be made by the Calexico Unified School District (the "District") pursuant to a Lease Agreement, dated as of July 1, 2026 (the "Lease"), by and between the Public Property Financing Corporation of California, as lessor (the "Corporation"), and the District, as lessee, for the use and possession of Calexico High School 9th Grade Academy and Enrique Camarena Junior High School (together, the "Property").

This introduction is not a summary of the 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 page and appendices hereto. Capitalized terms not defined herein shall have the meanings set forth in APPENDIX A hereto.

The District

The District consists of an approximately 77 square mile area in part of the southern-most region of California, encompassing all of the City of Calexico (the "City"), as well as unincorporated areas of Imperial County (the "County"). The southern boundary of the District runs along the United States/Mexico border. The District is five miles from the town of Mexicali, Mexico, approximately fifteen miles due south of the City of El Centro, and 125 miles from the City of San Diego, a regional economic center. The District operates a total of eleven schools, consisting of seven elementary schools, two junior high schools, one high school, and one adult education facility. The District's average daily attendance ("ADA") for fiscal year 2025-26 is approximately 7,173 students. The District's total assessed valuation is $2,962,086,510 for fiscal year 2025-26. The District's audited financial statements for the fiscal year ended June 30, 2025 are attached hereto as APPENDIX D. The Board of Trustees of the District (the "Board") is expected to adopt the District's budget for fiscal year 2026-27 on June 25, 2026. For further information concerning the District, see the caption "THE DISTRICT" herein.

Purpose of the Certificates

The proceeds received from the sale of the Certificates will be used to (i) finance certain capital improvements to District facilities, (ii) fund a debt service reserve fund for the Certificates, and (iii) pay the costs related to the execution and delivery of the Certificates, all as further described in the sections "THE PROJECTS" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

Security and Source of Payment of the Certificates

The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of July 1, 2026 (the "Trust Agreement"), by and among the District, the Corporation and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The District is required under the Lease to pay Lease Payments for the use and possession of the Property, which is further described under the caption "THE PROPERTY"

* Preliminary, subject to change.

herein. The District is also required to pay any taxes and assessments and the cost of maintenance and repair of the Property.

Pursuant to an Assignment Agreement, dated as of July 1, 2026 (the "Assignment Agreement"), by and between the Corporation and the Trustee, the Corporation will assign to the Trustee, for the benefit of the Owners of the Certificates, substantially all of its rights under the Lease and a Site Lease, dated as of July 1, 2026 (the "Site Lease"), by and between the District and the Corporation, including its rights to receive and collect Lease Payments, Additional Payments, Reserve Replenishment Rent and Prepayments from the District under the Lease and rights as may be necessary to enforce payment of Lease Payments, Additional Payments, Reserve Replenishment Rent and Prepayments and to exercise all rights and remedies under the Lease following a default. All rights assigned by the Corporation pursuant to the Assignment Agreement shall be administered by the Trustee in accordance with the provisions of the Trust Agreement for the equal and proportionate benefit of all Owners.

The Certificates evidence fractional and undivided interests in the right to receive Lease Payments and Prepayments thereof to be made by the District to the Corporation under the Lease. The Lease Payments are designed to pay, when due, the principal and interest with respect to the Certificates. The District will covenant in the Lease that it will take such action as may be necessary to include the Lease Payments and other payments due under the Lease in its annual budgets and to make the necessary annual appropriations therefor. The District's obligation to make Lease Payments is subject to abatement in the event of the loss of use and possession of all or a portion of the Property due to its damage, destruction, title defect or taking by eminent domain. See "RISK FACTORS — Abatement" herein.

Neither the Certificates nor the obligation of the District to make Lease Payments constitutes a debt of the District, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. See "RISK FACTORS" herein.

Description of the Certificates

For a more complete description of the Certificates and the basic documentation pursuant to which they are being sold and delivered, see "THE CERTIFICATES" and APPENDIX A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" hereto. The summaries and descriptions in the Official Statement of the Trust Agreement, the Lease, the Site Lease, the Assignment Agreement and other agreements relating to the Certificates are qualified in their entirety by the form thereof and the information with respect thereto included in such documents.

Prepayment. The Certificates are subject to prepayment prior to maturity as described herein. See "THE CERTIFICATES — Prepayment" herein.

Registration, Transfers and Exchanges. The Certificates will be executed and delivered as fully registered Certificates, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Certificates (the "Beneficial Owners") in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Certificates. See "THE CERTIFICATES — Book-Entry Only System" herein. In the event that the book-entry only system described below is no longer used with respect to the Certificates, the Certificates will be registered and transferred in accordance with the provisions of the Trust Agreement. The Certificates are being delivered in the minimum denominations of $5,000 and any integral multiple thereof.

Payments. Principal and interest due with respect to the Certificates are payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Certificates, the Beneficial Owners will become the registered

owners of the Certificates and will be paid principal and interest by the Trustee, all as described in the Trust Agreement. See "THE CERTIFICATES — General" herein.

Continuing Disclosure

The District will agree in the Continuing Disclosure Agreement for the benefit of Certificate Owners and Beneficial Owners to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission. The specific nature of the information to be made available and of the event notices to be provided is summarized below under the caption "CONTINUING DISCLOSURE" and APPENDIX E — "FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto. For information concerning the District's compliance with its continuing disclosure undertakings over the past five years, see "CONTINUING DISCLOSURE" herein.

Professionals Involved in the Offering

U.S. Bank Trust Company, National Association will act as Trustee with respect to the Certificates. The Certificates will be delivered subject to the approval as to their legality by Dannis Woliver Kelley, Long Beach, California, Special Counsel. Dannis Woliver Kelley will also act as the District's Disclosure Counsel with respect to the Certificates. Certain matters will be passed on for the Underwriter by Jones Hall, LLP, San Mateo, California. Certain matters will be passed on for the Corporation by its counsel and for the Trustee by its counsel. Dale Scott & Company, Inc. will act as Municipal Advisor to the District. The District's financial statements for the fiscal year ended June 30, 2025 are included as APPENDIX D hereto.

Certificate Owners' Risks

Certain events could affect the ability of the District to make the Lease Payments when due. See "RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Certificates.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The sale and delivery of the Certificates to potential investors is made only by means of the Official Statement.

Copies of the Lease, the Site Lease, the Trust Agreement, the Assignment Agreement and the Continuing Disclosure Agreement are available, upon request, and upon payment to the District of a charge for copying, mailing and handling, from the District at 901 Andrade Avenue, Calexico, California 92231.

This Official Statement contains brief descriptions of, among other things, the District, the Corporation, the Certificates, the Trust Agreement, the Lease, the Assignment Agreement, the Site Lease and certain other matters relating to the security for the Certificates. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to documents and agreements are qualified in their entirety by reference to such documents, and agreements and references herein to the Certificates are qualified in their entirety by reference to the form thereof included in the Trust Agreement. Copies of such documents will be available for inspection at the principal office of the Trustee after delivery of the Certificates. Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Trust Agreement.

THE PROJECTS

The District expects to apply the net proceeds from the sale of the Certificates to (i) finance certain capital improvements to District facilities, (ii) fund a debt service reserve fund for the Certificates, and (iii) pay the costs related to the execution and delivery of the Certificates. See, "THE PROPERTY" herein.

THE PROPERTY

Pursuant to the Site Lease, the District is leasing the Property to the Corporation and leasing the Property back from the Corporation pursuant to the Lease. The Property consists of Calexico High School 9th Grade Academy ("Academy") located at 824 Blair Avenue in Calexico, California and Enrique Camarena Junior High School ("Junior High School") located at 800 E. Rivera Avenue in Calexico, California. The Academy consists of seven single story buildings, including relocatable buildings, and forty-six classrooms, totaling 77,988 square feet. The Junior High School consists of four single story modular and relocatable buildings and twenty-five classrooms totaling 41,240 square feet. The improvements on the Property currently have a total estimated insured replacement value of approximately $32 million. See also "RISK FACTORS – Property Values" herein.

THE CERTIFICATES

General

The Certificates will be executed in the aggregate principal amount of $30,000,000*. The Certificates will be dated their date of delivery and will be delivered as registered Certificates without coupons in denominations of $5,000 each, and any integral multiple thereof. Interest with respect to the Certificates will be payable on each May 1 and November 1, commencing November 1, 2026 (each a "Certificate Payment Date"), at the rates per annum set forth on the inside cover page of this Official Statement. The Certificates will mature on May 1 in the designated years and in the principal amounts as set forth on the inside cover of this Official Statement.

If a Certificate is executed: (i) as of a Certificate Payment Date, interest will be payable from such Certificate Payment Date; (ii) after the close of business on the fifteenth day of the month preceding each Certificate Payment Date (whether or not a business day) (each, a "Record Date") and before the following Certificate Payment Date, interest will be payable from such following Certificate Payment Date and (iii) on or prior to October 15, 2026, interest evidenced thereby shall be payable from the date of execution and delivery of the Certificates. Interest with respect to the Certificates will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Certificates evidence and represent fractional and undivided interests of the Owners thereof in the Lease Payments and Prepayments thereof to be made by the District pursuant to the Lease. To the extent Lease Payments are abated or not made under the Lease and insurance proceeds or amounts in or credited to the Reserve Fund are not available to make such Lease Payments, all Certificate Owners will receive a proportionate reduction in their payments. See "RISK FACTORS — Abatement."

So long as the Certificates are held in book-entry form, principal and interest will be paid to DTC for disbursement to Beneficial Owners of interests in the Certificates in accordance with DTC's procedures. See "— Book-Entry Only System" below. In the event that the Certificates are no longer held in book-entry form, the following provisions will apply. Principal with respect to the Certificates will be payable upon surrender by the Certificate Owners thereof at the principal office of the Trustee. Interest with respect to the Certificates will be payable by check mailed by first class mail to the Certificate Owners of record at the address shown on the Certificate registration books maintained by the Trustee for such purpose. Certificate Owners in an aggregate principal amount of $1,000,000 or more may, by providing written instruction to the Trustee, receive interest with respect to the Certificates by wire transfer.

* Preliminary, subject to change.

Prepayment

Optional Prepayment. The Certificates maturing on or prior to May 1, 20__ are not subject to optional prepayment prior to maturity. The Certificates maturing on or after May 1, 20__ are subject to optional prepayment prior to their stated maturities on any date on or after May 1, 20 , in whole or in part, at the option of the District, from any lawfully available source in the event the District exercises its option under the Lease to prepay the Principal Component of the Lease Payments (in integral multiples of $5,000), at a prepayment price equal to the Principal Component of the Lease Payments to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

The District may provide a conditional notice to optionally prepay Certificates. In the event the District gives a conditional notice to the Trustee of its intention to exercise such option, but does not deposit with the Trustee on or prior to the prepayment date an amount equal to the prepayment price, the prepayment of the Certificates shall not occur and the District shall not be required to prepay the Certificates and the District will continue to pay the Lease Payments as if no such notice had been given. Within a reasonable time thereafter, the Trustee shall give notice to the Owners that the conditions to prepayment were not met and the prepayment was cancelled.

Mandatory Sinking Fund Prepayment. The Certificates maturing May 1, 20___ are subject to mandatory sinking fund prepayment on May 1 of each Mandatory Sinking Fund Payment Date and in the respective principal amounts as set forth in the following schedule, at a prepayment price equal to the principal amount thereof to be prepaid plus accrued interest thereon to the date fixed for prepayment, without premium:

Mandatory Sinking Fund Payment Date (May 1)	Principal Amount to be Prepaid

(1)

(1) Maturity.

In the event that a portion of the Certificates maturing on May 1, 20__ is optionally prepaid 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 Certificates optionally prepaid.

Extraordinary Prepayment. The Certificates are subject to prepayment prior to their respective maturity dates on any date, in whole or in part, from Net Proceeds which the Trustee shall transfer to the Prepayment Fund as provided in the Lease at least 45 days prior to the date set for prepayment, at a prepayment price equal to the Principal Component of the Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium, in the event of certain accidents, destruction, theft or taking by eminent domain or condemnation with respect to the Property as described in the Lease.

Prepayments from Net Proceeds and the resulting prepayment of Certificates that were purchased at a price greater than the applicable prepayment price could reduce the otherwise expected yield on such Certificates. See "RISK FACTORS – Extraordinary Prepayment from Net Proceeds."

Prepayment Procedures

Notice of prepayment shall be mailed by first-class mail, postage prepaid, not less than 20 nor more than 60 days before the prepayment date, to the respective Certificates Owners designated for prepayment at their addresses appearing on the Certificate registration books; provided that neither failure to receive such notice

nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for prepayment. In addition, notice shall be sent to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System. Neither failure to send such notice nor any defect in any notice so sent shall affect the sufficiency of the proceedings for the prepayment of the Certificates. Such notice shall specify: (a) the prepayment date, (b) the prepayment price, (c) if less than all of the Outstanding Certificates are to be prepaid, the Certificate numbers (and in the case of partial prepayment, the respective principal amounts), (d) the CUSIP numbers of the Certificates to be prepaid, (e) the place or places where the prepayment will be made, (f) the original date of execution and delivery of the Certificates, (g) the rate of interest payable with respect to each Certificate being prepaid, (h) any other descriptive information regarding the Certificates needed to identify accurately the Certificates being prepaid, and (i) if the notice is conditional, a statement to that effect. Such notice shall further state that on the specified date there shall become due and payable upon each Certificate to be prepaid, the portion of the principal amount of such Certificate to be prepaid, together with interest accrued to said date and that from and after such date, provided that moneys therefor have been deposited with the Trustee, interest with respect thereto shall cease to accrue and be payable.

So long as DTC is the registered Owner of the Certificates, all such notices will be provided only to DTC as the registered Owner, and will not be mailed by the Trustee to the Beneficial Owners of the Certificates. See "— Book-Entry Only System" herein.

Selection of Certificates for Prepayment. Whenever provision is made for the optional prepayment of Certificates and less than all Outstanding Certificates are called for prepayment, and if the Certificates are registered in book-entry form and so long as the nominee is the sole registered owner of the Certificates on behalf of DTC the Certificates shall be selected for optional prepayment from among maturities selected by the District and by lot within any maturity in accordance with the operational arrangements of DTC. In connection with an extraordinary prepayment of the Certificates, the Certificates shall be selected for prepayment pro rata among maturities and by lot within a maturity in accordance with the operational arrangements of DTC. The Trustee will promptly notify the District and the Corporation in writing of the Certificates selected for prepayment by mailing to the District and the Corporation copies of the notice of prepayment provided.

Effect of Prepayment. Notice having been given to the Owners of the Certificates in accordance with the Trust Agreement, and the moneys for the prepayment (including the interest to the applicable date of prepayment), having been set aside in the Prepayment Fund, the Certificates shall become due and payable on the date of prepayment, and upon presentation and surrender thereof at the Principal Office, said Certificates shall be paid at the prepayment price with respect thereto, plus interest accrued and unpaid to said date of prepayment.

If, on the date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest to the date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, and, if notice of prepayment thereof shall have been given as provided in the Trust Agreement, then, from and after the date of prepayment, interest with respect to the Certificates to be prepaid shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, without liability for interest thereon.

Book-Entry Only System

The Certificates will be executed and delivered as one fully registered certificate without coupons for each maturity and, when executed and delivered, will be registered in the name of Cede & Co., as nominee DTC. DTC will act as securities depository of the Certificates. Individual purchases may be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof for each maturity. Beneficial Owners will not receive certificates representing their interest in the Certificates purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to the Beneficial Owners of the Certificates in accordance with DTC's procedures. See APPENDIX F — "BOOK-ENTRY ONLY SYSTEM" hereto.

CERTIFICATE PAYMENT SCHEDULE

Lease Payments are required to be made by the District under the Lease on or before April 15 and October 15 of each year for the use and possession of the Property for the period commencing as of the Closing Date and terminating as provided in the Lease. The following table summarizes the annual Certificate payments to be made from the Lease Payments of the District assuming no optional or extraordinary prepayments.

ANNUAL CERTIFICATE PAYMENT SCHEDULE

Certificate Year (May 1)	Principal Component	Interest Component	Total Annual Certificate Payments
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
2056			
Total			

SECURITY AND SOURCES OF PAYMENT OF THE CERTIFICATES

Neither the Certificates nor the obligation of the District to make Lease Payments constitutes an obligation of the District for which the District is obligated to levy or pledge, or for which the District has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the District to make Lease Payments constitutes a debt of the District, the State or any of its political subdivisions within the meaning of any constitutional limitation or violates any statutory debt limitation.

General

Each Certificate represents a fractional interest in the Lease Payments and Prepayments to be made by the District to the Trustee pursuant to the Lease. The District is obligated to pay Lease Payments from any source of legally available funds, and will covenant in the Lease, subject to the abatement provisions therein, to include all Lease Payments coming due in its annual budgets and to make the necessary annual appropriations therefor. The Corporation, pursuant to the Assignment Agreement, will assign all of its rights under the Lease (excepting certain rights as specified therein), including the right to receive Lease Payments, Reserve Replenishment Rent and Prepayments, to the Trustee for the benefit of the Certificate Owners. By the fifteenth day of each April and October (if such day is not a Business Day, the next succeeding Business Day), the District must pay to the Trustee a Lease Payment (to the extent required under the Lease) which is equal to the amount necessary to pay the principal, if any, and interest due with respect to the Certificates on the next succeeding Certificate Payment Date.

Under the Lease, the District will agree to pay certain taxes, assessments, utility charges, and insurance premiums due with respect to the Property and the Certificates and fees and expenses of the Trustee. The District is responsible for repair and maintenance of the Property during the term of the Lease. The District may at its own expense in good faith contest such taxes, assessments and utility and other charges if certain requirements set forth in the Lease are satisfied, including obtaining an opinion of counsel that the Property will not be subjected to loss or forfeiture.

In accordance with the Lease, the District will certify to the Trustee on or before August 1 of each year that the District has included all Lease Payments, Reserve Replenishment Rent and Additional Payments (known as of the date of budget adoption) due under the Lease in the fiscal year covered by its annual budget and the amount so included. If the District fails to certify that it has included all such Lease Payments, Reserve Replenishment Rent and Additional Payments in its annual budget, the Trustee will promptly provide the District written notice specifying that the District has failed to observe and perform its covenant and agreement in the Lease and requesting that such failure be remedied within 30 days, or such failure shall constitute an Event of Default under the Lease.

The District's obligation to make Lease Payments will be abated in the event of, and to the extent of, substantial interference with use and possession of the Property arising from damage, destruction, title defect, or taking by eminent domain or condemnation of the Property. Abatement does not constitute a default under the Lease and the Trustee will not be entitled in such event to pursue remedies against the District. See "RISK FACTORS — Abatement" herein.

Should the District default under the Lease, the Trustee, as assignee of the Corporation, may terminate the Lease and re-lease the Property or may continue the Lease in effect and hold the District liable for all Lease Payments thereunder on an annual basis. Under no circumstances will the Trustee have the right to accelerate Lease Payments. See "RISK FACTORS — No Acceleration Upon Default" and "— Limited Recourse on Default" herein.

Lease Payments

Subject to the provisions of the Lease regarding abatement in the event of loss of use and possession of any portion of the Property (see "RISK FACTORS — Abatement" herein) and prepayment of Lease Payments (see the provisions relating to prepayment under the caption "THE CERTIFICATES" above), the District agrees to pay to the Corporation, its successors and assigns, as annual rental for the use and possession of the Property, the Lease Payments to be due and payable on May 1 and November 1 of each year. Under the Lease, the District is required to deposit the Lease Payments with the Trustee on April 15 and October 15 of each year, or, if such day is not a Business Day, the next succeeding Business Day (each, a "Lease Payment Deposit Date").

Any amounts held in the Lease Payment Fund on any Lease Payment Deposit Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to the Lease and amounts required for payment of past due principal or interest with respect to any Certificates not presented for payment) shall be credited to the payment of Lease Payments due and payable on such Lease Payment Deposit Date.

The Trust Agreement requires that Lease Payments be deposited in the Lease Payment Fund maintained by the Trustee. Pursuant to the Trust Agreement, on each Certificate Payment Date, the Trustee will apply such amounts in the Lease Payment Fund as are necessary to make interest and principal payments, respectively, with respect to the Certificates as the same shall become due and payable.

Reserve Fund

A Reserve Fund will be established by the Trust Agreement for the Certificates and any Additional Certificates in an amount equal to the least of (i) maximum aggregate annual Lease Payments payable under the Lease in any Certificate Year with respect to the Certificates and any Additional Certificates, (ii) 125% of the average annual aggregate Lease Payments then payable under the Lease (calculated based on Certificate Years) with respect to the Certificates and any Additional Certificates, or (iii) 10% of the original face amount of the Certificates and any Additional Certificates (less original issue discount of in excess of two percent (2%) of the stated Principal Components at maturity) (collectively, the "Reserve Requirement").

The full amount available in the Reserve Fund may be used by the Trustee in the event that amounts in the Lease Payment Fund are not sufficient to pay the principal or interest due with respect to the Certificates due to abatement or failure by the District to make Lease Payments. Subject to the requirements and restrictions contained in the Trust Agreement, the District may substitute a line of credit, letter of credit, an insurance policy, surety bond or any other comparable credit facility (each, a "Reserve Facility") or combination thereof in lieu of all or a portion of the initial security funding the Reserve Fund, which in the aggregate makes funds available in the Reserve Fund in an amount equal to the Reserve Requirement; provided, however, the long-term unsecured debt or claim-paying ability, as the case may be, of the provider of any such Reserve Facility, must be rated in one of the two highest rating categories by S&P and/or Moody's (without regard to qualifiers) at the time of purchase of the Reserve Facility.

Additional Payments

The District shall pay such amounts ("Additional Payments") as shall be required for the payment of all administrative costs of the Corporation relating to the Property or the Certificates, including, without limitation, all expenses, assessments, compensation and indemnification of the Trustee payable by the District under the Trust Agreement, taxes of any sort whatsoever payable by the Corporation as a result of its leasehold interest in the Property or undertaking of the transactions contemplated in the Lease or in the Trust Agreement, fees of auditors, accountants, attorneys or engineers, and all other necessary administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Certificates or of the Trust Agreement, including premiums on insurance required to be maintained by the Lease or to indemnify the Corporation and its officers and directors.

Insurance

Pursuant to the Lease, the District will obtain a CLTA leasehold title insurance policy (with certain exceptions) on the Property in an amount equal to the aggregate Principal Component of unpaid Lease Payments. The Lease also requires that the District maintain rental interruption insurance to insure against loss of Lease Payments from the Property in an amount not less than the maximum remaining scheduled Lease Payments in any future two-year period. The District is obligated to obtain a standard comprehensive general public liability and property damage insurance policy or policies and workers' compensation insurance or to self-insure against such risks as permitted by the Lease. See APPENDIX A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE LEASE — Insurance" and "THE DISTRICT — Insurance" hereto.

The proceeds of any rental interruption or use and occupancy insurance will be deposited to (i) the Reserve Fund to make up any deficiency therein, and (ii) in the Lease Payment Fund to be credited towards the payment of the Lease Payments in the order in which such Lease Payments become due and payable. The Lease requires the District to apply the Net Proceeds of any insurance or condemnation award either to replace or repair the Property or to prepay Certificates if certain certifications with respect to the adequacy of the Net Proceeds to make repairs, and the timing thereof, cannot be made. The amount of Lease Payments will be abated and Lease Payments due under the Lease may be reduced during any period in which a title defect, condemnation, material damage or destruction to all or part of the Property substantially interferes with the District's use and possession thereof. See "RISK FACTORS — Abatement" herein.

Remedies on Default

If the District defaults in performance of its obligations under the Lease, the Trustee, as assignee of the Corporation, may, among other things, elect either (i) to terminate the Lease and re-enter and relet the Property, or (ii) without terminating the Lease enforce the Lease and hold the District liable for all Lease Payments on an annual basis whether or not it has re-entered and relet the Property. See "RISK FACTORS—Limited Recourse on Default" and APPENDIX A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE TRUST AGREEMENT — Events of Default and Remedies."

Additional Certificates

Pursuant to the Trust Agreement, the District may cause Additional Certificates to be executed and delivered without the consent of the Owners of the Certificates if certain conditions precedent are satisfied. See "RISK FACTORS — Additional Certificates" and APPENDIX A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE TRUST AGREEMENT — Additional Certificates."

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ESTIMATED SOURCES AND USES OF PROCEEDS

The estimated sources and uses of proceeds to be received from the sale of the Certificates are as follows:

Sources

Certificate Par Amount
[Net] Original Issue Premium
Total

Uses

Deposit to Project Fund
Deposit to Reserve Fund
Capitalized Interest
Costs of Delivery[(1)]
Total

(1) Includes Underwriter's discount, legal fees, municipal advisor fees, printing, rating agency fees and expenses, and other miscellaneous delivery costs.

RISK FACTORS

The following factors, together with all other information provided in this Official Statement, should be considered by potential investors in evaluating the purchase of the Certificates. The discussion below does not purport to be, nor should it be construed to be, complete nor a summary of all factors which may affect the financial condition of the District, the District's ability to make Lease Payments in the future, the effectiveness of any remedies that the Trustee may have or the circumstances under which Lease Payments may be abated.

No representation is made as to the future financial condition of the District. Payment of the Lease Payments is an obligation of the District payable from legally available funds and the ability of the District to make Lease Payments may be adversely affected by its financial condition as of any particular time. See "STATE OF CALIFORNIA FISCAL ISSUES" herein. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

General Considerations - Security for the Certificates

The obligation of the District to make the Lease Payments does not constitute a debt of the District or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the District or the State is obligated to levy or pledge any form of taxation or for which the District or the State has levied or pledged any form of taxation.

Although the Lease does not create a pledge, lien or encumbrance upon the funds of the District, the District is obligated under the Lease to pay the Lease Payments, Reserve Replenishment Rent and Additional Payments from any source of legally available funds and the District will covenant in the Lease that it will take such action as may be necessary to include all Lease Payments, Reserve Replenishment Rent and Additional Payments due under the Lease in its annual budgets and to make necessary annual appropriations for all such rental payments. The District is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Lease Payments. To the extent that additional obligations are incurred by the District, the funds available to make Lease Payments may be decreased. In the event the District's revenue sources are less than its total obligations, the District could choose to fund other activities before making Lease Payments and other payments due under the Lease. The District's general fund balance has declined in recent fiscal years and is projected to continue to decline, which could reduce the funds available to make Lease Payments.

Extraordinary Prepayment from Net Proceeds

Prepayment of the Certificates from Net Proceeds could be made as provided in the Trust Agreement, and the resulting prepayment of Certificates that were purchased at a price greater than the applicable prepayment price could reduce the otherwise expected yield on such Certificates.

Constitutional and Statutory Limitations on Appropriations

There are limitations on the ability of the District to increase revenues. The ability of the District to increase the *ad valorem* property tax is limited pursuant to Article XIIIA of the State Constitution, which was enacted in 1978. In 1986, California voters approved an initiative statute that attempts to limit the imposition of new or higher taxes by local agencies, including the District. On November 5, 1996, voters approved Proposition 218 – the "Right to Vote on Taxes Act," which further affects the ability of local agencies to levy and collect existing and future taxes, assessments, fees and charges. On November 3, 2010, California voters approved Proposition 26, which generally expands the definition of "taxes" that are subject to voter approval requirements imposed by Proposition 218. Additionally, Article XIIIB of the State Constitution places certain limits on the appropriations the District is permitted to make. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES" herein.

Abatement

The obligation of the District under the Lease to pay Lease Payments is in consideration for the use and possession of the Property. The obligation of the District to make Lease Payments (other than to the extent that funds to make Lease Payments are available in the Lease Payment Fund and the Reserve Fund) may be abated in whole or in part if the District does not have full use and possession of the Property.

The amount of Lease Payments, Additional Payments and Reserve Replenishment Rent due under the Lease will be adjusted or abated during any period in which by reason of damage, destruction, title defect or taking by eminent domain or condemnation, there is substantial interference with the use and possession of any portion of the Property. The amount of such abatement shall be determined by the District such that the resulting Lease Payments, Additional Payments and reserve Replenishment Rent represent fair consideration for the District's right to use and possession of the portion of the Property not damaged, destroyed or interfered with as a result of title defect or taking. The Reserve Fund will be funded on the date of execution and delivery of the Certificates , in an amount equal to the Reserve Requirement, and amounts available in the Reserve Fund shall be used by the Trustee, together with rental interruption insurance, to make payments in the event Lease Payments received by the Trustee are insufficient to pay principal and interest with respect to the Certificates as such amounts become due.

If damage or destruction, title defect or taking of the Property results in abatement or adjustment of Lease Payments and the resulting Lease Payments, together with moneys in the Reserve Fund, are insufficient to make all payments of principal and interest with respect to the Certificates during the period that the Property is being replaced, repaired or reconstructed, then such payments of principal and interest may not be made, and the only source of funds available to the Trustee or Owners will be any proceeds of rental interruption insurance. Such insurance is required to provide coverage of Lease Payments for up to two years following damage or destruction of the Property with respect to an insured loss. Rental interruption insurance does not cover a loss of use due to uninsured events such as earthquake and flood.

Notwithstanding the provisions of the Lease and the Trust Agreement specifying the extent of abatement in the event of the District's failure to have use and possession of the Property, such provisions may be superseded by operation of law and, in such event, the resulting Lease Payments of the District may not be sufficient to pay all of the remaining principal and interest with respect to the Certificates Outstanding.

Absence of Earthquake Insurance and Flood Insurance

Much of California is seismically active, with numerous faults that could be earthquake sources. The District has no earthquake insurance on the Property and is not obligated under the Lease to procure and maintain, or cause to be procured and maintained, earthquake insurance on the Property. Seismic activity could cause significant damage to the Property and the value of the Property could be adversely affected and an abatement of Lease Payments could occur due to a seismic event. The District is not able to predict whether or to what extent these results might occur.

Public school construction in the State, including the school facilities constructed on the Property, are entitled and approved through the California Division of State Architect ("DSA"), which reviews building plans and calculations based on three sets of criteria: Seismic and Engineering; Fire, Life, Safety; and Access. DSA applies the State building code standards and requires that certain buildings are compliant with the Field Act for Public Schools set forth in Sections 17280 & 81130 *et seq* of the California Education Code (the "Field Act"). The Field Act sets forth structural design standards to enable school buildings meet a higher threshold of seismic safety, ensuring safety for students and building occupants in the event of an earthquake.

The Property is not in a 100-year flood plain. The District has no flood insurance on the Property.

Other Limitations on Liability

Although the District will covenant to budget and appropriate annually to provide for Lease Payments, the District has not pledged its full faith and credit to such payment. In the event that the District's revenue sources are less than its total obligations in any year, the District could choose to pay other District expenditures before paying any or all of the annual Lease Payments.

Except as expressly provided in the Trust Agreement, the Corporation shall not have any obligation or liability to the Owners with respect to the payment when due of the Lease Payments by the District, or with respect to the performance by the District of other agreements and covenants required to be performed by it contained in the Lease or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

No Acceleration upon Default

In the event of a default by the District under the Lease, the remedy of acceleration of the remaining Lease Payments is not available. The District will only be liable for Lease Payments on an annual basis, and, in the event of default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against school districts in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Limited Recourse on Default

The Lease and the Trust Agreement provide that the Trustee may take possession of the Property and re-lease it if there is a default by the District and that, in the event such re-leasing occurs, the District would be liable for any resulting deficiency in the Lease Payments. The Lease provides that the Trustee may have such rights of access to the Property as may be necessary to exercise any remedies. If the Property is determined to be of an essential nature to the District by a court, it is not certain whether such court would permit the exercise of the remedies of repossession and re-leasing of the Property. The Trustee is not empowered to sell the Property for the benefit of the Owners.

Alternatively, the Lease provides that, following an event of default, the Trustee may terminate the Lease with respect to the Property and proceed against the District to recover damages pursuant to the Lease. Any suit for money damages would be subject to limitations on legal remedies against school districts in

California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

The enforceability of the rights and remedies of the Owners of the Certificates, and the obligations incurred by the District, may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which 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; and 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 servicing a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, would subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently entail risks of delay, limitation, or modification of their rights with respect to the Certificates. In a bankruptcy case, a plan of adjustment for the District could be confirmed that would allow for enforcement of the Lease, but the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants and other terms or provisions of the Lease and the Certificates may be altered by the bankruptcy court. Such a plan could be confirmed even over the objections of the Trustee and the Owners, and without their consent. In addition, if the Lease is determined to constitute a "true lease" by the bankruptcy court (rather than a financing lease providing for the extension of credit), the District could choose not to perform under the Lease and the claim of the Owners could be substantially limited. An allowable claim could be substantially less than the amount of the Certificates outstanding, resulting in the Owners not receiving the full amount of the principal and interest due with respect to the Certificates.

Substitution of Property

The Lease provides that, upon the satisfaction of certain conditions specified therein, the District may substitute other public facilities or real property for all or any portion of the Property and may release a portion of the Property from the Lease. Although the Lease requires, among other things, that the Property, as constituted after such substitution or release, have an annual fair rental value at least equal to the maximum Lease Payments payable by the District in any fiscal year, it does not require that such Property have an annual fair rental value equal to the annual fair rental value of the Property at the time of substitution or release. Thus, a portion of the Property could be replaced with less valuable real property, or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Certificates, particularly if an event requiring abatement of Lease Payments were to occur subsequent to such substitution or release. See APPENDIX A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE LEASE AGREEMENT — Substitution or Release of the Property" hereto.

Additional Certificates

The Trust Agreement permits Additional Certificates secured on a parity with the Certificates to be executed and delivered upon compliance with the provisions in the Trust Agreement. In connection with the execution and delivery of any Additional Certificates, the Lease Payments due under the Lease would be increased. The Certificates and any Additional Certificates will be secured on a parity under the Trust Agreement by Lease Payments and other amounts held in the funds established thereunder. See APPENDIX A — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Trust Agreement — Additional Certificates."

Property Values

The District has estimated the value of the real property constituting the Property. (See "THE PROPERTY" herein). The estimate makes certain assumptions which could affect the estimate of property value. If any of these assumptions are proven incorrect, there could be a negative impact on value. The estimates

as to values are merely the opinions of the District as of the date the Property was last insured. The District has not sought the opinion of any appraiser. A different opinion of such value might be rendered by an appraiser.

The fee estate will not be assigned to the Trustee but, rather, the rights of the Corporation under the Lease, which is for a limited term, will be assigned to the Trustee. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS." Thus, the value of the real property constituting the Property and the buildings and improvements thereon are not necessarily an accurate measure of the value of the interest in the Lease assigned to the Trustee.

Cybersecurity

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, other than as described herein. In July 2025, the District experienced a cybersecurity incident that did not result in a material disruption to District operations. The District has since contracted with cybersecurity consultants to implement stronger security procedures. 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.

Natural Disasters Impacting Assessed Valuation

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. In September 2024, Governor Newsom ended the drought state of emergency in 19 counties where conditions have improved significantly, including the County.

Currently, according to the U.S. Drought Monitor, Currently, according to the U.S. Drought Monitor, approximately 5.0% of the State is experiencing moderate drought conditions, while 55.39% percent of the State is experiencing abnormally dry 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.

Floods. Periods of heavy rainfall caused by atmospheric rivers in California between December 2022 and March 2023 resulted in flooding affecting much of California. Many homes and businesses suffered property damage, suffered road closures, and lost power during the rainstorms and flooding. In January 2023, both Governor Newsom and President Biden declared a state of emergency for several California counties, including the County, due to the flooding and damage. The District was not materially impacted by the flooding.

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.

Earthquakes. All jurisdictions in California are subject to the effects of damaging earthquakes. 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 County is located in a region of significant seismicity with numerous local faults, including Imperial Fault Zone. The City has experienced a total of 10,772 earthquakes since 1931, with the largest earthquake within 30 miles of the City being a 7.2 magnitude, which occurred in 2010. According to the USGS database, there is an almost 99.26% chance of a major earthquake within 30 miles of the City within the next 50 years.

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. Such economic slowdown created risk for economic recession or depression or a general market decline in real estate values which in turn could have led to a reduction of assessed values in the District.

The District cannot make any representation regarding the effects that drought, flooding, changes in economic conditions (caused by pandemic, tariffs or otherwise), fire conditions, earthquakes, or other natural disasters has 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.

The occurrence of natural disasters within the boundaries of the District could result in substantial damage to property within the District, including the Property, and, in turn, could substantially reduce general fund revenues. Natural disasters could also result in substantial damage to properties within the District. As a result, natural disasters could affect the ability of the District to make Lease Payments or cause an abatement in Lease Payments. Reduced ability to pay Lease Payments could affect the timely payment of the principal of and interest represented by the Certificates.

THE CORPORATION

The Public Property Financing Corporation of California, a nonprofit public benefit corporation, duly organized and existing under the laws of the State of California was incorporated pursuant to the Nonprofit Public Benefit Corporation Law of the State (Title 1, Division 2, Part 2 of the California Corporation Code). The Corporation was established in order to assist public agencies in financing capital projects and equipment needs.

THE DISTRICT

Introduction

The District consists of an approximately 77 square mile area in part of the southern-most region of California, encompassing all of the City, as well as unincorporated areas of the County. The southern boundary of the District runs along the United States/Mexico border. The District is five miles from the town of Mexicali, Mexico, approximately fifteen miles due south of the City of El Centro, and 125 miles from the City of San Diego, a regional economic center. The District operates a total of eleven schools, consisting of seven elementary schools, two junior high schools, one high school, and one adult education facility. The District's ADA for fiscal year 2025-26 is 7,173. The District's total assessed value for fiscal year 2025-26 is $2,962,086,510. The District's audited financial statements for the fiscal year ended June 30, 2025 are attached hereto as APPENDIX D.

Board of Trustees

The District is governed by the Board which consists of five members who are elected at large 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:

CALEXICO UNIFIED SCHOOL DISTRICT
Board of Trustees

Name	Office	Term Expires November
Alejandro Aviña	President	2028
Fabiola Calderon	Clerk/Vice President	2028
Kevin Arellano	Member	2026
Michael Castillo	Member	2026
Carlos Contreras	Member	2026

Source*: The District.*

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Calexico Unified School District, 901

Andrade Avenue, Calexico, California 92231, Attention: Assistant Superintendent Business Services. The District may charge a small fee for copying, mailing and handling.

Key Personnel

The following is a listing of the key administrative personnel of the District. The Superintendent of the District is responsible for administering the day-to-day affairs of the District in accordance with the policies of the Board. A brief biography of the District's Superintendent follows.

Name	Title
Arturo Jimenez	Superintendent
Luis De La Torre	Assistant Superintendent Business Services
Elisa Ramirez	Assistant Superintendent of Educational Services
Rommel Guerrero	Assistant Superintendent of Human Resources and Risk Management

Arturo Jimenez – Superintendent. Superintendent Jimenez has served as the Superintendent of the District since 2022. Prior to joining the District, he served as Assistant Superintendent of Human Resources in the Westminster School District. Superintendent Jimenez's career in public education spans 30 years as an instructional assistant, teacher, principal, director, and assistant superintendent. He earned his Bachelor of Arts degree in English Literature from Chapman University and his Master of Arts degree in Education Administration from Alliant International University.

Employees and Labor Relations

The District employs approximately 429 full-time equivalent ("FTE") certificated academic professionals, approximately 513 FTE classified employees, and approximately 55 FTE management/supervisor/confidential employees.

The certificated employees of the District have assigned the Associated Calexico Teachers ("ACT") as their exclusive bargaining agent. The contract between the District and ACT expires on June 30, 2027. The terms of the contract include a salary increase of 2.35% effective January 1, 2026, and 2.41% increase effective July 1, 2026.

The classified employees have assigned California Schools Employee Association #399 ("CSEA") as their exclusive bargaining agent. The contract between the District and CSEA expires on June 30, 2027. The terms of the contract include a salary increase of 2.35% effective January 1, 2026, and 2.41% increase effective July 1, 2026.

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 the District.

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 contribute 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 $8,431,169 to STRS for fiscal year 2021-22, $10,794,002 for fiscal year 2022-23, $11,471,429 for fiscal year 2023-24, $12,268,848 for fiscal year 2024-25 and an estimated $18,320,928 for fiscal year 2025-26. Such contributions were equal to 100% of the required contributions for the respective years. The District has budgeted a contribution of $17,499,863 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 year ended June 30, 2023 and for fiscal year ended June 30, 2024 reported investment returns of 6.1% and 9.5%, respectively. Most recently, on May 22, 2026, PERS reported an investment return of 12% for the fiscal year ended June 30, 2025.

The District contributed $4,664,052 to PERS for fiscal year 2021-22, $5,752,023 for fiscal year 2022-23, $7,827,439 for fiscal year 2023-24, $8,539,412 for fiscal year 2024-25 and an estimated $7,684,768 for fiscal year 2025-26, which amounts equaled 100% of required contributions to PERS. The District has budgeted a contribution of $7,957,476 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.

[Remainder of page intentionally left blank]

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 as of June 30, 2025 and STRS as of June 30, 2024.

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)	380,507	321,910	(85,532)

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	$60,945,764
PERS	51,317,699
Total	$112,263,463

Source*: The District.*

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

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 in response to financial market conditions such as recession or inflation.

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*.

The District's defined benefits Other Post-Employment Benefits ("OPEB") plan, Calexico Unified School District Retiree Health Care Plan (the "Plan") provides OPEB for retirees and their eligible dependents that meet eligibility requirements until age 65. Retirees and their eligible dependents in the Plan are eligible for the same medical plans as active employees. The Plan is a single employer defined benefit OPEB plan administered by the District Authority to establish and amend the benefit terms and financing requirements lie with the District's Board of Trustees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees who are eligible to receive retiree employment benefits other than pensions ("Health & Welfare Benefits") while in retirement must meet specific criteria, *i.e.*, age and years with the District. Certificated employees (members of the Calexico Unified School District Teachers' Association) may retire with District-paid Health & Welfare Benefits when they attain the age of 55 and 10 years of service. They are covered until the age of 65. Classified employees may retire with District-paid Health & Welfare Benefits after the later of age 50 and 15 years of service or age 55 and 10 years of service immediately prior to retirement. Management employees are eligible for the same benefits to age 65 once they attain age 55 with 10 years of service. Contribution requirements are established and may be amended by agreement between the District and each of its bargaining units. On June 30, 2024, 60 retirees and their beneficiaries were receiving Health & Welfare Benefits with 693 employees earning service credit towards eligibility.

The following table shows the components of the District's annual Health and Welfare Benefits cost for the year, the amount actually contributed to fund Health and Welfare Benefits, and changes in the District's net Health and Welfare Benefits as of June 30, 2025.

Total Health & Welfare Benefits Liability	
Service Cost	$1,623,972
Interest	1,517,339
Difference between expected and actual experience	--
Changes of Assumptions	(895,972)
Benefits Payments	1,251,128)
Net Change in Health &Welfare Benefits Liability	994,211
Total Health and Welfare Benefits Liability – beginning	41,384,500
Total Health and Welfare Benefits liability – ending	$42,378,711

Source*: The District.*

Expenditures for post-employment healthcare benefits are recognized on a pay-as-you-go basis. As of June 30, 2023, the District had not set aside any amounts in an irrevocable trust in order to fund its Health & Welfare Benefits.

Expenditures for post-employment healthcare benefits are recognized each pay period at a rate that approximates the amount of premiums paid. The District has completed an actuarial study of its Health and Welfare Benefits based on an actuarial valuation of the health and welfare benefit plans of the District as of June 30, 2024. Based on that study, the District's total Health and Welfare Benefits liability as of June 30, 2025 was $42,378,711.

For fiscal year 2025-2026, the District allocated an estimated $1,324,330 for Health and Welfare Benefits. The District has budgeted a Health and Welfare Benefits allocation of $1,414,952 for fiscal year 2026-27.

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 is a member of the Self Insured Schools of California (SISC), for the operation of a common risk management and insurance program for property and liability coverage and workers compensation. SISC has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in the District's financial statements.

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.

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. Currently, there are no independent or District-operated charter schools established within the District's boundaries.

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.

DISTRICT FINANCIAL INFORMATION

District Investments

The Imperial County Treasurer-Tax Collector (the "Treasurer") manages, in accordance with California 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 Treasury Pool. The Treasurer retains the authority to amend the Investment Policy, which governs investments in the Treasury Pool at any time in order to carry out the duties as chief investment officer for the County, subject to approval by the Board of Supervisors. The Treasurer will annually prepare an Investment Policy which will be submitted to the Board of Supervisors for review and approval.

Financial Statements of the District

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 fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District has not requested its auditor to provide any review or update of such financial statements in connection with their inclusion in this Official Statement. Certain information from the District's financial statements follows. The District has not requested, and its auditors have not provided, any review or update to such audited financial statements. The District's audited financial statements for prior and subsequent fiscal years can be obtained by contacting the District at 901 Andrade Avenue, Calexico, California 92231. The District may impose a charge for copying, mailing and handling.

The District's financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board. See "DISTRICT FINANCIAL INFORMATION – General Fund" for more information regarding the District's financial statements for recent fiscal years.

Funds used by the District are categorized as government funds and fiduciary funds. The general fund of the District, as shown herein, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District not financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General fund revenues shown thereon are derived from such sources as taxes, aid from other government agencies, charges for current services and other revenue.

The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the Assistant Superintendent of Business Services for the District and audited by independent certified public accountants each year. The District's audited financial statements for the year ending June 30, 2025 are attached as APPENDIX D hereto.

District Budgets

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 schools 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.

In the past five fiscal years, the District's adopted budget has never been disapproved by the County Superintendent.

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 certifications on each interim report in the last five fiscal years.

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

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CALEXICO UNIFIED SCHOOL DISTRICT
GENERAL FUND BUDGETING

	Adopted Budget 2021-2022[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]	Proposed Budget 2026-27[4]
REVENUES											
LCFF Sources	--	--	--	--	--	--	--	--	$125,059,474	$124,008,719	$123,916,595
State Apportionment	$85,342,356	$66,791,942	$90,630,218	$111,955,953	$99,169,123	$111,377,302	$94,581,620	$91,255,823	--	--	--
Education Protection Account	17,316,254	38,987,625	21,590,865	7,120,632	26,335,865	12,808,699	27,547,789	27,737,871	--	--	--
Property Taxes	5,106,520	6,081,963	5,138,016	6,306,230	5,240,061	6,896,544	5,746,290	7,265,860	--	--	--
Federal	37,919,561	32,702,189	31,926,090	29,166,026	32,532,032	31,022,974	12,256,920	11,355,282	9,573,099	9,780,222	10,005,314
Other State	16,797,358	20,486,897	25,136,023	43,448,925	11,685,638	25,148,681	12,270,557	23,506,772	20,494,145	30,737,834	21,603,530
Interest Income	250,000	382,126	250,000	1,405,481	1,000,000	2,382,845	1,680,604	2,641,734	--	--	--
Fair Market Value Adjustment	--	(1,384,766)	--	(1,258,375)	--	882,847	--	1,213,465	--	--	--
Other Local	3,345,954	4,083,997	3,798,645	6,529,821	2,219,525	5,920,526	6,964,344	20,284,774	21,892,458	23,670,486	26,589,681
Total Revenues	166,078,003	168,131,973	178,469,857	204,674,693	178,182,244	196,440,458	161,048,184	185,261,581	177,019,176	188,197,261	182,115,120.
EXPENDITURES											
Current											
Certificated Salaries	60,937,332	52,006,475	60,153,294	63,747,023	60,971,474	63,177,846	63,076,342	67,470,118	68,013,160	67,577,109	65,956,978
Classified Salaries	17,445,382	26,946,314	21,997,125	23,838,393	23,333,760	28,819,354	28,421,196	31,057,001	30,461,099	29,758,081	30,661,907
Employee Benefits	48,339,272	45,262,018	48,406,194	44,498,643	48,062,538	48,287,463	55,481,463	50,363,041	52,590,705	51,368,288	50,137,059
Books and Supplies	17,449,906	10,955,619	19,850,861	12,447,202	24,066,184	9,318,641	15,448,548	8,851,373	13,591,608	12,560,422	11,312,465
Services, Other Operating Expenses	12,074,372	14,708,760	16,902,693	15,138,598	21,974,890	16,073,426	20,388,670	17,541,534	19,575,189	21,495,106	20,202,365
Other Outgo	1,513,771	1,523,059	1,525,912	1,725,491	1,858,551	1,818,731	445,258	318,246	2,268,640	2,902,049	2,427,101
Transfers of Indirect Costs	(268,583)	(275,951)	(269,934)	(400,366)	(270,836)	(157,143)	(267,391)	(245,533)	(162,379)	(312,598.00)	(302,000)
Capital outlay	11,483,271	13,750,534	8,731,945	16,049,286	21,806,879	23,831,617	6,121,700	24,920,399	16,851,348	16,644,306	2,278,000
Debt Service:											
Principal	687,269	849,918	349,650	580,726	368,919	1,019,515	368,919	616,386	--	--	--
Interest	116,859	87,996	80,805	76,072	61,529	69,866	61,529	65,090	--	--	--
Total Expenditures	169,778,851	165,814,742	177,728,545	177,701,068	202,233,888	192,259,316	189,546,234	200,957,655	203,189,370	201,992,763	182,673,875
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(3,700,848)	2,317,231	741,312	26,973,625	(24,051,644)	4,181,142	(28,498,050)	(15,696,074)	(26,170,194)	(13,795,502)	(558,755)
OTHER FINANCING SOURCES (USES)											
Proceeds from Leases Payable	--	26,386	--	--	--	--	--	710,049	--	--	--
Proceeds from SBITAs	--	--	--	75,040	--	--	--	--	--	--	--
Proceeds from Subscriptions	--	--	--	--	--	847,846	--	--	--	--	--
Total Financing Sources(Uses)	--	26,386	--	75,040	--	847,846	--	710,049	--	--	--
NET CHANGE IN FUND BALANCES	(3,700,848)	2,343,617	741,312	27,048,665	(24,051,644)	5,028,988	(28,498,050)	(14,986,025)	(26,170,194)	(13,795,502)	(558,755)
Fund Balance, July 1	40,208,752	40,208,752	42,552,369	42,552,369	69,601,034	69,601,034	74,630,022	74,630,022	53,402,719	59,644,004	45,848,502
Fund Balance, June 30	$36,507,904	$42,552,369	$43,293,681	$69,601,034	$45,549,390	$74,630,022	$46,131,972	$59,643,997	$27,232,525	$45,848,502	$45,289,747

(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 District's estimated actual results as presented in the fiscal year 2026-27 budget.
(4) From the District's proposed budget for fiscal year 2026-27. The proposed budget is expected to be adopted by the Board on June 25, 2026.
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, 901 Andrade Avenue, Calexico, California 92231. See APPENDIX D 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 2020-21 to fiscal year 2024-25.

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CALEXICO UNIFIED SCHOOL DISTRICT
GENERAL FUND
Statement of Revenues, Expenditures and Change in Fund Balances
for Fiscal Years 2020-21 through 2024-25

	2020-21 Audit	2021-22 Audit	2022-23 Audit	2023-24 Audit	2024-25 Audit
REVENUES					
State Apportionment	$64,616,495	$66,791,942	$111,955,953	$111,377,302	$91,255,823
Education Protection Account Funds	32,191,900	38,987,625	7,120,632	12,808,699	27,737,871
Property Taxes	5,957,234	6,081,963	6,306,230	6,896,584	7,265,860
Federal Revenues	24,757,676	32,702,189	29,166,026	31,022,974	11,355,282
Other State Revenues	15,582,250	20,486,897	43,448,925	25,148,681	23,506,772
Interest	340,551	382,126	1,405,481	2,382,845	2,641,734
Fair Market Value Adjustment	421,990	(1,384,766)	(1,258,375)	882,847	1,213,465
Other Local Revenues	3,674,282	4,083,997	6,529,821	5,920,526	20,284,774
Total Revenues	147,542,648	168,131,973	204,674,693	196,440,458	185,261,581
EXPENDITURES					
Instruction	74,178,917	83,598,213	93,820,163	91,844,645	99,324,519
Instruction related services	14,607,864	16,732,657	17,289,205	18,564,828	18,125,532
Pupil services	10,865,936	14,789,855	15,904,016	17,633,677	19,351,459
Ancillary Services	1,369,130	2,151,547	5,142,947	7,538,522	6,995,038
General Administration	9,541,468	11,539,682	10,075,496	11,793,973	12,213,500
Plant Services	12,908,614	20,710,597	17,037,666	18,143,942	18,633,948
Transfers Between Agencies	1,575,524	1,523,059	1,725,491	1,818,731	318,246
Capital Outlay	7,023,388	13,831,218	16,049,286	23,831,617	24,920,399
Debt Service					
Principal	687,269	849,918	580,726	1,019,515	1,009,924
Interest	143,433	87,996	76,072	69,866	65,090
Total Expenditures	132,910,543	165,814,742	177,701,068	192,259,316	200,957,655
Excess (Deficiency) of Revenues Over Expenditures	14,632,105	2,317,231	26,973,625	4,181,142	(15,696,074)
OTHER FINANCING SOURCES (USES):					
Transfers In	--	--	--	--	--
Transfers Out	(18,054)	--	--	--	710,049
Proceeds from Leases	--	26,386	--	--	--
Proceeds from SBITAs	--	--	75,040	847,846	--
Net Financing Sources	(18,054)	26,386	75,040	847,846	710,049
NET CHANGE IN FUND BALANCES	14,614,051	2,343,617	27,048,665	5,028,988	(14,986,025)
Fund Balances at Beginning of Year	25,594,701	40,208,752	42,552,369	69,601,034	74,630,022
Fund Balances at End of Year	$40,208,752	$42,552,369	$69,601,034	$74,630,022	$59,643,997

Source*: The District.*

State Funding of Education

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as part of the 2013-14 State Budget (defined below), as amended by Senate Bill 91 ("SB 91") and other legislation since initial implementation, comprise the statutory framework of the Local Control Funding Formula ("LCFF"). The LCFF replaced the revenue limit funding system and many categorical programs. The LCFF distributes resources to schools 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 2025-26, the LCFF provided to school districts and charter schools a Target Base Grant for each Local Education Agency ("LEA") equivalent to (a) $11,323 per ADA for transitional kindergarten/kindergarten through grade 3; (b) $10,411 per ADA for grades 4 through 6; (c) $10,719 per ADA for grades 7 and 8; and (d) $12,746 per ADA for grades 9 through 12. For fiscal year 2025-26, the LCFF also provided an adjusted add-on for Transitional Kindergarten ("TK") equal to $5,545.

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 2023-24, an 8.22% COLA was included, however, the COLA for fiscal year 2024-25 was significantly lower, at 1.07%, and the COLA for fiscal year 2025-26 is 2.30%. For fiscal year 2026-27, the May Revise (defined herein) includes a COLA of 4.30%. See "– State Budget Measures – 2025-26 State Budget" and "- May Revision to Proposed 2026-27 State Budget" for information regarding the COLA for fiscal year 2025-26 and proposed for fiscal year 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.

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ADA and Enrollment

The following table sets forth the historical ADA at P-2 and enrollment for fiscal years 2015-16 through 2023-24.

CALEXICO UNIFIED SCHOOL DISTRICT
Historical ADA at P-2 and Enrollment
Fiscal Years 2015-16 through 2023-24

Fiscal Year	ADA	Enrollment
2015-16	8,966	9,266
2016-17	8,933	9,252
2017-18	8,939	9,200
2018-19	8,967	9,245
2019-20[(1)]	8,670	8,972
2020-21[(1)]	8,400	8,719
2021-22[(1)]	7,469	8,563
2022-23	7,616	8,353
2023-24	7,557	8,145
2024-25	7,426	8,022

[(1)] ADA for 2019-20 through 2021-22 represents "hold harmless" figures in accordance with SB1.
Source*: The District.*

The following table sets forth the ADA, enrollment and the percentage of EL/LI enrollment for fiscal year 2024-25, as budgeted for fiscal year 2025-26 and as projected for fiscal years 2026-27 and 2027-28.

CALEXICO UNIFIED SCHOOL DISTRICT
ADA, Enrollment and Percentage of Unduplicated Count Enrollment
Fiscal Years 2024-25 through 2027-28

	ADA					Enrollment	
Fiscal Year	TK-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment
2024-25	1,946	1,649	1,209	2,622	7,426	8,022	92.42%
2025-26[(1)]	1,916	1,592	1,126	2,539	7,173	7,792	90.17
2026-27[(2)]	1,884	1,565	1,107	2,498	7,054	7,625	87.56
2027-28[(2)]	1,824	1,515	1,072	2,417	6,828	7,381	85.07

[(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. Due to the declining

enrollment trends, the District calculates funded ADA based on the average of the prior three years' ADA. 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 schools 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 qualify as community-funded and does not anticipate a change in such status in future years.

Recent Risks Related to ADA. Recent deportation efforts initiated by the current presidential administration pose a potential risk to school districts relying on revenue from the LCFF. LCFF districts rely heavily on student attendance and enrollment numbers, and for certain districts, Supplemental and Concentration Grant add-ons for serving a high percentage of EL and LI students, to secure funding. If undocumented students or students who have undocumented parents cease attending school or face deportation, districts may experience a decrease in funding. The District cannot predict the potential changes to enrollment or attendance in response to the deportation efforts initiated by the presidential administration.

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.

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.

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.

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.

On March 20, 2025, President Trump issued an executive order aimed at closing the United States Department of Education ("USDOE") and directing the United States Secretary of Education to take steps to facilitate the closure. On May 22, 2025, a Massachusetts federal judge issued an injunction to block President Trump's executive order to close the USDOE, stating that such closure action would take an act of Congress.

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.

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.

CALEXICO UNIFIED SCHOOL DISTRICT
Percentage of Revenue by Source
Fiscal Years 2022-23 through 2026-27

Revenue Source	2022-23	2023-24	2024-25	2025-26[(1)]	2026-27[(2)]
LCFF sources	61.3%	66.7%	70.7%	65.9%	68.0%
Federal revenues	14.2	15.8	5.4	5.2	5.49
Other State revenues	21.2	12.8	11.6	16.3	11.86
Other local revenues	3.3	4.7	12.4	12.6	14.60

(1) Estimated Actuals.
(2) Budgeted based on fiscal year 2026-27 budget.
Source*: The District.*

Developer Fees

The District receives developer fees per square foot pursuant to Education Code Section 17620 which must be used to fund construction or reconstruction of school facilities. The District maintains a fund, separate and apart from the General Fund, to account for developer fees collected by the District. In fiscal year 2025-26, residential development is assessed a fee of $12.46 per square foot, and commercial development is assessed a fee of $0.84 per square foot. The table below presents the developer fee collections for the most recent five-year period, including budgeted developer fee collections for fiscal year 2026-27.

CALEXICO UNIFIED SCHOOL DISTRICT
Developer Fee Collections

Fiscal Year	Developer Fees Collected
2022-23	$1,764,599.93
2023-24	936,849.96
2024-25	532,039.65
2025-26[(1)]	450,000.00
2026-27[(2)]	380,000.00

[(1)] Estimated.
[(2)] Budgeted.

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.

CALEXICO UNIFIED SCHOOL DISTRICT
Long-Term Debt
Fiscal year ended June 30, 2025

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
General Obligation Bonds	$94,386,644	$ --	$1,570,097	$92,816,547	$1,723,567
Premium	4,364,448	--	68,913	4,295,535	74,705
Accreted Interest	19,770,315	1,564,467	1,389,903	19,944,879	1,591,433
Total General Obligation Bonds	118,521,407	1,564,467	3,028,913	117,056,961	3,389,705
Capital Leases	2,071,618	476,929	774,030	1,774,517	614,002
Subscriptions Payable	424,805	367,561	548,700	243,666	145,253
Solar Loan Payable	--	19,192,572	--	19,192,572	1,216,923
Total OPEB Liability	41,384,500	994,211	--	42,378,711	--
Net Pension Liability	118,996,181	--	6,732,718	112,263,463	--
Compensated Absences	439,639	43,813	--	483,452	483,452
Total Governmental Activities	$281,838,150	$22,639,553	$11,084,361	$293,393,342	$5,849,335

Source: *The District*.

General Obligation Bonds.

*2004 Authorization***.** The District received authorization from the qualified electors within the District to issue $30,000,000 aggregate principal amount of general obligation bonds on March 2, 2004 (the "2004 Authorization"). Pursuant to the 2004 Authorization, the District issued its $13,999,956.05 Election of 2004, General Obligation Bonds, Series A and its $15,999,993.20 General Obligation Bonds, Series B. No further general obligation bonds remain for issuance under the 2004 Authorization.

2016 Authorization. On November 8, 2016, the District received authorization to issue $45,000,000 aggregate principal amount of general obligations bonds (the "2016 Authorization"). The District issued its $23,400,000 Election of 2016, General Obligation Bonds, Series A and its $9,000,000 General Obligation Bonds, Election of 2016, Series B issued on October 24, 2019 in the original aggregate principal amount of $9,000,000. $12,600,000 aggregate principal amount of general obligation bonds remain for issuance under the 2016 Authorization, however, the District does not intend to issue such general obligations bonds.

The District also issued its 2017 Refunding General Obligation Bonds on May 3, 2017 in the original aggregate principal amount of $8,700,000 in order to refund certain then outstanding 2007 General Obligation Refunding Bonds.

2020 Authorization. On November 3, 2020, the District received authorization to issue $47,000,000 aggregate principal amount of general obligation bonds (the "2020 Authorization"). Pursuant to the 2020 Authorization, the District issued its General Obligation Bonds, 2020 Election, Series 2021 on May 25, 2021 in the aggregate principal amount of $4,200,000 by private placement and its General Obligation Bonds, 2020 Election, Series 2022 on February 17, 2022 in the aggregate principal amount of $42,800,000. No further general obligation bonds remain for issuance under the 2020 Authorization.

Leases Payable.

On June 26, 2017, the District entered into a variable rate lease/purchase agreement with the PNC Equipment Finance (the "PNC Lease Agreement"). The proceeds of the PNC Lease Agreement were applied for the purpose of financing real property and equipment.

The District has entered into five lease agreements with Fruth Group for the use of copy machines and one lease agreement with Pitney Bowes for the use of a postage machine. The leases terms vary from 36 to 60 months. The leases are recorded in accordance with GASB Statement No. 87 with a discount rate of 2.1125%.

In fiscal year 2022-23, the District entered into five lease agreements with Global Modular and Mobile Modular for the use of modular facilities. The lease terms are 36 months.

The table below presents the annual payments of principal and interest with respect to the leases.

Year Ended June 30,	Principal	Interest	Total
2027	$504,358	$26,657	$531,015
2028	517,286	13,515	531,801
2029	97,419	2,934	100,353
2030	41,452	438	41,890
Total	$1,774,517	$84,046	$1,858,563

Source: *The District*.

Subscription Liability. During fiscal year 2024-25, the District entered into subscription agreements with Seesaw Learning with annual payments of $26,574 at an interest rate of 5%. The District also entered into a two-year subscription with Subject Technology that began July 1, 2023 with annual payments of $400,000 with an interest rate of 5%.

Energy Loan. In July 2024, the District entered into an Equipment Lease-Purchase Agreement with Banc of America Public Capital Corp in the acquisition amount of $19,192,572 to finance energy conservation projects.

The table below presents the rental payments with respect to the Equipment Lease-Purchase Agreement.

Rental Payment Date	Rental Payment Amount	Interest Portion	Principal Portion
7/1/2027	$2,146,034.95	$808,438.09	$1,337,596.86
7/1/2028	2,146,034.95	743,685.02	1,402,349.93
7/1/2029	2,146,034.95	675,797.26	1,470,237.69
7/1/2030	2,146,034.95	604,623.06	1,541,411.89
7/1/2031	2,146,034.95	530,003.30	1,616,031.65
7/1/2032	2,146,034.95	451,771.21	1,694,263.74
7/1/2033	2,146,034.95	369,751.90	1,776,283.05
7/1/2034	2,146,034.95	283,762.04	1,862,272.91
7/1/2035	2,146,034.95	193,609.41	1,952,425.54
7/1/2036	2,146,034.95	99,092.49	2,046,942.46

Source: *The District*.

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.

PROPERTY WITHIN THE DISTRICT

The information provided in the tables below has been provided by California Municipal Statistics, Inc., an independent consulting firm. The District has not independently verified this information and does not guarantee its accuracy.

The information in this section describes property taxation, assessed valuation, and other measures of the tax base of the District. Though the Certificates are not payable directly from property taxes, a large portion of the District's funding under the LCFF is derived from property taxes.

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.

A State-reimbursed exemption currently provides a credit of $7,000 of the full 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.

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

Economic and other factors beyond the District's control, such as general market decline in property values, outbreaks of disease, 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, drought, fire (including wildfire), flood, or toxic contamination could cause a reduction in the assessed value of taxable property within the boundaries of the District. See also "RISK FACTORS" herein.

The following table presents the historical assessed valuation in the District since fiscal year 2014-15. The District's total assessed valuation is $2,962,086,510 for fiscal year 2025-26.

CALEXICO UNIFIED SCHOOL DISTRICT
Summary of Assessed Valuations in District
Fiscal Years 2014-15 Through 2025-26

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2014-15	$1,639,912,950	$1,842,370	$75,417,669	$1,717,172,989	--
2015-16	1,858,277,643[(1)]	1,842,370	78,935,053	1,939,055,066	12.9%
2016-17	1,895,607,145	1,842,370	85,765,133	1,983,214,648	2.3
2017-18	1,924,258,034	2,309,844	85,731,760	2,012,299,638	1.5
2018-19	2,004,156,304	2,309,844	71,645,444	2,078,111,592	3.3
2019-20	2,070,385,351	2,309,844	139,685,176	2,212,380,371	6.5
2020-21	2,159,813,594	2,309,844	134,615,146	2,296,738,584	3.8
2021-22	2,210,822,832	2,638,503	148,926,552	2,362,387,887	2.9
2022-23	2,324,440,143	2,638,503	125,602,048	2,452,680,694	3.8
2023-24	2,422,089,295	2,638,503	223,408,813	2,648,136,611	8.0
2024-25	2,529,970,112	2,638,503	234,030,598	2,766,639,213	4.5
2025-26	2,720,888,238	2,845,856	238,352,416	2,962,086,510	7.1

[(1)] Increase attributed to reassessments in fiscal year 2015-16 relating to Proposition 8 reductions for certain properties that occurred during the recession.
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 for fiscal year 2025-26.

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

Non-Residential:	2025-26 Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total
Agricultural	$145,486,871	5.35%	333	3.58%
Commercial	399,378,623	14.68	285	3.06
Vacant Commercial	34,035,602	1.25	165	1.77
Industrial/Power Generation	355,061,758	13.05	194	2.09
Vacant Industrial	47,736,428	1.75	278	2.99
Recreational	2,527,216	0.09	16	0.17
Government/Social/Institutional	12,384,147	0.46	125	1.34
Subtotal Non-Residential	$996,610,645	36.63%	1,396	15.01%
Residential:				
Single Family Residence	$1,588,297,595	58.37%	7,227	77.72%
Mobile Home	2,849,043	0.10	27	0.29
Mobile Home Park	8,194,152	0.30	6	0.06
2-4 Residential Units	48,707,961	1.79	169	1.82
5+ Residential Units/Apartments	49,698,757	1.83	109	1.17
Vacant Residential	26,530,085	0.98	365	3.93
Subtotal Residential	$1,724,277,593	63.37%	7,903	84.99%
Total	$2,720,888,238	100.00%	9,299	100.00%

(1) Local secured assessed valuation, excluding tax-exempt property.
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.

CALEXICO UNIFIED SCHOOL DISTRICT
2025-26 Largest Total Secured Taxpayers

	Property Owner	Primary Land Use	2025-26 Assessed Valuation	% of Total [1]
1.	CGC Industrial I LLC	Industrial	$ 61,642,077	2.27%
2.	Gran Plaza LP	Commercial	30,401,213	1.12
3.	Imperial Valley Solar 1 LLC	Solar Power Generation	28,718,312	1.06
4.	CED Wistaria Solar LLC	Agricultural	27,065,001	0.99
5.	Centinela Solar Energy, LLC	Solar Power Generation	25,500,763	0.94
6.	Wal-Mart Real Estate Business Trust	Commercial	24,154,952	0.89
7.	Calexico Industrial LLC	Industrial	20,486,716	0.75
8.	Pacific Rim Distribution Center LLC	Industrial	17,949,708	0.66
9.	Kilmainham Gateway Development LLC	Industrial	16,718,853	0.61
10.	Imperial Valley Gateway Center, LLC	Commercial	14,340,403	0.53
11.	New Port Business Park LLC	Industrial	14,267,378	0.52
12.	Rosewalk On Main LLC	Agricultural	13,422,142	0.49
13.	JEX Enterprises Inc.	Industrial	13,020,475	0.48
14.	Curtis J and Julie Corda	Industrial	12,285,559	0.45
15.	KW CLX LLC	Industrial	12,076,188	0.44
16.	Victoria Manor Senior Apartments LP	Apartments	11,629,796	0.43
17.	Inocencio Landa	Residential Properties	11,413,213	0.42
18.	PCC-La Jolla Palms LP	Residential Properties	10,775,034	0.40
19.	MFC Imperial I LLC	Agricultural	10,393,176	0.38
20.	Yellow Kilo II LLC	Agricultural	9,741,876	0.36
			$386,002,835	14.19%

[1] 2025-26 local secured assessed valuation: $2,720,888,238
Source: *California Municipal Statistics, Inc*.

The top 20 taxpayers on the secured roll for 2025-26 account for 14.19% of the secured assessed value in the District which is $2,720,888,238. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for fiscal year 2025-26 was CGC Industrial I LLC, accounting for 2.27% of the total secured assessed value in the District. No other secured taxpayer accounted for more than 1.12% 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 2-000[(1)] by the County within the District for fiscal years Tax Rate Area by the County within the District for fiscal years 2022-23 through 2025-26.

CALEXICO UNIFIED SCHOOL DISTRICT
Summary of *Ad Valorem* Tax Rates
(Dollars Per $1,000 of Assessed Valuation)
TRA 2-000[(1)]

	2022-23	2023-24	2024-25	2025-26
General Tax Rate	$1.0000	$1.0000	$1.0000	$1.0000
Calexico Unified School District	0.1958	0.1675	0.2018	0.2159
Imperial Community College District	0.0492	0.0670	0.0340	0.0400
Total Tax Rate	$1.2450	$1.2345	$1.2358	1.2559

(1) 2025-26 assessed valuation of TRA 2-000 is $ 447,816,302 which is 15.12% 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 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 has not reviewed 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.

The table below is a statement of the District's direct and estimated overlapping bonded debt for debt outstanding as of May 1, 2026.

CALEXICO UNIFIED SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness

2025-26 Assessed Valuation: $2,962,086,510

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/26
Imperial Community College District	16.780%	$ 33,957,471
Calexico Unified School District	**100.000**	**91,092,979**(1)
City of Calexico Community Facilities District No.2005-1	100.000	8,125,000
City of Calexico Community Facilities District No. 2013-1, I.A. 1	100.000	5,595,000
Imperial County Community Facilities District No.98-1	100.000	3,095,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$141,865,450
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Imperial County Certificates of Participation	16.336%	$ 515,401
Imperial County Pension Obligation Bonds	16.336	1,988,091
Imperial County Office of Education General Fund Obligations	16.336	772,887
Imperial Community College District General Fund Obligations	100.000	17,975,650
Calexico Unified School District General Fund Obligations	100.000	0(1)
City of Calexico Certificates of Participation	100.000	3,535,000
Imperial Irrigation District General Fund Obligations	7.275	1,183,460
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$43,946,139
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to Calexico Redevelopment Agency	100.000%	$12,080,000
TOTAL OVERLAPPING TAX INCREMENT DEBT		$12,080,000
COMBINED TOTAL DEBT		$197,891,589(2)

Ratios to 2025-26 Assessed Valuation:

Direct Debt ($91,092,979)	**3.08%**
Total Direct and Overlapping Tax and Assessment Debt	4.79%
Combined Direct Debt ($109,068,629)	**3.68%**
Combined Total Debt	6.68%

Ratios to Redevelopment Incremental Valuation ($863,137,922):

Overlapping Tax Increment Debt	1.40%

(1) Excludes Certificates to be sold.

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

Source: *California Municipal Statistics, Inc.*

IMPERIAL COUNTY POOLED INVESTMENT FUND

The following information, and the information contained in APPENDIX G hereto, concerning the Imperial County Pooled Investment Fund has been provided by the Treasurer and has not been confirmed or verified by the District. 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.

Under California law, with limited exception, the District is required to pay all monies received from any source into the Imperial 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 Treasurer and deputies in accordance with established policy guidelines. In the County, investment decisions are governed by California 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 ("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.

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 and approval by the Board may change the 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.

The County's current Investment Policy and a copy of the Pooled Investment Compliance Report for the month of May, 2026 are attached hereto as APPENDIX G.

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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 debt of the District, including the Certificates. See "PROPERTY WITHIN THE DISTRICT – 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. 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. Because the District is not a basic aid district, 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 Certificates, (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 8.5 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 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 requirement 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 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. See "STATE OF CALIFORNIA FISCAL ISSUES – State Budget Measures – 2025-26 State Budget" for information regarding the triggering of the reserve cap in fiscal year 2025-26.

Reserve for Economic Uncertainty. The District is required to maintain a reserve for economic uncertainties at least equal to 3.00% of General Fund expenditures and other financing uses. The District has budgeted unassigned available reserves of $16,065,116.06 or approximately 14% of General Fund expenditures and other financing uses for fiscal year 2026-27 The District is unable to predict what the effect on its budget will be following implementation of these new rules. It is anticipated that if the cap is triggered, it will 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.

The District makes no representation or guarantees that it will either pursue or qualify for facilities funding under the 2024 State School Facilities Bond.

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. See "STATE OF CALIFORNIA FISCAL ISSUES – State Budget Measures –2024-25 State Budget" and "– Proposed 2025-26 State Budget" for information regarding Proposition 28 in the 2024-25 State Budget and the Proposed 2025-26 State Budget, respectively.

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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STATE OF CALIFORNIA FISCAL ISSUES

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 guaranty 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 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 addresses a projected $11.8 billion shortfall through spending cuts, borrowing, and other solutions. The 2025-26 State Budget includes 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 does 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 projects approximately $215.7 billion in general fund revenues with a prior year balance of $35.1 billion for total resources of approximately $250.8 billion, and $228.4 billion in expenditures for fiscal year 2025-26. For fiscal year 2024-25, the 2025-26 State Budget estimates $268.7 billion in total resources and $233.6 billion in expenditures. The 2025-26 State Budget contains total reserves of approximately $15.7 billion, including $11.2 billion in the Rainy-Day Fund and $4.5 in the reserve for economic uncertainty. The 2025-26 State Budget maintains the withdrawal of the $8.4 billion balance in the PSSSA in fiscal year 2023-24 and includes 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 provides total K-12 funding of $137.6 billion ($80.5 billion general fund and $57.1 billion from other funds) and includes per pupil funding of over $25,000 per student. Revised estimates of General Fund revenues in the 2025-26 State Budget result 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 shifts $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 receives a COLA of 2.3%. To fully fund the LCFF, approximately $405.3 million of the $8.4 billion withdrawal from the PSSSA will support LCFF costs in fiscal year 2025-26. While the 2025-26 State Budget fully repays budgetary deferrals of $246.6 million from fiscal year 2024-25, $1.9 billion in LCFF funding is 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 K-12 education include 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 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.

Proposed 2026-27 State Budget. The proposed budget for fiscal year 2026-27 for the State ("Proposed 2026-27 State Budget") was released by the Governor on January 9, 2026. The Proposed 2026-27 State Budget forecast reflects general fund revenues that are higher by more than $42 billion for the period from fiscal year 2024-25 through fiscal year 2026-27, than projected at the 2024-25 State Budget. The increase is driven by higher cash receipts, higher stock market levels, and an improved economic outlook. At the same time, constitutional funding requirements, the need for an adequate discretionary budget reserve, and higher program costs exceed the level of increased revenues, resulting in a projected shortfall of $2.9 billion. As a result, the Proposed 2026-27 State Budget focuses on implementation of previous investments and does not include new significant spending proposals.

While the Proposed 2026-27 State Budget is balanced in fiscal year 2026-27, with a discretionary reserve of $4.5 billion, it projects a deficit of roughly $22 billion in fiscal year 2027-28 and shortfalls in the two years following. Over the last two fiscal years, the State has withdrawn approximately $12.2 billion from the BSA and suspended deposits into the BSA for fiscal years 2024-25 and 2025-26. Consistent with these actions, the Proposed 2026-27 State Budget suspends a $2.8 billion "true-up" deposit into the BSA in fiscal year 2025-26. However, the Proposed 2026-27 State Budget reflects a BSA deposit in fiscal year 2026-27 of approximately $3 billion and a minor "true-up" for fiscal year 2024-25. Accounting for these actions, the BSA balance in fiscal year 2026-27 is $14.4 billion, an increase compared to the 2025-26 State Budget level of $11.2 billion. In addition, the Proposed 2026-27 State Budget includes $4.5 billion in the reserve for economic uncertainties and $4.1 billion in the Rainy Day Fund, bringing the combined amount of reserves in fiscal year 2026-27 to roughly $23 billion.

The Proposed 2026-27 State Budget states that federal policy changes, including House of Representatives (H.R.) 1 of 2025 ("H.R. 1"), which included changes for Health and Human Services programs, are projected to result in costs of $1.4 billion general fund resources fiscal year 2026-27. Of this amount, $1.1 billion in additional costs are in Medi-Cal. In addition, H.R. 1 will add nearly $300 million in costs to CalFresh, the state's Supplemental Nutrition Assistance Program providing food purchase assistance for adequate nutrition to more than 3 million State households.

The Proposed 2026-27 State Budget proposes spending of $348.9 billion in total State funds, consisting of approximately $248.3 billion from the General Fund, $93.7 billion from special funds, and $6.9 billion from bond funds. The Proposed 2026-27 State Budget includes total funding of $149.1 billion ($88.7 billion General Fund and $60.4 billion other funds) for all TK-12 education programs. TK-12 per pupil funding totals $20,427 general funds, a 74.6% increase over fiscal year 2018-19, and $27,418 per pupil when accounting for all funding sources, a 60.8% increase over fiscal year 2018-19. Both per pupil amounts are the highest level ever for California schools.

Certain budgeted programs and adjustments for K-12 education set forth in the Proposed 2026-27 State Budget include the following:

- Proposition 98. The Proposed 2026-27 State Budget reflects Proposition 98 funding levels of $123.8 billion in fiscal year 2024-25, $121.4 billion in fiscal year 2025-26, and $125.5 billion in fiscal year 2026-27, representing an increase of approximately $21.7 billion relative to the 2024-25 State Budget. At the beginning of the three-year budget window, the Proposition 98 Guarantee had an outstanding maintenance factor balance of $8.3 billion. At the 2024-25 State Budget, there was a projected mandatory maintenance factor payment of $5.5 billion in fiscal year 2024-25. Revised Proposition 98 factors have increased that payment amount in the Proposed 2026-27 State Budget to $7.8 billion. No other mandatory payments are projected in fiscal years 2025-26 or 2026-27, leaving a $584.6 million maintenance factor balance at the end of fiscal year 2026-27. The 2024-25 State Budget created $1.9 billion in settle-up in fiscal year 2024-25. The Proposed 2026-27 State Budget proposes to fully repay the settle-up balance in fiscal year 2024-25. Additionally, the Proposed 2026-27 State Budget proposes creating $5.6 billion in settle-up in fiscal year 2025-26. This means that the funded level of the Proposition 98 Guarantee in fiscal year 2025-26 is $115.9 billion, instead of the calculated amount of

$121.4 billion. This is intended to mitigate the risk of potentially appropriating more resources to the Proposition 98 Guarantee than are ultimately available in the final calculation for fiscal year 2025-26. The Proposition 98 Guarantee continues to be in a Test 1 for fiscal years 2024-25, 2025-26, and 2026-27.

- Proposition 98 Rainy Day Fund. As a result of adjustments in capital gains revenues in the Proposed 2026-27 State Budget, a deposit of $3.8 billion is required in fiscal year 2024-25, eliminating the mandatory withdrawal in fiscal year 2025-26 and replacing it with a mandatory deposit of $424.3 million, and requiring a mandatory withdrawal of $407.1 million in fiscal year 2026-27. Additionally, the Proposed 2026-27 State Budget proposes a discretionary deposit of $240 million in fiscal year 2025-26, further increasing the Proposition 98 safety net. At the end of the three-year budget window, the total balance in the Proposition 98 Rainy Day Fund is $4.1 billion. There is a cap of 10% on school district reserves in fiscal years immediately succeeding those in which the balance in the Rainy Day Fund is equal to or greater than 3% of the total TK-12 share of the Proposition 98 Guarantee. The balance in the Rainy Day Fund triggers school district reserve caps in fiscal years 2025-26 and 2026-27.

- Local Control Funding Formula. The Proposed 2026-27 State Budget includes an LCFF cost-of-living adjustment of 2.41%. The cost-of-living adjustment, when combined with population growth adjustments, increases discretionary funding for LEAs by approximately $2 billion. Additionally, budgetary deferrals of $1.9 billion for TK-12 education are fully repaid in fiscal year 2026-27. The Proposed 2026-27 Budget also includes an ongoing increase of $30.7 million Proposition 98 General Fund to provide a 20% increase in LCFF funding for Necessary Small Schools, which is the funding formula for the smallest schools in the state.

- State Education Governance. The Proposed 2026-27 State Budget proposes to implement the 2002 "California's Master Plan for Education" recommendation to amend the Education Code to move oversight authority of the management of the California Department of Education and support of LEAs under the SBE. The Proposed 2026-27 State Budget further proposes to provide the State Superintendent the ability to strengthen coordination and alignment among the bodies setting policy from early childhood through postsecondary education.

- Community Schools. The Proposed 2026-27 State Budget proposes $1 billion ongoing Proposition 98 general fund resources 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. To date approximately 2,500 schools in California have received community schools grants through the California Community Schools Partnership Program; this new funding would provide ongoing resources for these grantees and expand access to the model to thousands of additional high-need schools.

- Special Education. The Proposed 2026-27 State Budget proposes an increase of $509 million ongoing Proposition 98 general fund resources to increase special education base rates. This additional funding will allow for full equalization of special education rates across the state, meaning that all LEAs will now receive the same rate per pupil for state special education funding.

- Master Plan for Career Education: TK-12 Education. The Proposed 2026-27 State Budget proposes: (1) $100 million one-time Proposition 98 general fund resources to increase access to college and career pathways for high school students, including expanding access to dual enrollment and dual credit opportunities, and (2) including prioritizing creation and expansion of dual enrollment and pathways programs with funds allocated through the $2.8 billion Student Support and Discretionary Block Grant.

- Before, After and Summer School. The Proposed 2026-27 State Budget proposes $62.4 million ongoing Proposition 98 general fund resources to provide a guaranteed $1,800 per pupil for Tier 2 LEAs,

stabilizing the existing variable Tier 2 rate. With this increase, total ongoing program funding is $4.7 billion Proposition 98 general fund resources.

- Teacher Preparation. The Proposed 2026-27 State Budget includes $250 million one-time Proposition 98 general fund resources to continue educator residency programs through 2029-30. California has invested $620 million in residency programs over the last five years; these funds will be fully awarded by the end of fiscal year 2025-26.

- Student Support and Professional Development Discretionary Block Grant. The Proposed 2026-27 State Budget proposes $2.8 billion one-time Proposition 98 general fund resources to provide LEAs with additional fiscal support to manage attendance and enrollment declines, including those caused by federal government immigration actions, and address rising costs. The funds will also support implementation of statewide priorities including: including: (1) professional development for teachers on the English Language Arts/English Language Development (ELA/ELD) Framework and the 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; (4) professional development for TK teachers and site administrators on the principles and guidelines of developmentally appropriate TK instruction; and (5) career pathways and dual enrollment expansion efforts consistent with the Master Plan for Career Education.

- Charter School Accountability. The Proposed 2026-27 State Budget proposes new requirements for charter schools to ensure that public funds are properly utilized, address fraud and malfeasance, and improve accountability and oversight. It also provides for the use of verified data in the charter school renewal process until June 30, 2028.

- School Facilities. The recently approved Kindergarten through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024 (Proposition 2) authorizes a total of $8.5 billion in state General Obligation bonds for TK-12 schools to be allocated through the School Facility Program. These funds are allocated across several key areas: $4 billion for modernization projects, $3.3 billion for new construction, $600 million for charter schools, and $600 million for career technical education projects. The Proposed 2026-27 State Budget continues to allocate $1.5 billion Proposition 2 bond funds to support school construction projects in fiscal year 2026-27, similar to amounts allocated in prior years.

Additional budgeted programs and adjustments for K-12 education set forth in the Proposed 2026-27 State Budget include the following:

- Learning Recovery Emergency Block Grant. The Proposed 2026-27 State Budget provides $757.3 million in one-time Proposition 98 general fund resources to support the Learning Recovery Emergency Block Grant, which supports LEAs in establishing learning recovery initiatives through the 2027-28 school year. This investment is expected to be the final payment to this program, which has received multi-year investments totaling $7.2 billion in past budgets to support schools in learning recovery efforts related to the COVID-19 Pandemic.

- Home-to-School Transportation. The Proposed 2026-27 State Budget includes $322 million one-time and $239.2 million ongoing Proposition 98 general fund to reflect higher costs in the Home-to-School Transportation Program.

- Cost-of-Living Adjustments. The Proposed 2026-27 State Budget proposes $228.2 million ongoing Proposition 98 general fund resources to reflect a 2.41% COLA for specified categorical programs and the LCFF Equity Multiplier. The specified categorical programs include Special Education, Child Nutrition, State Preschool, Foster Youth Services Coordinating Program, Mandates Block Grant, Adults

in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- Kitchen Infrastructure and Training. The Proposed 2026-27 State Budget proposes $100 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.

- Reading Difficulties Risk Screening. The Proposed 2026-27 State Budget proposes $40 million one-time Proposition 98 general fund resources to support continued implementation of student reading difficulties screenings.

- L.A. County School Wildfire Recovery. The Proposed 2026-27 State Budget proposes $22.9 million one-time Proposition 98 general fund resources to support LEAs that are continuing to recover from the January 2025 Los Angeles County wildfires.

- Universal and Targeted Assistance. The Proposed 2026-27 State Budget proposes $13.3 million additional ongoing Proposition 98 general fund resources, for a total of $131.9 million, for county offices of education to provide universal and targeted support to school districts and charter schools, including those eligible for differentiated assistance.

- Fiscal Crisis and Management Assistance Team (FCMAT). The Proposed 2026-27 State Budget proposes $994,000 in additional ongoing Proposition 98 general fund resources to support increased FCMAT workload.

- California School Information System (CSIS). $966,000 in additional ongoing Proposition 98 general fund resources to support increased CSIS costs.

- Curriculum-Embedded Performance Tasks for Science. The Proposed 2026-27 State Budget proposes $890,000 ongoing Proposition 98 general fund resources to maintain performance task resources at the Los Angeles County Office of Education in support of inquiry-based science instruction and the state's Next Generation Science Standards.

- K-12 High Speed Network. The Proposed 2026-27 State Budget proposes $629,000 in additional ongoing Proposition 98 general fund resources to support the K-12 High Speed Network program.

- County Offices of Education LCFF. The Proposed 2026-27 State Budget proposes an ongoing decrease of $15.6 million Proposition 98 general fund resources to reflect ADA changes applicable to the county office of education LCFF, and a 2.41% COLA adjustment.

- School Nutrition Programs. The Proposed 2026-27 State Budget proposes an ongoing decrease of $67.9 million Proposition 98 general fund resources to support the Universal School Meals program, reflecting a reduction in fiscal year 2025-26 estimates compared to the 2025-26 State Budget projections and an increase in meal reimbursement rates.

- Local Property Tax Adjustments. The Proposed 2026-27 State Budget proposes a decrease of $18 million Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2025-26, and a decrease of $1.4 billion ongoing Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2026-27, resulting from increased offsetting property taxes.

May Revision to the Proposed 2026-27 State Budget. Governor Newsom announced his updates to the Proposed 2026-27 State Budget on May 14, 2026 (the "May Revision") which proposes revenue, spending, and reserve solutions to balance the budgets for fiscal year 2026-27 and fiscal year 2027-28, provide positive year-

end balances over the next two fiscal years, and maintain substantial reserves in both years. The May Revision further reduces operating deficits projected in future years by more than half. The May Revision does not propose any significant new ongoing expenditures. Instead of committing to higher spending in fiscal year 2026-27, the May Revision provides for a transfer of $9.7 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.

The May Revision revenue forecast shows an increase of $16.5 billion in personal income tax, corporate tax and sales tax revenues from the estimates at the Proposed 2026-27 State Budget, driven primarily by personal income tax revenues associated with a spike in capital gains realizations reflected in higher cash receipts through April. General fund spending is estimated at $246.6 billion in fiscal year 2026-27, which is approximately $1.8 billion lower than estimated at the Proposed 2026-27 State Budget. To balance the budget over the next two fiscal years and reduce the State's structural deficit, the May Revision incorporates new revenue and spending solutions, including revenue solutions of $3.6 billion in fiscal year 2026-27 growing to $5.1 billion in fiscal year 2027-28, spending reductions and reforms of $411 million in fiscal year 2026-27, and general fund offsets of $390.7 million in fiscal year 2026-27. Major revenue proposals include permanently limiting business credit use to $5 million or 50% of tax liability, whichever is greater, taxation of digital prewritten software and software as a service, and a 2027 managed care organization tax. Major spending reductions and reforms include Medi-Cal asset test limits and increased monthly premiums for certain adults with unsatisfactory immigration status, and general fund offsets include use of the Behavioral Health Services Fund in lieu of general fund. The May Revision reflects a BSA deposit in fiscal year 2026-27 of approximately $3.6 billion and a minor true-up for fiscal year 2024-25, and results in an operating reserve of $4.5 billion in fiscal year 2026-27 and $2.1 billion in fiscal year 2027-28.

The May Revision includes $91.3 billion general fund and $60.3 billion other funds for total funding of $151.6 billion for all TK-12 education programs. At the May Revision, the revised estimates of general fund revenues result in adjustments to the Proposition 98 guarantee to $124.9 billion in 2024-25, $125.1 billion in 2025-26, and $127.1 billion in fiscal year 2026-27. These revised Proposition 98 funding amounts represent an increase of approximately $28 billion over the three-year period relative to the 2025-26 State Budget, and an increase of approximately $6.4 billion from the Proposed 2026-27 State Budget. Much of the funding increase between the Proposed 2026-27 State Budget and May Revision 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 May Revision 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 for fiscal year 2025-26 remain at current levels.

The Proposed 2026-27 State Budget projected a total balance of roughly $4.1 billion in the PSSSA, reflecting total mandatory deposits of $4.3 billion across fiscal years 2024-25 and 2025-26, a $240 million discretionary deposit in fiscal year 2025-26, and a $407.1 million mandatory withdrawal in fiscal year 2026-27. Adjustments in capital gains revenues at the May Revision are projected to eliminate the mandatory withdrawal in fiscal year 2026-27 and require mandatory deposits across the three-year budget window totaling $8.7 billion. To provide long-term budget stability, the May Revision proposes to increase the discretionary $240 million deposit to $1.6 billion, resulting in a final balance in the PSSSA of $10.3 billion. Notably, of the $6.4 billion in Proposition 98 funds across the three-year window from the Proposed 2026-27 State Budget to the May Revision, $4.6 billion is required to be allocated to the PSSSA. In addition to the BSA balance of $15.1 billion and the operating reserve in the Special Fund for Economic Uncertainties of $4.5 billion, these amounts bring combined reserves in fiscal year 2026-27 to roughly $29.9 billion.

The May Revision includes a statutory LCFF COLA of 2.87%, up from 2.41% at the Proposed 2026-27 State Budget. When combined with population growth adjustments, this will result in an increase of approximately $1.3 billion in discretionary funds for local educational agencies compared to the 2025-26 State Budget. Additionally, the May Revision includes $906.7 million to further increase funding for LCFF. This discretionary investment, commonly referred to as a "super COLA," results in a total cost-of-living adjustment of 4.3%.

The May Revision maintains the $509 million discretionary increase for special education included in the Proposed 2026-27 State Budget and adds an additional ongoing special education base rate investment of $1.8 billion. In total, this represents a nearly $2.4 billion increase in special education funding, or 43% over the 2025-26 State Budget. The May Revision also increases the amount of one-time Proposition 98 general fund available for the Student Support and Professional Development Discretionary Block Grant from $2.8 billion at the Proposed 2026-27 State Budget to $5 billion. The May Revision adds a new benefit for K-14 employees of up to 14 weeks of paid pregnancy disability leave beginning in fiscal year 2026-27.

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.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Certificates 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, 2027 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 Certificates. 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 E – "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 failed to timely file: (i) its fiscal year 2023-24 audited financial statements, though its unaudited actual statements were filed prior to the deadline, (ii) notice of the incurrence of a solar lease financial obligation, (iii) its fiscal year 2024-25 operating data and (iv) notice of an insured rating change, all as required by its then-existing undertakings. Such filings have since been made.

The District has engaged Dale Scott & Company, Inc. to act as Dissemination Agent with respect to the undertaking to be entered into with respect to the Certificates and to assist the District with compliance with its current and future continuing disclosure obligations.

TAX MATTERS

The delivery of the Certificates is subject to delivery of the opinion of Special Counsel, to the effect that interest represented by the Certificates 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 Certificates (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 Certificates is also subject to the delivery of the opinion of Special Counsel, based upon existing provisions of the laws of the State of California, that interest represented by the Certificates is exempt from personal income taxes of the State of California. The form of Special Counsel's anticipated opinion respecting the Certificates is included in APPENDIX C. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

In rendering the foregoing opinions, Special 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 Certificates pertaining to the use, expenditure, and investment of the proceeds of the Certificates and will assume continuing compliance with the provisions of the Resolution by the District subsequent to the execution and delivery of the Certificates. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Certificates and the facilities and equipment financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Certificates 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 represented by the Certificates to be includable in the gross income of the owners thereof from the date of the execution and delivery of the Certificates.

Except as described above, Special 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 represented by, or the acquisition or disposition of, the Certificates. Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations such as the Certificates 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.

Special 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 Special Counsel, and Special 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 Certificates is commenced, under current procedures, the Service is likely to treat the District as the "taxpayer," and the owners of the Certificates 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 represented by the Certificates, the District may have different or conflicting interests from the owners of the respective Certificates. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates during the pendency of the audit, regardless of its ultimate outcome.

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

The initial public offering price of certain of the Certificates (the "Discount Certificates") may be less than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Discount Certificate (assuming that a substantial amount of the Certificates 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 Certificate. 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 Certificates. A portion of such original issue discount, allocable to the holding period of such Discount Certificate by the initial purchaser, will, upon the disposition of such Discount Certificate (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 Certificate, for federal income tax purposes, on the same terms and conditions as those for other interest on the Certificates 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 Certificate taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Certificate, 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 prepayment, sale or other taxable disposition of a Discount Certificate by the initial Owner prior to maturity, the amount realized by such Owner in excess of the basis of such Discount Certificate in the hands of such Owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Certificate was held) is includable in gross income.

Owners of Discount Certificates should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Certificates and with respect to the state and local tax consequences of owning Discount Certificates. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest represented by the Discount Certificates 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 Certificates (the "Premium Certificates"), may be greater than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Premium Certificate (assuming that a substantial amount of the Certificates 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 Certificates. The basis for federal income tax purposes of a Premium Certificate 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 Certificate. 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 Certificates should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Certificates for federal income purposes and with respect to the state and local tax consequences of owning Premium Certificates.

Form of Special Counsel Opinion. The form of the proposed opinion of Special Counsel relating to the Certificates is attached to this Official Statement as APPENDIX C.

CERTAIN LEGAL MATTERS

Dannis Woliver Kelley, Long Beach, California, Special Counsel, will render an opinion with respect to the Certificates substantially in the form attached hereto as APPENDIX C. Copies of such approving opinion will be available at the time of delivery of the Certificates. Certain matters will also be passed on for the District by Dannis Woliver Kelley, as Disclosure Counsel, for the Underwriter by Jones Hall, LLP, San Mateo, California, and for the Corporation and the Trustee by their respective counsels. Dannis Woliver Kelley expresses no opinion to the Owners of the Certificates as to the accuracy, completeness or fairness of this Official Statement.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the Certificates, the District and the Corporation will each certify that there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served, or to the best knowledge of the District or the Corporation threatened, against the District or the Corporation in any material respect affecting the existence of the District or the Corporation or the titles of their officers to their respective offices or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Certificates or the payment of Lease Payments or challenging, directly or indirectly, the validity or enforceability of the proceedings to have the District lease the Property to the Corporation and lease it back from the Corporation, or the validity or enforceability of the Trust Agreement, the Lease, the Assignment Agreement or the Site Lease.

From time to time, the District may have claims pending against it. The aggregate amount of any uninsured liabilities of the District which may result from such pending claims will not, in the opinion of the District, materially affect the District's finances or impair its ability to make Lease Payments under the Lease.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its municipal bond rating of "A-" to the Certificates. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained as follows: S&P at Municipal Finance Department, 55 Water Street, New York, New York 10041, tel. (212) 208-8000. 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 Certificates.

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

RBC Capital Markets, LLC (the "Underwriter"), has agreed to purchase the Certificates pursuant to the terms of a certificate purchase agreement by and between the District and the Underwriter ("Purchase Agreement") at the purchase price of $_____ (reflecting the principal amount represented by the Certificates, plus [net] original issue premium of $_____, less an Underwriter's discount of $_____), at the rates and yields shown on the inside cover page hereof.

The Purchase Agreement provides that the Underwriter will purchase all of the Certificates, 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 Certificates to certain dealers and others at yields other than the yields stated on the inside cover page. The offering prices may be changed from time to time by the Underwriter.

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

The Underwriter has entered into a distribution arrangement with its affiliate RBC Securities, Inc. ("RBC Securities") (formerly known as City National Securities, Inc.). As part of this arrangement, the Underwriter may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, the Underwriter may compensate RBC Securities for its selling efforts with respect to the Certificates.

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ADDITIONAL INFORMATION

The references herein to the Lease, the Site Lease, the Trust Agreement and the Assignment Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to said documents. Copies of the documents mentioned under this heading are available for inspection at the District and following delivery of the Certificates will be on file at the Principal Office of the Trustee in Los Angeles, California.

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive. Reference is made to such documents and reports for full and complete statements of the content thereof.

Any statement 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 Certificates.

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

CALEXICO UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the legal documents related to the Certificates which are not described in the Official Statement to which this Appendix is attached. This summary is not intended to be definitive and is qualified in its entirety by reference to the Lease, the Trust Agreement, the Assignment Agreement, and the Site Lease for the complete terms thereof. Copies of the Lease, the Trust Agreement, the Assignment Agreement and the Site Lease are available upon request from the District.

DEFINITIONS

The following are summaries of definitions of certain terms used in this Summary of Principal Legal Documents. All capitalized terms not defined herein or elsewhere in the Official Statement have the meanings set forth in the Lease or the Trust Agreement.

"Additional Certificates" means certificates of participation authorized by a supplemental Trust Agreement that are executed and delivered by the Trustee under and pursuant to the Trust Agreement.

"Additional Payments" means such amounts as will be required for the payment of all administrative costs of the Corporation relating to the Property or the Certificates, including without limitation all expenses, compensation and indemnification of the Trustee payable by the District under the Trust Agreement, taxes of any sort whatsoever payable by the Corporation as a result of its ownership of the Property or undertaking of the transactions contemplated in the Lease or in the Trust Agreement, fees of auditors, accountants, attorneys or engineers, and all other necessary administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Certificates or of the Trust Agreement, including premiums on insurance maintained pursuant to the Lease or to indemnify the Corporation, the Trustee and their respective employees, officers, agents and directors.

"Assignment Agreement" means the Assignment Agreement related to the Certificates, dated on even date with the Lease and the Trust Agreement, by and between the Trustee and the Corporation, and any duly authorized and executed amendments thereto.

"Business Day" means any day other than (i) a Saturday or Sunday, or (ii) a day on which banking institutions in the State of New York or the State of California are authorized or required by law or executive order to remain closed.

"Certificate" or "Certificates" means the Calexico Unified School District (Imperial County, California) 2026 Certificates of Participation executed and delivered by the Trustee pursuant to the Trust Agreement.

"Certificate Payment Date" means May 1 and November 1 of each year commencing November 1, 2026.

"Closing Date" means the date on which the Certificates, duly executed by the Trustee, are delivered to the Purchaser thereof.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate dated as of the Closing Date, executed by the District.

"Corporation" means the Public Property Financing Corporation of California, a nonprofit public benefit corporation organized under the laws of the state, its successors and assigns.

"Corporation Representative" means the President or Secretary of the Corporation, or any other person authorized to act on behalf of the Corporation under or with respect to the Lease.

"Defeasance Securities" means the securities described in paragraph A of the definition of "Permitted Investments."

"Delivery Cost Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Delivery Cost Requisition" means a written requisition substantially in the form attached to the Trust Agreement.

"Delivery Costs" means and further includes all items of expense directly or indirectly payable by or reimbursable to the District or the Corporation relating to the financing of the Project from the proceeds of the Certificates, including, but not limited to: the premium for any insurance policies purchased to satisfy the Reserve Requirement or to guarantee payment of the Certificates; filing and recording costs; settlement costs; printing costs; word processing costs; reproduction and binding costs; initial fees and charges of the Trustee, including its first annual administration fee and the fees of its counsel; financing and other professional consultant fees; costs of rating agencies and costs of providing information to such rating agencies; any computer and other expenses incurred in connection with the Certificates; fees for execution, transportation and safekeeping of the Certificates; and charges and fees in connection with the foregoing.

"Depository" means the securities depository acting as Depository pursuant to the Trust Agreement, initially The Depository Trust Company, or such other securities depositories as the District may designate in writing to the Trustee.

"District" means the Calexico Unified School District, a school district organized and existing under the laws and Constitution of the State, and its successors and assigns.

"District Representative" means the Superintendent and the Assistant Superintendent of Business Services of the District or any other person authorized by the Superintendent of the District to act on behalf of the District with respect to the Lease or the Trust Agreement.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the Certificates.

"Event of Default" means an event of default under the Lease.

"Fiscal Year" means the fiscal year of the District commencing July 1 and ending June 30 of the next year.

"Interest Component" means the portion of the Lease Payments designated in Exhibit A to the Lease.

"Lease" means the Lease Agreement related to the Certificates, dated as of July 1, 2026, by and between the District and the Corporation, and any duly authorized and executed amendments thereto.

"Lease Payment" means any payment required to be paid by the District to the Corporation pursuant to the Lease.

"Lease Payment Deposit Date" means the 15th day next preceding the respective Certificate Payment Date (or if such day is not a Business Day, the next succeeding Business Day).

"Lease Payment Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Lease Year" means the period extending from May 1 of each calendar year to April 30 of the subsequent calendar year; provided that the first Lease Year shall commence on the Closing Date and end on April 30, 2027.

"Lessor" means the Corporation.

"Moody's" means Moody's Investors Service or any successors or assigns thereto.

"Net Proceeds" means any remaining proceeds of any insurance, performance bonds, or taking by eminent domain or condemnation, paid with respect to the Property after payment therefrom of any expenses (including attorneys' fees) incurred in the collection thereof.

"Net Proceeds Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Outstanding" when used as of any particular time with respect to Certificates, means (subject to the provisions of the Trust Agreement) all Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except:

A. Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

B. Certificates for the payment or prepayment of which funds or Defeasance Securities, together with interest earned thereon, in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Certificates), provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

C. Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

"Owner" or "Certificate Owner" or "Owner of a Certificate", or any similar term, when used with respect to a Certificate means the person in whose name such Certificate is registered on the registration books maintained by the Trustee.

"Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

"Permitted Encumbrances" means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, or which the District may, pursuant to provisions of the Trust Agreement, permit to remain unpaid; (ii) the Assignment Agreement; (iii) the Lease; (iv) the Site Lease; (v) any contested right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law to the extent permitted under the Trust Agreement; (vi) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the District hereby certifies will not materially impair the use of the Property by the District; and (vii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Lease and to which the District certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit

of the owners of the Certificates by the Trust Agreement and the Assignment Agreement and to which the Corporation consents in writing.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

A. For all purposes, including defeasance investments, any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

1. Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations");

2. Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America;

3. Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or

4. Evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

B. For all purposes other than defeasance investments, any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

1. Federal Housing Administration debentures.

2. The following listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(a) Federal Home Loan Mortgage Corporation (FHLMC)

(b) Participation certificates (but not including stripped mortgage securities which are purchased at prices exceeding their principal amounts)

(1) Senior Debt obligations

(c) Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)

(d) Consolidated system-wide bonds and notes

(e) Federal Home Loan Banks (FHL Banks)

(f) Consolidated debt obligations

(g) Federal National Mortgage Association (FNMA)

(1) Senior debt obligations

(2) Mortgage-backed securities (but not including stripped mortgage securities which are purchased at prices exceeding their principal amounts)

3. Unsecured certificates of deposit (including those placed by a third party pursuant to an agreement between the Trustee and the Corporation), time deposits, trust accounts, trust funds, interest bearing deposits, overnight bank deposits, interest bearing money market accounts, bank deposit products and bankers' acceptances (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated "A-1+" or better at the time of investment by S&P and "Prime-1" at the time of investment by Moody's, which may include the Trustee and its affiliates.

4. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least $15 million.

5. Commercial paper (having original maturities of not more than 270 days) rated at the time of purchase "A-1+" by S&P and "Prime-1"' by Moody's.

6. Money market mutual funds rated at the time of investment "AAm" or "AAm-G" by S&P, or better, and if rated by Moody's rated "Aa2" or better, including mutual funds for which the Trustee, its parent company, if any, or any affiliates or subsidiaries of the Trustee provide investment advising or other management services or serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that: (i) the Trustee or an affiliate of the Trustee receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise; (ii) the Trustee collects fees for services rendered, which fees are separate from the fees received from such funds; and (iii) services performed for such funds may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

7. Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated at the time of investment "A3" by Moody's and "A-" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

8. Direct general short-term obligations of any state agency or subdivision or agency thereof described in (vii) above and at the time of investment rated "A-1+" by S&P and "MIG-1" by Moody's.

9. Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (vii) above and rated at the time of investment "AA-" or better by S&P and "Aa3" or better by Moody's.

10. Pre-refunded municipal obligations rated at the time of investment in the highest rating category then assigned to the United States of America by S&P and Moody's meeting the following requirements:

(a) (1) such municipal obligations are not subject to redemption prior to maturity or (2) the trustee for such municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of such

municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) such municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on such municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for such municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

11. Repurchase agreements entered into with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at the time of investment at least "A-" by S&P and "A3" by Moody's including the Trustee and any of its affiliates; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at the time of investment at least "A-" by S&P and "A3" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at the time of investment at least "A-" by S&P and "A3" by Moody's (each an "Eligible Provider"), provided that:

(a) (i) permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's, and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral");

(b) the trustee or a third party acting solely as agent therefore or for the District (the "Custodian") has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor's books) and such collateral shall be marked to market;

(c) the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the District setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(d) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof; and

(e) the repurchase agreement shall provide that if during its term the provider's rating at the time of investment by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must notify the District and the Trustee within five (5) days of receipt of such notice. Within ten (10) days of receipt of such notice, the provider shall either: (i) post Eligible Collateral, or (ii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within ten (10) business days, the provider shall, at the direction of the Trustee repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the District or the Trustee.

12. Investment agreements with a domestic or foreign bank or corporation, the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is at the time of investment rated at least "AA-" by S&P and "Aa3" by Moody's, each of which shall be an Eligible Provider, provided that:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days' prior notice; the District and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the provider shall send monthly reports to the Trustee and the District setting forth the balance the District or Trustee has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

(d) the investment agreement shall state that is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(e) the District and the Trustee shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

(f) the District and the Trustee shall receive an opinion of foreign counsel to the provider (if applicable) that: (1) the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms; (2) the choice of law of the state set forth in the

investment agreement is valid under that country's laws and a court in such country would uphold such choice of law; and (3) any judgment rendered by a court in the United States would be recognized and enforceable in such country;

(g) the investment agreement shall provide that if during its term:

(1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", the provider shall, at its option, within ten (10) days of receipt of publication of such downgrade, either: (i) post Eligible Collateral with the District, the Trustee or a third party acting solely as agent therefore (the "Custodian") free and clear of any third party liens or claims; (ii) assign the agreement to an Eligible Provider; or (iii) repay the principal of and accrued but unpaid interest on the investment;

(2) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", the provider must, at the direction of the District or the Trustee (within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or Trustee;

(h) in the event the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral"). In addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the District setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(i) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

(j) the investment agreement must provide that if during its term: (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate; and

13. Deposits in the Local Agency Investment Fund of the California State Treasurer, to the extent the Trustee is authorized to register such investments in its name.

"Prepayment" means any payment made by the District pursuant to the Lease as a prepayment of Lease Payments.

"Prepayment Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Principal Office" means the principal corporate trust office of the Trustee in Los Angeles, or such other address as the Trustee may inform the District, or the principal office of any successor trustee except that with respect to presentation of Certificates for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

"Project" means the Project, as defined in the Lease.

"Project Cost Requisition" means a written requisition substantially in the form attached to the Trust Agreement.

"Project Costs" means, with respect to any item or portion of the Project, the contract price paid or to be paid therefor upon acquisition, construction, procurement or improvement thereof, in accordance with a purchase order or contract therefor. Project Costs include, but are not limited to, the administrative, engineering, legal, financial and other costs incurred by the District and the Corporation in connection with the acquisition, construction, procurement, remodeling or improvement of the Project, all applicable sales taxes and other charges resulting from such construction, procurement, remodeling or improvement of the Project.

"Project Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Property" means the Property, as defined in the Lease.

"Purchaser" means RBC Capital Markets, LLC as purchaser of the Certificates on the Closing Date.

"Record Date" means the close of business on the fifteenth day of the month preceding each Certificate Payment Date, whether or not such fifteenth day is a Business Day.

"Reserve Facility" means any line of credit, letter of credit, insurance policy, surety bond or other credit deposited with the Trustee pursuant to the Trust Agreement.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Reserve Replenishment Rent" means Reserve Replenishment Rent payable pursuant to the Lease.

"Reserve Requirement" means, as of any calculation date, the lesser of (1) the maximum aggregate annual Lease Payments (in any twelve month period ending on May 1) then payable under the Lease with respect to the Certificates and Additional Certificates, (2) 125% of the average annual aggregate Lease Payments (calculated based on Fiscal Years) then payable under the Lease with respect to the Certificates and Additional Certificates, or (3) 10% of the original face amount of the Certificates and Additional Certificates (less original issue discount if in excess of two percent (2%) of the stated Principal Component amount at maturity).

"S&P" means S&P Global Ratings or any successors or assigns thereto.

"Site Lease" means the Site Lease related to the Certificates, dated the date of the Trust Agreement and Lease, by and between the Corporation and the District, and any duly authorized and executed amendments thereto.

"Special Counsel" means Dannis Woliver Kelley, or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions and acceptable to the District.

"State" means the State of California.

"Tax Certificate" means the Tax Certificate dated as of the Closing Date, concerning matters pertaining to the use and investment of proceeds of the Certificates.

"Term" means the time during which the Lease is in effect, as provided in the Lease, as further described under the caption "THE LEASE AGREEMENT — Term of the Lease" herein.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, and any successor trustee.

"Trust Agreement" means the Trust Agreement, related to the Certificates, dated on even date with the Assignment Agreement and the Lease, by and among the Trustee, the Corporation and the District, and any duly authorized and executed amendment thereto.

THE LEASE AGREEMENT

Lease; Interests in the Property

Pursuant to the terms of the Lease, the Corporation agrees to lease the Property to the District and the District agrees to lease the Property from the Corporation. During the Term of the Lease, the Corporation will hold a leasehold interest in the Property under the Site Lease. Upon the expiration of the Term of the Lease, the leasehold interest of the Corporation in the Property under the Site Lease and all right, title and interest of the Corporation in and to the Property will transfer to and vest in the District.

Term of the Lease

The Term of the Lease will commence as of the date of its execution and ends on May 1, 20__, unless extended pursuant to the Lease, or terminated prior thereto upon the earliest of any of the following events: (a) a default by the District and the Corporation's election to terminate the Lease; (b) the payment by the District of all Lease Payments, Reserve Replenishment Rent and any Additional Payments required by the Lease; or (c) the deposit of funds or Defeasance Securities with the Trustee in amounts sufficient to pay all Lease Payments as will become due.

Lease Payment

The District agrees to pay to the Corporation, its successors and assigns, as annual rental for the use and possession of the Property, Lease Payments in such semiannual amounts as are sufficient in both time and amount to pay when due the annual principal and interest represented by the Certificates. Lease Payments will be due and payable on the fifteenth day of the month (or if such date is not a Business Day, the next succeeding Business Day) immediately preceding the respective Certificate Payment Date. Certain amounts held in the Lease Payment Fund on any Lease Payment Date are credited towards the Lease Payment then due and payable. The District must make all Lease Payments, Additional Payments and Reserve Replenishment Rent payments when due notwithstanding any dispute between the Corporation and the District, including a dispute as to the failure of any portion of the Property to perform the task for which it is leased, and cannot withhold any Lease

Payment pending the final resolution of such dispute. Any Lease Payment in default continues as an obligation of the District until fully paid, with interest, to the extent permitted by law, from the date such amount was originally payable at the rate equal to the original interest rate payable with respect to each Certificate then outstanding. The Corporation and the District have agreed and determined that the total rental under the Lease represents the fair rental value of the Property. The District covenants to take such action as may be necessary to include and maintain all Lease Payments, Additional Payments and Reserve Replenishment Rent in its annual budgets (to the extent the amounts of such Additional Payments and Reserve Replenishment Rent are known to the District at the time its annual budget is proposed) and to provide the Trustee annually with a certificate to this effect. Pursuant to the Assignment Agreement, the Corporation has assigned its right to receive and to collect Lease Payments, Reserve Replenishment Rent, and Prepayments to the Trustee in trust for the benefit of the Owners of the Certificates. (See "THE ASSIGNMENT AGREEMENT" herein.)

Reserve Replenishment Rent

The District has agreed to pay to the Trustee from its first legally available moneys, after payment of the Lease Payments, Reserve Replenishment Rent to replace amounts withdrawn from the Reserve Fund in order to pay interest or principal represented by the Certificates; provided, however, that such obligation to pay will only occur if (i) the Lease Payments are not in abatement, and (ii) the amount of the Lease Payments and Additional Payments due in each year is less than the fair market rental value of the Property as determined in an appraisal filed with the Trustee.

The District's obligation to fund Reserve Replenishment Rent is subject to the District's right to pay such Reserve Replenishment Rent over a period of not more than twelve (12) months, in substantially equal monthly payments, in the event of a deficiency from a withdrawal of amounts from the Reserve Fund to pay principal and interest with respect to the Certificates; provided, however, if such payments would cause the sum of the Lease Payments and the Reserve Replenishment Rent to exceed the fair rental value in a Fiscal Year, then the amount of the Reserve Replenishment Rent shall be reduced so that such fair rental value amount is not exceeded and the remainder of the Reserve Replenishment Rent shall be paid in equal monthly installments in the subsequent Fiscal Year until fully paid.

Abatement of Lease Payments in Event of Loss of Use

Lease Payments will be paid in consideration of the right of possession and the continued quiet use and enjoyment of the Property during each period for which such Lease Payments are to be paid. The obligation of the District to pay Lease Payments, Reserve Requirement Rent and Additional Payments will be abated, in whole or in part, during any period in which, by reason of damage, destruction, interference due to title defect or taking by eminent domain or condemnation with respect to any portion of the Property, there is substantial interference with the District's right to the use and possession of such portion of the Property by the District. The amount of such abatement will be determined by the District such that the resulting Lease Payments, Reserve Replenishment Rent and Additional Payments represent fair consideration for the use and possession of the portion of the Property not damaged, destroyed, interfered with or taken. Such abatement will commence with such damage, destruction, interference or taking and end with the substantial completion of the replacement or work or repair; provided, however, that during abatement, available moneys on deposit in the Reserve Fund and the Lease Payment Fund, as well as other special sources of money, including the proceeds of rental interruption or use and occupancy insurance, will be applied to pay the Lease Payments.

Maintenance, Utilities, Taxes and Assessments

The District is responsible for all repair and maintenance of the Property throughout the Term of the Lease. The District must pay for or otherwise arrange for the payment of the cost of the repair and replacement of any portion of the Property resulting from ordinary wear and tear or want of care on the part of the District or any sublessee thereof. The District will also pay all taxes and assessments, including but not limited to utility charges, charged to the Corporation or the District or levied, assessed or charged against any portion of the

Property or the respective interests or estates therein. The District is obligated to pay special assessments or governmental charges only to the extent they are required to be paid during the Term of the Lease.

No Liens

Except for Permitted Encumbrances, the District will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any additions, modifications or improvements made by the District; provided that if any such lien is established and the District must first notify or cause to be notified the Corporation of the District's intention to do so, the District may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and must provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Trustee as assignee of the Corporation.

Disclaimers

The Corporation makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District of the Property or any portion thereof.

Insurance

The District must maintain or cause to be maintained the following insurance:

Public Liability and Property Damage. The District must maintain or caused to be maintained, throughout the Term of the Lease, a standard comprehensive general public liability and property damage insurance policy or policies in protection of the District and the Corporation, their directors, officers, agents and employees. Said policy or policies must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or operation of any District property or portion thereof. Said policy or policies will provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of the amount of $150,000 (subject to a deductible clause of not to exceed $75,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy covering all such risks in an amount equal to the liability limits set forth in the Lease. Such liability insurance, including the deductible, may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and, subject to the provisions of the Lease, may be maintained in the form of self-insurance by the District.

Workers' Compensation. The District must maintain workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure its employees against liability for compensation under the Workers' Compensation Insurance and Safety Act now in force in the State, or any act subsequently enacted as an amendment or supplement thereto (with provision for self-insurance of no more than $1,000,000).

Casualty and Theft. The District must maintain, throughout the Term of the Lease, insurance against loss or damage to any item or portion of the Property caused by fire and lightning, with extended coverage and theft, vandalism and malicious mischief insurance. Such extended coverage insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards normally covered by such insurance. Such insurance will be maintained in an amount (except that such insurance may be subject to deductible clauses of not to exceed $50,000 for any one loss) not less than the greater of (i) the replacement cost of the Property and (ii) the aggregate principal amount of the Certificates at the time Outstanding. Such insurance may be maintained as part of or in conjunction with any other insurance carried or

required to be carried by the District, and, subject to the provisions of the Lease, may be maintained in the form of self-insurance by the District.

Rental Interruption or Use and Occupancy. The District must maintain rental income or use and occupancy insurance in an amount not less than the maximum remaining scheduled Lease Payments in any future 24-month period, to insure against loss of rental income from the Property caused by perils covered by the insurance described in the Lease. Such rental interruption or use and occupancy insurance shall name the Trustee as loss payee. Such insurance may be maintained as part of or in conjunction with any other rental income insurance carried by the District.

Title Insurance. The District must obtain and, throughout the Term of the Lease, maintain or cause to be maintained title insurance on the Property, in the form of an CLTA title policy, in an amount equal to the aggregate principal amount of the Certificates Outstanding, issued by a company of recognized standing, duly authorized to issue the same, payable to the Trustee for the benefit of the Owners subject only to Permitted Encumbrances. Said policy shall insure (a) the Corporation's ground leasehold estate in the Property under the Site Lease, and (b) the District's leasehold estate under the Lease in the Property, subject only to Permitted Encumbrances. The Net Proceeds of such insurance shall be applied as provided in the Lease. The Trustee shall be provided with a title insurance policy in an amount equal to principal amount of the Certificates.

Substitution or Release of the Property

The District has the right to substitute alternate real property for any portion of the Property described in the Lease or to release a portion of the Property from the lien of the Lease by providing the Trustee with a supplement to the Lease substantially in the form attached to the Lease and satisfying the conditions set forth below. All costs and expenses incurred in connection with such substitution or release will be borne by the District. Notwithstanding any such substitution, there will be no reduction in or abatement of the Lease Payments due from the District as a result of such substitution. No substitution will be permitted unless: (1) any substituted property is free from any liens, other than Permitted Encumbrances, as certified by the District in a certificate delivered to the Trustee; (2) the District provides prior written notice thereof to each rating agency then rating the Certificates; (3) the District delivers a certificate to the District and the Trustee setting forth its findings that the real property remaining after such substitution or release (a) has a fair rental value in each Fiscal Year during the remaining Term greater than or equal to the Lease Payments due in such Fiscal Year such that the Lease Payments payable by the District pursuant to the Lease will not be reduced, and (b) has an equivalent or greater useful life as the Property to be released, and (c) that the useful life of the substituted real Property exceeds the remaining Term; (4) with respect to substitution, the District obtains or causes to be obtained an CLTA title insurance policy (with Western Regional exceptions) with endorsement so as to be payable to the Trustee for the benefit of the Owners (such policy will comply with the Lease, will be in a form satisfactory to the Corporation, will be in the amount equal to the principal component of Lease Payments attributable to the substituted real property, and will insure the leasehold interest or the site leasehold interest of the Corporation or the District, as applicable, to the substituted real property); (5) the District provides the Corporation and the Trustee with an opinion of Special Counsel that such substitution or release does not cause, in and of itself, the Interest Component evidenced by the Certificates to be included in gross income for federal income tax purposes; (6) the District will give, or cause to be given, any notice of the occurrence of such substitution or release required to be given pursuant to the Continuing Disclosure Certificate; (7) upon any substitution or release, the District, the Corporation and the Trustee will execute and the District will record with the office of the County Recorder, County of Imperial, California, any document necessary to reconvey to the District the portion of the Property being substituted and to include the substituted real property and/or improvements thereon as all or a portion of the Property; and (8) the District will certify to the Trustee that any substituted real property is of approximately the same degree of essentiality to the District as the portion of the Property being released.

Assignment and Subleasing

Except as provided in the Lease, the Trust Agreement and the Assignment Agreement, the Corporation will not assign the Lease to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained therein and any assignment in contravention thereof shall be void. The District may sublease all or any portion of the Property, so long as such sublease does not, in the opinion of Special Counsel, adversely affect (1) the exemption from State personal income tax or the exclusion from gross income for federal income tax of the Interest Component evidenced by the Certificates, or (2) affect the validity of the Lease, subject to all of the following conditions: (a) the Lease and the obligation of the District to make Lease Payments under the Lease will remain obligations of the District; (b) the District will, within 30 days after the delivery thereof, furnish or cause to be furnished to the Corporation, the Trustee and S&P, a true and complete copy of such sublease; and (c) any sublease of the Property by the District shall expressly provide that such sublease is subject to all rights of the Corporation under the Lease Agreement, including, the right to re-enter and re-let the Property or terminate the Lease Agreement in the event of a default by the District.

Events of Default and Remedies

Events of Default Defined. The following constitute "events of default" under the Lease (each, an "Event of Default") and the terms "events of default" and "default" will mean, whenever they are used in the Lease, any one or more of the following events:

(i) Failure by the District to pay any Lease Payment required to be paid under the Lease by the corresponding Lease Payment Date, and failure by the District to timely pay any Reserve Replenishment Rent, if and when required.

(ii) Failure by the District to observe and perform any warranty, covenant, condition or agreement contained in the Lease or in the Trust Agreement or in the Site Lease, other than the default described in (i) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation, the Trustee or the Owners of not less than 20% in aggregate principal amount of the Certificates then Outstanding, provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Corporation or such Owners, as the case may be, will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected.

(iii) Filing by the District of a case in bankruptcy, or the subjection of any right or interest of the District under the Lease to any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may be enacted in the future.

Remedies. Whenever any Event of Default described above will have happened and be continuing, the Corporation may exercise any and all remedies available pursuant to law or granted pursuant to the Lease as described below. The Corporation has no right under any circumstances, however, to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. After the occurrence of an Event of Default under the Lease the District will surrender possession of the Property to the Corporation if requested to do so by the Corporation, the Trustee or the Certificate Owners, in accordance with the provisions of the Lease.

No Termination: Repossession and Re-Lease on Behalf of District. In the event the Corporation does not elect to terminate the Lease, the Corporation may, with the consent of the District, repossess the Property, and re-lease it for the account of the District, in which event the District's obligation will continue to

accrue from year to year in accordance with such Lease and the District will continue to receive the value of the use of the Property to the Lease from year to year in the form of credits against its obligation to pay Lease Payments. The obligations of the District will remain the same as prior to such default; to pay Lease Payments, Reserve Replenishment Rent and Additional Payments whether the Corporation re-enters or not. The District agrees to and will remain liable for the payment of all Lease Payments, Reserve Replenishment Rent and Additional Payments and the performance of all conditions contained in such Lease, and to reimburse the Corporation for any deficiency arising out of the re-leasing of the Property, or, in the event that the Corporation is unable to re-lease the Property, then for the full amount of all Lease Payments, Reserve Replenishment Rent and Additional Payments to the end of the Lease Term, but said Lease Payments, Reserve Replenishment Rent and Additional Payments and/or deficiency will be payable only at the same time and in the same manner as provided above for the payment of Lease Payments, Reserve Replenishment Rent and Additional Payments under the Lease, notwithstanding such repossession by the Corporation, or any suit brought by the Corporation for repossession of the Property, or the exercise of any other remedy by the Corporation.

The District irrevocably appoints the Corporation its agent and attorney-in-fact for purposes of repossessing or re-leasing the Property in the event of default. In addition, the District exempts and agrees to save harmless the Corporation from any cost, loss or damage arising from or occasioned by any such repossession and re-leasing of the Property. The District waives all claims for damages caused by the Corporation in repossessing the Property as provided in the Lease and all claims for damage that may result from the destruction of or injury to the Property, and all claims for damages to or loss of any property belonging to the District that may be in or upon the Property.

Termination: Repossession and Re-Lease. In the event of the termination of the Lease by the Corporation at its option and in the manner provided by the Lease on account of default by the District (and notwithstanding any repossession of the Property by the Corporation in any manner whatsoever or the re-leasing of the Property), the District nevertheless agrees to pay to the Corporation all costs, losses or damages howsoever arising or occurring payable at the same time and in the same manner as is provided in the Lease in the case of payment of Lease Payments, Reserve Replenishment Rent and Additional Payments. Any proceeds of the re-lease or other disposition of the Property by the Corporation will be deposited into the Lease Payment Fund and be applied in accordance with the provisions of the Trust Agreement. Any surplus received by the Trustee, as assignee of the Corporation, from such re-leasing over total Lease Payments, Reserve Replenishment Rent and Additional Payments that would have been due under the Lease and the fees, expenses and costs of the Trustee as assignee of the Corporation on re-leasing the Property will be remitted to the District. Neither notice to pay rent or to deliver up possession of the Property given pursuant to law nor any proceeding taken by the Corporation to recover possession of the Property will of itself operate to terminate the Lease, and no termination of the Lease on account of default by the District will be or become effective by operation of law, or otherwise, unless and until the Corporation will have given written notice to the District of the election on the part of the Corporation to terminate the Lease. The District covenants and agrees that no surrender of the Property for the remainder of the Term of the Lease or any termination of the Lease will be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice. No such termination will be effected either by operation of law or act of the parties to the Lease, except only in the manner in the Lease expressly provided.

The re-leasing of the Property shall be subject to the opinion of Special Counsel that such re-leasing will not cause the Interest Component evidenced by the Certificates to be subject to State personal income tax or adversely affect the exclusion of such Interest Component from gross income for federal income tax purposes.

In the event the Corporation does not elect to terminate the Lease in the manner provided therein or to exercise its right to re-enter and re-lease, the Corporation may collect each installment of Lease Payments as the same become due and enforce any other terms or provisions of the Lease to be kept or performed by the District, regardless of whether or not the District has abandoned the Property.

The District's rights and remedies are assigned to the Trustee and are exercisable by the Trustee and the Owners of the Certificates as provided in the Trust Agreement. (See "THE ASSIGNMENT AGREEMENT" herein.)

THE TRUST AGREEMENT

Additional Certificates

Subsequent to the execution and delivery by the Trustee of the Certificates, the Trustee will, upon written request or requests of the District Representative and of the Corporation Representative, execute and deliver from time to time one or more series of Additional Certificates in such aggregate principal amount as may be set forth in such written request or requests, provided that there shall have been compliance with all of the following conditions, which are conditions precedent to the preparation, execution and delivery of such Additional Certificates:

(a) The parties to the Trust Agreement shall have executed a supplemental agreement setting forth the terms and provisions of such Additional Certificates, including the establishment of such funds and accounts, separate and apart from the funds and accounts established under the Trust Agreement for the Certificates executed and delivered on the Closing Date, as shall be necessary or appropriate, which supplemental agreement shall require that prior to the delivery of such Additional Certificates there shall be on deposit in the Reserve Fund established under the Trust Agreement or in a reserve fund established under such supplemental agreement an amount equal to the Reserve Requirement upon the execution and delivery of the Additional Certificates;

(b) The principal and interest payable with respect to such Additional Certificates and any premium payable upon prepayment of such Additional Certificates will be payable only on Certificate Payment Dates applicable to the Certificates;

(c) The Lease will have been amended by the parties thereto if necessary to (i) increase or adjust the Lease Payments due and payable on each Lease Payment Deposit Date to an amount sufficient to pay the principal, premium (if any) and interest payable with respect to all Outstanding Certificates, including all Additional Certificates as and when the same mature or become due and payable (except to the extent such principal, premium and interest may be payable out of moneys then in the Reserve Fund or otherwise on deposit with the Trustee in accordance with the Trust Agreement), (ii) if appropriate, amend the definition of "Property" to include as part of the Property all or any portion of additions, betterments, extensions, improvements or replacements, or such other real or personal property (whether or not located upon the Property as such Property is constituted as of the date of the Trust Agreement), to be financed, acquired or constructed by the preparation, execution and delivery of such Additional Certificates, and (iii) make such other revisions to the Lease as are necessitated by the execution and delivery of such Additional Certificates (provided, however, that such other revisions shall not prejudice the rights of the Owners of Outstanding Certificates as granted them under the terms of the Trust Agreement);

(d) The District and the Corporation will have determined that the Lease Payments to be paid by the District (including those evidenced by the Additional Certificates) do not exceed the fair rental value of the Property pursuant to the Lease.

(e) There will have been delivered to the Trustee a counterpart of the amendments required by the Trust Agreement;

(f) The Trustee will have received a certificate of the Corporation Representative that there exists on the part of the Corporation no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default);

(g) The Trustee will have received a certificate of the District Representative that (i) there exists on the part of the District no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) and (ii) the Lease Payments as increased or adjusted do not exceed in any year the fair rental value of the Property (as such term is defined in the amended Lease);

(h) The Trustee will have received an opinion of Special Counsel substantially to the effect that (i) said supplemental agreement and said amendments to the Lease comply in all respects with the requirements of the Trust Agreement, (ii) said supplemental agreement and said amendments to the Lease have been duly authorized, executed and delivered by each of the respective parties thereto (provided that said opinion of Special Counsel, in rendering the opinions set forth in the Trust Agreement, shall be entitled to rely upon one or more other opinions of counsel, including counsel to any of the respective parties to said supplemental agreement or said amendments to the Lease), and (iii) assuming that no Event of Default has occurred and is continuing, the Trust Agreement, as amended by said supplemental agreement, and the Lease, as amended by the respective amendments thereto, constitute the legal, valid and binding obligations of the respective parties thereto, enforceable against said parties in accordance with their respective terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium, debt adjustment or other laws affecting creditors' rights generally, and except to the extent that enforcement thereof may be limited by general principles of equity, regardless of whether enforcement is sought in a legal or equitable proceeding);

(i) The District will have provided each rating agency then rating the Certificates written notice of the proposed execution and delivery of such Additional Certificates at the addresses indicated in the Trust Agreement and will receive a rating confirmation that the current rating or ratings of the Outstanding Certificates will not be reduced, withdrawn or suspended as a result of the execution and delivery of such Additional Certificates from each rating agency then rating the Certificates.

(j) There will have been delivered to the Trustee an endorsement to or reissuance of the title insurance policy delivered under the Lease providing that the insured amount is at least equal to the aggregate principal amount of all of the Certificates and Additional Certificates outstanding upon the execution and delivery of such Additional Certificates;

(k) Upon the execution and delivery of such Additional Certificates, there will have been delivered to the Trustee cash or a Reserve Facility sufficient to increase the amount on deposit in the Reserve Fund, or a reserve fund established under the supplemental agreement, to the Reserve Requirement (calculated with respect to all Outstanding Certificates and Additional Certificates);

(l) Such other conditions will have been satisfied, and such other instruments will have been duly executed and delivered to the Trustee (with a copy to each rating agency then rating the Certificates), as the District or the Corporation shall have reasonably requested.

Upon delivery to the Trustee of the foregoing instruments, the Trustee will cause to be executed and delivered Additional Certificates representing the aggregate principal amount specified in such supplemental agreement, and such Additional Certificates shall be equally and ratably secured with all Certificates, including any Additional Certificates, theretofore prepared, executed and delivered, all without preference, priority or distinction (other than with respect to maturity, payment, prepayment or sinking fund payment (if any)) of any one Certificate, including Additional Certificates, over any other; provided, however, that no provision of the Trust Agreement shall require the District to consent to or otherwise permit the preparation, execution and delivery of Additional Certificates, it being understood and agreed that any such consent or other action of the District to permit the preparation, execution and delivery of Additional Certificates, or lack thereof, shall be in the sole discretion of the District.

The Trustee

Indemnification. The District shall, to the extent permitted by law, indemnify and save the Trustee and its officers, directors, agents, representatives and employees harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (i) the use, maintenance, condition or management of, or from any work or thing done on, the Property or the Project by the District; (ii) any breach or default on the part of the District in the performance of any of its obligations under the Trust Agreement and any other agreement made and entered into for purposes of the Property or the Project; (iii) any act of negligence of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Property or the Project; (iv) any act of negligence of any assignee of, or purchaser from, the District or of any of its or their agents, contractors, servants, employees or licensees with respect to the Property or the Project; (v) the construction or acquisition of the Project or the expenditure of Project Costs; (vi) the exercise and performance by the Trustee of its powers and duties under the Trust Agreement or any related document; (vii) the sale of the Certificates and the carrying out of any of the transactions contemplated by the Certificates or the Agreement; (viii) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made in light of the circumstances in which they were made, not misleading in any official statement or other disclosure document utilized in connection with the sale of the Certificates; or (viii) the acceptance of administration of the trust or trusts under the Trust Agreement, including the costs and expenses of defending itself against any claim (whether asserted by the District, the Corporation, any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties under the Trust Agreement. The indemnification set forth in the Trust Agreement shall extend to the Trustee's officers, directors, agents, representatives, employees, successors and assigns. No indemnification will be made under the Trust Agreement or other agreements for willful misconduct or negligence by the Trustee, its officers, agents, employees, successors or assigns. The District's obligations under the Trust Agreement shall remain valid and binding notwithstanding maturity and payment of the Certificates, or the resignation or removal of the Trustee.

Removal. So long as there is no Event of Default, the District may remove the Trustee upon 30 days written notice initially appointed, and any successor thereto, and may appoint a successor or successors thereto.

Resignation. The Trustee may, upon prior written notice to the District and the Corporation, resign; provided that such resignation will not take effect until the successor Trustee is appointed. Upon receiving such notice of resignation, the District will promptly appoint a successor Trustee. In the event the District does not name a successor Trustee within 30 days of receipt of notice of the Trustee's resignation, then the Trustee may petition a court of suitable jurisdiction to seek the immediate appointment of a successor Trustee.

Successor. Any successor Trustee will be a bank, association, corporation or trust company meeting the qualifications as set forth in the Trust Agreement. Any resignation or removal of the Trustee and appointment of a successor Trustee will become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the successor Trustee will mail notice thereof to the Owners at their respective addresses set forth on the Certificate registration books.

Funds; Pledge

The Trust Agreement creates (1) a Project Fund; (2) a Delivery Cost Fund, (3) a Prepayment Fund, (4) a Lease Payment Fund, (5) a Reserve Fund, (6) a Net Proceeds Fund, and (7) a Rebate Fund, each to be held in trust by the Trustee.

The Project Fund. The moneys in the Project Fund will be expended for Project Costs. The Trustee will disburse moneys in the Project Fund from time to time to pay Project Costs directly or to reimburse the District for payment of Project Costs, upon receipt by the Trustee of a Project Cost Requisition signed by the District Representative. The Trustee will be absolutely protected in making any disbursement from the Project Fund in reliance upon a Project Cost Requisition signed by the District Representative. Each such Project Cost

Requisition will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts.

The Delivery Cost Fund. The moneys in the Delivery Cost Fund will be used and withdrawn by the Trustee from time to time to pay the Delivery Costs upon submission of a Delivery Cost Requisition of the District stating (a) the person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Delivery Cost Fund, and (e) that such amounts have not been the subject of a prior Delivery Cost Requisition. On the earlier of (i) the date which is 90 days after the Closing Date, or (ii) the date of receipt by the Trustee of a Delivery Cost Requisition therefor, all amounts (if any) remaining in the Delivery Cost Fund will be withdrawn therefrom by the Trustee and transferred to the Lease Payment Fund. Thereafter, the Delivery Cost Fund will be closed.

The Prepayment Fund. Moneys to be used for prepayment of the Certificates will be deposited into the Prepayment Fund and used solely for the purpose of prepaying the Certificates in advance of their maturity on the date designated for prepayment and upon presentation and surrender of such Certificates to the Trustee. Any funds remaining in the Prepayment Fund after prepayment and payment of all Certificates Outstanding with respect to such Prepayment Fund, including payment of any applicable fees and expenses to the Trustee and any other Additional Payments payable under the Lease, or provision made thereof satisfactory to the Trustee, will be withdrawn by the Trustee and remitted to the District.

The Lease Payment Fund. Lease Payments and any proceeds from the re-letting or any other distribution of the Property pursuant to the Lease will be deposited in or credited to the Lease Payment Fund.

Amounts in the Lease Payment Fund must be used solely for the purpose of paying the principal and interest evidenced by the Certificates as the same become due and payable in accordance with the Trust Agreement, subject to the requirement that certain investment earnings may be transferred to the Rebate Fund as provided in the Trust Agreement, as follows: on each Certificate Payment Date, the Trustee first will set aside an amount sufficient to pay the interest evidenced by the Certificates becoming due and payable on such date, and mail such amount to the Owners; and second will set aside an amount sufficient to pay the principal evidenced by the Certificates becoming due and payable on such Certificate Payment Date.

Any funds remaining in the Lease Payment Fund after payment of all Certificates Outstanding, including accrued interest and payment of any applicable fees, expenses or other amounts to the Trustee pursuant to the Trust Agreement and any other Additional Payments due under the Lease, or provision made therefor satisfactory to the Trustee, and provision for any amounts required to be transferred to the Rebate Fund pursuant to the Trust Agreement, will be withdrawn by the Trustee and remitted to the District.

The Net Proceeds Fund. Any Net Proceeds received by the District in the event of any accident, destruction, theft or taking by eminent domain or condemnation with respect to the Property must be transferred to the Trustee and deposited by the Trustee in the Net Proceeds Fund.

The Trustee will disburse Net Proceeds for replacement or repair of the Property as provided in the Lease, or transfer such proceeds to the Prepayment Fund upon notification of the District Representative as provided in the Lease for prepayment of all or part of the Certificates. Any balance of the Net Proceeds remaining in the Net Proceeds Fund after replacement or repair has been completed shall be disbursed to the District. Any amounts remaining in the Net Proceeds Fund after payment or provision for payment of all Certificates, including provision for all amounts required to be transferred to the Rebate Fund pursuant to the Trust Agreement, shall be paid to the District as provided in the Trust Agreement.

Proceeds of any policy of title insurance received by the Trustee with respect to the Property shall be applied and disbursed by the Trustee upon the Written Request of the District as follows:

(i) If the District determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Lease Payments and Additional Payments payable by the District under the Lease (such determination to be certified by the District in writing), such proceeds shall be remitted to the District and used for any lawful purpose thereof; or

(ii) If the District determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement of Lease Payments and Additional Payments payable by the District under the Lease, then the Trustee will immediately deposit such proceeds in the Prepayment Fund and such proceeds shall be applied to the prepayment of Certificates.

Security Interest in Moneys and Funds. The Corporation and the District, as their interests may appear, grant to the Trustee for the benefit of the Owners, and the Trustee for all amounts owing to it, a lien on and a security interest in all moneys in the funds held by the Trustee under the Trust Agreement (excepting only the Rebate Fund and any moneys to be deposited into the Rebate Fund), including without limitation, the Lease Payment Fund, the Reserve Fund (including any Reserve Facility), the Prepayment Fund and the Net Proceeds Fund, and all such moneys will be held by the Trustee in trust and applied to the respective purposes specified in the Trust Agreement and in the Lease.

Pledge of Lease Payments and Proceeds. The Lease Payments and any proceeds from the re-letting or any other disposition of the Property pursuant to the Lease (the "Lease Proceeds") are irrevocably pledged to and will be used for the punctual payment of the interest and principal represented by the Certificates, the payment of all amounts owing to the Trustee, and for reimbursement of draws under any reserve policy, and except for as permitted under the Trust Agreement with respect to Additional Certificates, the Lease Payments and Lease Proceeds will not be used for any other purpose while any of the Certificates remain Outstanding. The pledge will constitute a first lien on the Lease Payments and Lease Proceeds in accordance with the terms of the Trust Agreement.

Reserve Fund

All moneys at any time on deposit in the Reserve Fund (including any Reserve Facility provided to satisfy the Reserve Requirement in whole or in part) will be held by the Trustee in trust for the benefit of the Owners of the Certificates, as a reserve for the payment when due of all the Lease Payments to be paid pursuant to the Lease and of all payments on the Certificates and applied solely as provided in the Trust Agreement.

Reserve Replenishment Rent. Any Reserve Replenishment Rent payable pursuant to the Lease will be deposited in the Reserve Fund.

Transfers of Excess. The Trustee will, on or before April 15 and October 15 of each year, provide written notice to the District of any moneys which are estimated to be on hand in the Reserve Fund in excess of the Reserve Requirement on the next succeeding May 1 or November 1, as the case may be, and one Business Day immediately preceding any Lease Payment Date, the Trustee will transfer such excess moneys to the Lease Payment Fund to be applied to the Lease Payment then due from the District. In the event of the partial Prepayment of Lease Payments the District may instruct the Trustee to reduce the cash amounts on deposit in the Reserve Fund to the Reserve Requirement as of such date and may direct the Trustee to transfer excess cash amounts from the Reserve Fund for any lawful purpose.

The transfers described above are in each case subject to the requirement that if the Certificate proceeds have become subject to the arbitrage rebate provisions of Section 148(f) of the Code as described in the Trust Agreement, then certain investment earnings are to be transferred to the Rebate Fund at the direction of the District as provided in the Trust Agreement.

Rebate Fund

Absent an opinion of Special Counsel that the exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates will not be adversely affected, the District shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Trust Agreement and the Tax Certificate. All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien under the Trust Agreement and shall be governed by the Trust Agreement and by the Tax Certificate executed by the District. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement and the Tax Certificate if it follows the directions of the District, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the District with the Rebate Requirement.

Moneys in Funds; Investment

Held in Trust. The moneys and investments held by the Trustee under the Trust Agreement are irrevocably held in trust for the benefit of the Owners and, in the case of the Rebate Fund, for payment as required to the United States Treasury, and for the purposes specified in the Trust Agreement, and such moneys, and any income or interest earned thereon, will be expended only as provided in the Trust Agreement, and will not be subject to levy or attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee or the District, or any of them.

Investment. Moneys held by the Trustee under the Trust Agreement will be invested and reinvested on maturity by the Trustee pursuant to the Trust Agreement. The Trustee will report any such investments to the District on a monthly basis in its regular statements. Such investments and reinvestments will be made giving full consideration for the time at which funds are required to be available based upon information supplied by the District. Investments purchased with funds on deposit in the Lease Payment Fund and Prepayment Fund will mature not later than the Certificate Payment Date or prepayment date, as appropriate, immediately succeeding the investment. Notwithstanding anything to the contrary contained in the Trust Agreement, investments purchased with funds on deposit in the Reserve Fund should have an average aggregate weighted term to maturity of not greater than five years unless invested as permitted in the Trust Agreement pursuant to which funds may be withdrawn, without penalty, to make payments. Any income, profit or loss on the investment of moneys held by the Trustee under the Trust Agreement will be credited to the respective fund for which it is held, except as otherwise provided in the Trust Agreement.

Amendments Permitted

With Consent. The Trust Agreement and the rights and obligations of the Owners, and the Lease and the rights and obligations of the parties thereto, may be modified or amended at any time, with notice to any rating agency then rating the Certificates, by a supplemental agreement or amendment thereto which will become effective when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided below, will be filed with the Trustee. No such modification or amendment will (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the prior written consent of the Owner of such Certificate or (2) reduce the percentage of Owners whose consent is required for the execution of any amendment of the Trust Agreement or supplement thereto without the prior written consent of the Owners of all Certificates then Outstanding; or (3) modify any of the rights or obligations of the Trustee without its written assent thereto; or (4) amend the section of the Trust Agreement pertaining to amendments without the prior written consent of the Owners of all Certificates then outstanding. The Trustee will have the right to require such opinions of counsel as it deems necessary concerning (i) the lack of material adverse effect of the amendment on Owners; and (ii) that such amendment is authorized or permitted under the

terms of the Trust Agreement (and, if applicable, the Lease) and complies with the provisions of the Trust Agreement. Any such supplemental agreement or amendment will become effective as provided in the Trust Agreement.

Without Consent. The Trust Agreement and the rights and obligations of the Owners, and the Lease and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement or amendments thereto, with notice to any rating agency then rating the Certificates, but without the consent of any such Owners, but only to the extent permitted by law and only: (1) to add to the covenants and agreements of the District and the Corporation under the Trust Agreement; (2) to cure, correct or supplement any ambiguous or defective provision contained in the Trust Agreement or in the Lease; (3) to substitute the Property, or a portion thereof, in accordance with the Lease; (4) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the Interest Component evidenced by the Certificates; (5) to add to the rights of the Trustee; (6) to maintain the rating or ratings assigned to the Certificates; or (7) to provide for the execution and delivery of Additional Certificates in accordance with the Trust Agreement. No such modification or amendment, however, will modify any of the rights or obligations of the Trustee without their written assent thereto. Any such supplemental agreement will become effective upon execution and delivery by the parties thereto.

Limitation of Liability

Limited Liability of the District. Except for the payment of Lease Payments, Additional Payments, Reserve Replenishment Rent and Prepayments when due in accordance with the Lease and the performance of the other covenants and agreements of the District contained in the Trust Agreement and in the Lease, the District will have no obligation or liability to any of the other parties or to the Owners with respect to the Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee.

No Liability of the District or Corporation for Trustee Performance. Except as expressly provided in the Trust Agreement, neither the District nor the Corporation will have any obligation or liability to any other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under the Trust Agreement.

Limited Liability of Trustee. The Trustee will have no obligation or responsibility for providing information to the Owners concerning the investment character of the Certificates.

The Trustee makes no representations as to the validity or sufficiency of the Certificates, will incur no responsibility in respect thereof, other than in connection with the duties or obligations in the Trust Agreement or in the Certificates assigned to or imposed upon it. The Trustee will not be responsible for the sufficiency or enforceability of the Lease, Site Lease or Assignment Agreement. The Trustee will not be liable for the sufficiency or collection of any Lease Payments or other moneys required to be paid to it under the Lease (except as provided in the Trust Agreement), its right to receive moneys pursuant to said Lease, or the value of or title to the Property.

The Trustee will have no obligation or liability to any of the other parties or the Owners with respect to the Trust Agreement or failure or refusal of any other party to perform any covenant or agreement made by any of them under the Trust Agreement or the Lease, but will be responsible solely for the performance of the duties and obligations expressly imposed upon it under the Trust Agreement.

The recitals of facts, covenants and agreements in the Trust Agreement and in the Certificates will be taken as statements, covenants and agreements of the District or the Corporation (as the case may be), and the Trustee assumes no responsibility for the correctness of the same.

Events of Default and Remedies

Remedies. If an Event of Default happens, then, and in each and every such case during the continuance of such Event of Default, the Trustee may exercise any and all remedies available pursuant to law or granted pursuant to the Lease; provided, however, that notwithstanding anything in the Trust Agreement or in the Lease to the contrary, THERE WILL BE NO RIGHT UNDER ANY CIRCUMSTANCES TO ACCELERATE THE MATURITIES OF THE CERTIFICATES OR OTHERWISE TO DECLARE ANY LEASE PAYMENTS NOT THEN IN DEFAULT TO BE IMMEDIATELY DUE AND PAYABLE.

Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Trust Agreement or of the Lease, will be deposited into the Lease Payment Fund and be applied by the Trustee after payment of all amounts due and payable under the Trust Agreement and of the Lease in the following order upon presentation of the several Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid —

First, Costs and Expenses: to the payment of the costs, fees and expenses of the Trustee and then of the Owners in declaring such Event of Default and in performing its duties under the Trust Agreement, including reasonable compensation to its or their agents, attorneys and counsel;

Second, Interest: to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installment, and, if the amount available will not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal with respect to any Certificates which will have become due, whether at maturity or by call for prepayment, in the order of their due dates, with interest on the overdue principal and interest at a rate equal to the rate paid with respect to the Certificates and, if the amount available will not be sufficient to pay in full all the amounts due with respect to the Certificates on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Defeasance

If and when any Outstanding Certificates will be paid and discharged in any one or more of the following ways —

(1) Payment or Prepayment: by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) with respect to such Certificates Outstanding, as and when the same become due and payable;

(2) Cash: if prior to maturity and having given at least thirty (30) days' prior written notice of prepayment by depositing with the Trustee, in trust, concurrent with the giving of such notice, an amount of cash which (together with cash then on deposit in the Lease Payment Fund and the Reserve Fund together with the interest to accrue thereon, in the event of payment or provision for payment of all Outstanding Certificates) is sufficient to pay such Certificates Outstanding, including all principal and interest and premium, if any; or

(3) Defeasance Securities: by irrevocably depositing with the Trustee, in trust, Defeasance Securities together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon (and, in the event of payment or provision for payment of all Outstanding Certificates, moneys then on deposit in the Lease Payment

Fund and the Reserve Fund together with the interest to accrue thereon), be fully sufficient to pay and discharge such Certificates (including all principal and interest represented thereby and prepayment premiums if any) at or before their maturity date;

and all other amounts due under the Trust Agreement have been paid in full, then, notwithstanding that any Certificates will not have been surrendered for payment, all obligations of the Corporation, the Trustee and the District with respect to such Certificates will cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the District from funds deposited pursuant to paragraphs (2) and (3) above, to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (2) and (3) above, the Certificates will continue to represent direct and proportionate interests of the Owners thereof in the Lease Payments under the Lease.

Prior to any defeasance becoming effective under the Trust Agreement, the District will cause to be delivered at least five business days prior to any defeasance becoming effective (i) an executed copy of a report, addressed to the Trustee and the District, in form and substance acceptable to the District of a nationally recognized firm of certified public accountants, verifying that the Defeasance Securities and cash, if any, satisfy the requirements described above; (ii) a copy of the escrow deposit agreement entered into in connection with such defeasance; and (iii) a copy of an Opinion of Special Counsel, dated the date of such defeasance and addressed to the Trustee and the District, in form and substance acceptable to the Trustee and the District to the effect that such Certificates are no longer Outstanding under the Trust Agreement.

Notwithstanding the foregoing, if the defeasance is given effect by means of a cash deposit only, the escrow deposit agreement referenced above shall not be required, though the other requirements described above shall still apply.

Any funds held by the Trustee, at the time of payment or provision for payment of all Outstanding Certificates pursuant to one of the procedures described in the Trust Agreement, which are not required for the payment to be made to Owners, will be paid over to the District, after the payment of any amounts due to the Trustee pursuant to the Trust Agreement, and any other Additional Payments due under the Lease.

THE ASSIGNMENT AGREEMENT

The Assignment Agreement provides for the transfer, assignment and setting over by the Corporation to the Trustee, for the benefit of the Owners of Certificates, all of the Corporation's rights under the Lease (excepting only the Corporation's rights to recover attorneys' fees and expenses in the event the Corporation is a non-defaulting party to a Lease after a default), including, without limitation: (1) the right to receive and collect all of the Lease Payments, Additional Payments, Prepayments and Reserve Replenishment Rent from the District under the Lease; (2) the right to receive and collect any proceeds of any insurance maintained pursuant to the Lease, or any condemnation award rendered with respect to the Property or any lease of the Property in the event of a default by the District under the Lease; (3) the right to take all actions and give all consents under the Lease; (4) the right to exercise such rights and remedies conferred on the Corporation under the Lease as may be necessary or convenient (a) to enforce payment of the Lease Payments, Additional Payments, Prepayments, Reserve Replenishment Rent, and any other amounts required to be deposited in the Lease Payment Fund, the Prepayment Fund, the Reserve Fund, the Net Proceeds Fund or any other fund established under the Trust Agreement, or (b) otherwise to protect the interests of the Corporation in the event of a default by the District under the Lease; and (5) the right of the Corporation be paid its fees and expenses for re-leasing the Property upon events of default under the Lease. The Trustee accepts such assignment for the benefit of the Owners of the Certificates, subject to the provisions of the Trust Agreement.

THE SITE LEASE

Pursuant to the Site Lease, the District, as lessor, leases to the Corporation, as lessee, right, title and interest in the Property. The term of the Site Lease will commence as of the date of the Lease to the Site Lease and will remain in effect until the expiration of the term of such Lease. The Property will be simultaneously leased back to the District under the Lease, and title will remain in the District.

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APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING IMPERIAL COUNTY

The Certificates are not obligations of Imperial County (the "County") and do not represent a lien or charge against any funds or property of the County. The following information is provided only to give prospective investors an overview of the general economic condition of the Calexico Unified School District (the "District") and the County. The following information has been obtained from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District.

General

The County is located approximately 134 miles from the City of San Diego. Imperial County was established in 1907 from a division of San Diego County. Government and health care are major industries in the County. Located in the southeast corner of California covering 4,482 square miles, the County is bordered by Riverside County on the north, San Diego County on the west, Mexico on the south, and the Colorado River on the East.

Population

The following table shows historical population statistics, from 2022 to 2026, for the City, other cities in the County, the unincorporated portion of the County, and the County as a whole.

POPULATION ESTIMATES[(1)]
Cities of Imperial County and County Total
Calendar Years 2022 through 2026

Area	2022	2023	2024	2025	2026
Brawley	27,057	27,869	28,666	28,937	28,810
Calexico	38,874	38,940	39,711	40,062	39,881
Calipatria	6,309	5,954	6,240	5,916	6,002
El Centro	44,710	44,740	45,475	46,029	45,716
Holtville	5,590	5,561	5,647	5,685	5,610
Imperial	21,608	21,771	22,395	22,862	22,984
Westmorland	2,013	2,012	2,075	2,086	2,059
Balance of County	34,015	34,074	34,485	34,801	34,899
Incorporated	146,161	146,847	150,209	151,577	151,062
Total	180,176	180,921	184,694	186,378	185,961

(1) Population estimates as of January 1st

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]
Imperial County, State of California, and the United States
Calendar Years of 2021 through 2025

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate[2]
2021				
Imperial County	67,300	55,200	12,100	18.0%
California	18,956,600	17,568,700	1,387,800	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Imperial County	68,300	57,800	10,500	15.3%
California	19,169,300	18,348,900	820,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
Imperial County	71,600	59,000	12,600	17.6%
California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6
2024				
Imperial County	73,400	59,900	13,500	18.4%
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				
Imperial County	75,200	61,600	14,200	18.8%
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] The unemployment rate is calculated using unrounded data. Data may not add due to rounding.
[2] Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
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 private service providers. The table below shows the estimated employment by industry group for 2021 through 2025.

EMPLOYMENT BY INDUSTRY[1]
Imperial County
Calendar Years 2021 through 2025

Industry Area	2021	2022	2023	2024	2025
Total Farm	10,700	9,900	9,000	8,700	8,300
Mining, Logging, and Construction	2,000	2,100	2,000	2,100	2,000
Manufacturing	2,100	2,300	2,300	2,300	2,200
Service Providing	48,900	51,900	53,600	54,900	56,000
Private Service Providing	30,700	32,500	33,700	34,400	35,700
Wholesale Trade	1,700	1,800	1,700	1,800	1,800
Retail Trade	7,900	8,100	8,200	8,200	8,100
Transportation, Warehousing & Utilities	2,400	2,500	2,500	2,600	2,900
Information	200	200	200	200	200
Financial Activities	1,100	1,100	1,200	1,200	1,100
Professional and Business Services	2,900	3,100	3,200	3,300	3,300
Educational and Health Services	9,500	10,200	11,200	11,600	12,900
Leisure and Hospitality	4,000	4,400	4,400	4,400	4,500
Other Services	900	1,100	1,100	1,100	1,000
Government	18,300	19,400	19,900	20,400	20,400
Total All Industries	**143,300**	**150,600**	**154,200**	**157,100**	**160,400**

[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 2025 Benchmark*. Sacramento, California, May 2026.

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Major Employers

The County and the City host a diverse mix of major employers representing industries ranging from department stores to government to health services, and education. The following table lists the County's and the City's major employers in 2026.

MAJOR EMPLOYERS
Imperial County
Calendar Year of 2026

Employer Name	Location	Industry
8A Packing LLC	El Centro	Labor Organizations
Academic Services	Imperial	University-College Dept/Facility/Office
Calipatria State Prison	Calipatria	Government Offices-State
Centinela State Prison	Imperial	Government Offices-State
Central Union High School Dist	El Centro	School Districts
Costco Wholesale	El Centro	Wholesale Clubs
El Centro Naval Air Facility	El Centro	Federal Government-National Security
El Centro Regional Medical Ctr	El Centro	Hospitals
Imperial County Behavioral	El Centro	Mental Health Services
Imperial County Coroner	El Centro	Government Offices-County
Imperial County Ofc-Edu Fndtn	El Centro	Educational Associations
Imperial County Sheriff	El Centro	Government Offices-County
Imperial Irrigation District	El Centro	Distribution Services
Jjall LLC	Calexico	Labor Contractors
Pioneers Memorial Healthcare	Brawley	Health Care Management
Quechan Casino Resort	Felicity	Casinos
Spreckels Sugar Co Inc	Brawley	Sugar Refiners (mfrs)
Target	El Centro	Department Stores
United States Gypsum Co	Imperial	Gypsum & Gypsum Products (mfrs)
US Border Patrol	El Centro	Federal Government-Police
Vulcan-Bn Geothermal Power	Calipatria	Power Plants
Walmart Supercenter	Brawley	Department Stores
Walmart Supercenter	El Centro	Department Stores
Walmart Supercenter	Calexico	Department Stores
Western Mesquite Mines Inc	Brawley	Mines

Source: *State of California Employment Development Department extracted from America's Labor Market Information System (ALMIS) Employer Database, 2026 1st 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
Imperial County, State of California, and the United States
Calendar Years 2020 through 2024

Year	Imperial County	California	United States
2020	$8,348,474	$2,770,488,779	$19,613,059,000
2021	8,705,994	3,019,215,724	21,484,168,000
2022	8,345,166	3,021,645,501	22,144,814,000
2023	8,712,870	3,182,779,295	23,577,208,000
2024	9,470,869	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 Wednesday, June 24, 2026).

PER CAPITA PERSONAL INCOME[(1)]
Imperial County, State of California, and the United States
Calendar Years 2020 through 2024

Year	Imperial County	California	United States
2020	$46,450	$70,100	$59,151
2021	48,581	77,134	64,692
2022	46,422	77,196	66,298
2023	48,248	81,196	70,002
2024	52,117	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 City from 2021 through 2025 (the most recent data available) are shown in the following tables.

VALUATION OF TAXABLE TRANSACTIONS
Imperial County
Fiscal Years 2021 through 2025

Year	Retail and Food Permits	Retail and Food Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2021	2,118	$632,936,897	3,549	$ 935,347,660
2022	2,194	663,129,414	3,704	1,098,507,433
2023	2,177	688,365,851	3,699	1,207,254,631
2024	2,152	689,260,553	3,705	1,081,789,302
2025	2,211	685,306,264	3,798	980,383,463

Source: *California Department of Tax and Fee Administration, Taxable Sales - Counties by Type of Business (Taxable Table 3),* last updated April 2026.

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APPENDIX C

PROPOSED FORM OF OPINION OF SPECIAL COUNSEL

_____, 2026

Board of Trustees
Calexico Unified School District
901 Andrade Avenue
Calexico, California 92231

APPROVING OPINION: $_____ 2026 Certificates of Participation Evidencing the Fractional Interests of the Owners thereof in Lease Payments to be Made by the Calexico Unified School District (Imperial County, California)

Members of the Board:

We have reviewed the Constitution and the laws of the State of California and certain proceedings taken by the Calexico Unified School District (the "District") in connection with the authorization, execution and delivery by the District of that certain Lease Agreement, dated as of July 1, 2026 (the "Lease"), by and between the Public Property Financing Corporation of California (the "Corporation") and the District. We have also reviewed that certain Trust Agreement, dated as of July 1, 2026 (the "Trust Agreement"), by and among U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), the Corporation and the District. All capitalized terms used herein shall have the meaning given them in the Trust Agreement unless otherwise defined.

Pursuant to the Trust Agreement, the Trustee will execute and deliver the $_____ aggregate principal amount of 2026 Certificates of Participation (the "Certificates") evidencing undivided proportionate interests of the owners of the Certificates in lease payments (the "Lease Payments") to be made by the District pursuant to the Lease. Pursuant to that certain Assignment Agreement, dated as of July 1, 2026 (the "Assignment Agreement"), the Corporation has assigned to the Trustee the Corporation's right to receive Lease Payments and certain other amounts paid by the District under the Lease.

The Certificates are dated their date of delivery. The Certificates mature on the dates and in the amounts set forth in the Trust Agreement. Interest due with respect to the Certificates is payable on the dates and at the rates per annum set forth in the Trust Agreement. The Certificates are registered Certificates in the form set forth in the Trust Agreement and are subject to optional and extraordinary prepayment prior to maturity in the manner and upon the terms set forth in the Trust Agreement.

In rendering the opinions set forth below, we have examined certified copies of the proceedings of the District and the Corporation, and other information submitted to us relative to the execution and delivery of the Certificates. We have examined originals, or copies identified to our satisfaction as being true copies, of the Trust Agreement, the Lease, the Site Lease, dated as of July 1, 2026 (the "Site Lease"), by and between the Corporation and the District, the resolutions of the District and the Corporation adopted with respect to the Certificates, and such other documents, agreements, opinions and matters as we have considered necessary or appropriate under the circumstances to render the opinions set forth herein.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the

preceding paragraph of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, the Lease and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause the interest due with respect to the Certificates to be included in gross income for federal income tax purposes.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The District is duly organized and legally existing under the laws of the State of California.

(2) The obligation of the District to pay Lease Payments in accordance with the terms of the Lease is a legal, valid and binding obligation payable from the funds of the District lawfully available therefor, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against school districts in the State of California. The obligation of the District to make Lease Payments under the Lease does not constitute a debt of the District, the State of California or any political subdivision thereof within the meaning of any statutory or constitutional debt limitation or restriction and does not constitute a pledge of the faith and credit or taxing power of the District, the State of California or any political subdivision thereof.

(3) The Lease, the Site Lease and the Trust Agreement have been duly authorized, executed and delivered by the District and constitute valid and legally binding agreements of the District enforceable against the District in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against school districts in the State of California, except that we express no opinion as to any provisions in the Lease or the Trust Agreement with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

(4) Interest with respect to the Certificates 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 with respect to the Certificates is exempt from personal income taxes of the State of California.

Ownership of tax-exempt obligations such as the Certificates 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 Certificates 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 Certificates.

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.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement and the Tax Certificate and other documents related to the Certificates may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of the portion of each Certificate constituting interest if any such change occurs or action is taken or omitted upon advice or approval of counsel other than Dannis Woliver Kelley.

We have not made or undertaken to make an investigation of the state of title to any of the real property described in the Lease, the Site Lease and the Assignment Agreement or of the accuracy or sufficiency of the description of such property contained therein, and we express no opinion with respect to such matters.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not 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 not taken) or do occur (or do not occur). Our engagement as Special Counsel terminates upon the execution and delivery of the Certificates.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Certificates or other offering material relating to the Certificates and expressly disclaim any duty to advise the owners of the Certificates with respect to matters contained in the Official Statement.

Respectfully submitted,

DANNIS WOLIVER KELLEY

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APPENDIX D

DISTRICT'S AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2025

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WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

Calexico Unified School District

County of Imperial
Calexico, California

Audit Report
June 30, 2025

Calexico Unified School District
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June 30, 2025

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WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, CPA

Independent Auditor's Report

To the Board of Education
Calexico Unified School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Calexico 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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.

Emphasis of Matter – Change in Accounting Principle

As described in Note A to the financial statements, in the fiscal year ended June 30, 2025 the District adopted new accounting guidance, GASB Statement No. 101 *Compensated Absences* which had a material effect on the financial statements. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 audit opinions.

Responsibilities of Management for the Financial Statements

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

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 generally accepted auditing standards 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 the 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents, 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 (GASB) 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'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 accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying additional supplementary information, identified in the table of contents, as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations, Section 19810* are presented for purposes of additional analysis and are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the accompanying combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the additional supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the audit report. The other information comprises the Other Information section of the audit report as identified on the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 15, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

El Cajon, California
December 15, 2025

Basic Financial Statements

Calexico Unified School District

Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash	$ 164,457,018
Accounts Receivable	13,964,266
Inventory	1,133,601
Prepaid Expenses	163,784
Capital Assets:	
Land	9,397,968
Land Improvements	6,554,937
Buildings & Improvements	218,792,473
Equipment	22,253,701
Work in Progress	22,695,522
Less Accumulated Depreciation	(78,566,286)
Lease Assets:	
Facilities	903,514
Equipment	954,321
Less Accumulated Amortization	(1,257,189)
Subscription Assets:	
Information Technology Licenses	1,215,407
Less Accumulated Amortization	(982,897)
Total Assets	381,680,140
Deferred Outflows of Resources	56,448,903
Liabilities	
Accounts Payable and Other Current Liabilities	28,132,465
Unearned Revenue	1,662,244
Long-Term Liabilities:	
Due Within One Year	5,849,335
Due In More Than One Year	287,544,007
Total Liabilities	323,188,051
Deferred Inflows of Resources	25,900,227
Net Position	
Net Investment in Capital Assets	64,500,167
Restricted For:	
Capital Projects	77,131,160
Debt Service	4,910,373
Educational Programs	30,138,407
Other Purposes (Expendable)	11,605,192
Other Purposes (Nonexpendable)	1,347,384
Unrestricted	(100,591,918)
Total Net Position	$ 89,040,765

The accompanying notes to the financial statements are an integral part of this statement.

Calexico Unified School District

Statement of Activities

For the Year Ended June 30, 2025

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 95,155,456	$ 771,014	$ 29,278,961	$ 825,594	$ (64,279,887)
Instruction-Related Services:					
Instructional Supervision and Administration	5,641,899	8	2,080,190	-	(3,561,701)
Instructional Library, Media and Technology	2,493,016	-	(2,006)	-	(2,495,022)
School Site Administration	9,453,460	70	265,417	-	(9,187,973)
Pupil Services:					
Home-to-School Transportation	2,546,255	-	265,895	-	(2,280,360)
Food Services	8,732,148	-	10,246,831	-	1,514,683
All Other Pupil Services	15,122,049	24,124	2,926,722	-	(12,171,203)
General Administration:					
Centralized Data Processing	2,907,153	-	132,538	-	(2,774,615)
All Other General Administration	8,909,778	8,786	2,120,384	-	(6,780,608)
Plant Services	19,067,262	17,062	849,362	-	(18,200,838)
Ancillary Services	7,733,850	966,843	7,181,971	-	414,964
Self Insured Activities	(175,706)	-	-	-	175,706
Interest on Long-Term Debt	4,550,272	-	-	-	(4,550,272)
Transfers Between Agencies	320,156	-	128,116	-	(192,040)
Total Governmental Activities	$ 182,457,048	$ 1,787,907	$ 55,474,381	$ 825,594	(124,369,166)

General Revenues	
Taxes and Subventions:	
Property Taxes, Levied for General Purposes	$ 7,265,860
Property Taxes, Levied for Debt Service	6,526,540
Federal and State Aid Not Restricted for Specific Purposes	122,203,197
Interest and Investment Earnings	7,470,217
Miscellaneous	586,559
Total General Revenues	144,052,373
Change in Net Position	19,683,207
Net Position - 7/1/2024, as Previously Stated	67,939,173
Adjustment for Corrections (Note A)	1,418,385
Net Position - 7/1/2024, as Restated	69,357,558
Net Position - Ending	$ 89,040,765

The accompanying notes to the financial statements are an integral part of this statement.

Calexico Unified School District

Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Assets				
Cash and Cash Equivalents	$ 72,883,025	$ 60,100,878	$ 29,520,989	$ 162,504,892
Accounts Receivable	11,991,962	354,332	1,601,754	13,948,048
Due from Other Funds	100,000	-	-	100,000
Stores Inventories	918,895	-	214,706	1,133,601
Prepaid Expenditures	152,918	-	10,866	163,784
Total Assets	$ 86,046,800	$ 60,455,210	$ 31,348,315	$ 177,850,325
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	$ 25,038,554	$ 6,126	$ 1,865,999	$ 26,910,679
Due to Other Funds	-	-	100,000	100,000
Unearned Revenue	1,364,249	-	297,995	1,662,244
Total Liabilities	26,402,803	6,126	2,263,994	28,672,923
Fund Balance:				
Nonspendable	1,121,812	-	225,572	1,347,384
Restricted	34,484,353	60,449,084	28,851,695	123,785,132
Committed	8,000,000	-	7,054	8,007,054
Assigned	7,112,662	-	-	7,112,662
Unassigned	8,925,170	-	-	8,925,170
Total Fund Balance	59,643,997	60,449,084	29,084,321	149,177,402
Total Liabilities and Fund Balances	$ 86,046,800	$ 60,455,210	$ 31,348,315	$ 177,850,325

The accompanying notes to the financial statements are an integral part of this statement.

Calexico Unified School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total fund balances governmental funds:		$ 149,177,402
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets and lease assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, lease assets, subscription assets, accumulated depreciation, and accumulated amortization.		
Capital assets relating to governmental activities, at historical cost	279,694,601	
Accumulated depreciation	(78,566,286)	
Net		201,128,315
Lease assets relating to governmental activities, at historical cost	1,857,835	
Accumulated amortization	(1,257,189)	
Net		600,646
Subscription assets relating to governmental activities, at historical cost	1,215,407	
Accumulated amortization	(982,897)	
Net		232,510
Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. Unamortized debt insurance costs included in deferred outflows of resources on the statement of net position are:		94,137
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:		(1,221,786)
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:		
General obligation bonds payable	117,056,961	
Solar loan	19,192,572	
Leases payable	1,774,517	
Subscriptions payable	243,666	
Total OPEB liability	42,378,711	
Net pension liability	112,263,463	
Compensated absences	483,452	
Total		(293,393,342)

The accompanying notes to the financial statements are an integral part of this statement.

Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:		362,039
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources relating to pensions	49,337,757	
Deferred inflows of resources relating to pensions	(8,481,639)	
Net		40,856,118
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	6,654,970	
Deferred inflows of resources relating to OPEB	(17,418,588)	
Net		(10,763,618)
Internal service funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:		1,968,344
Total net position governmental activities:		$ 89,040,765

Calexico Unified School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Building Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
Revenues					
State Apportionment	$ 91,255,823	$ -		$ -	$ 91,255,823
Education Protection Account Funds	27,737,871	-		-	27,737,871
Property Taxes	7,265,860	-		6,526,540	13,792,400
Federal Revenue	11,355,282	-		8,789,591	20,144,873
Other State Revenue	23,506,772	-		2,730,367	26,237,139
Interest	2,641,734	1,458,476		908,205	5,008,415
Fair Market Value Adjustment	1,213,465	585,063		313,796	2,112,324
Other Local Revenue	20,284,774	-		1,658,955	21,943,729
Total Revenues	$ 185,261,581	$ 2,043,539		$ 20,927,454	$ 208,232,574
Expenditures					
Current Expenditures:					
Instruction	99,324,519	-		773,110	100,097,629
Instruction - Related Services	18,125,532	-		266,604	18,392,136
Pupil Services	19,351,459	-		8,908,040	28,259,499
Ancillary Services	6,995,038	-		1,002,949	7,997,987
General Administration	12,213,500	-		245,533	12,459,033
Plant Services	18,633,948	-		9,289	18,643,237
Transfers Between Agencies	318,246	-		-	318,246
Capital Outlay	24,920,399	880,396		2,649,533	28,450,328
Debt Service:				-	
Principal	1,009,924	312,806		2,960,000	4,282,730
Interest	65,090	6,664		2,956,116	3,027,870
Total Expenditures	200,957,655	1,199,866		19,771,174	221,928,695
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,696,074)	843,673		1,156,280	(13,696,121)
Other Financing Sources (Uses):					
Other Sources	-	19,327,013		-	19,327,013
Proceeds from Leases/Subscriptions	710,049	-		-	710,049
Total Other Financing Sources (Uses)	710,049	19,327,013		-	20,037,062
Net Change in Fund Balance	(14,986,025)	20,170,686		1,156,280	6,340,941
Fund Balance, Beginning of Year	74,630,022	40,278,398	16,405,555	11,522,486	142,836,461
	-	-	(16,405,555)	16,405,555	-
	74,630,022	40,278,398	-	27,928,041	142,836,461
Fund Balance, End of Year	$ 59,643,997	$ 60,449,084	$ -	$ 29,084,321	$ 149,177,402

The accompanying notes to the financial statements are an integral part of this statement.

Calexico Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Total change in fund balances, governmental funds:		$ 6,340,941
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense or amortization expense. The difference between capital outlay expenditures, depreciation expense, and amortization expense for the period is:		
Expenditures for capital outlay	28,450,328	
Depreciation expense	(4,805,658)	
Amortization expense	(899,174)	
Net		22,745,496
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:		4,282,730
Debt issue costs for prepaid debt insurance: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is:		(1,910)
Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were:		(20,037,062)
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:		(1,551,084)

The accompanying notes to the financial statements are an integral part of this statement.

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:	(43,813)
Pensions: In governmental 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:	8,415,155
Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB 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 OPEB contributions was:	(671,639)
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 debt issue premium or discount, or deferred gain or loss from debt refunding for the period is:	28,687
Internal Service Funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:	175,706
Change in net position of governmental activities:	$ 19,683,207

Calexico Unified School District

Statement of Net Position – Internal Service Fund

June 30, 2025

	Internal Service Fund
	Self-Insurance Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	$ 1,952,126
Accounts Receivable	16,218
Total Assets	1,968,344
Liabilities	
Accounts Payable	-
Total Liabilities	-
Net Position	
Unrestricted	1,968,344
Total Net Position	$ 1,968,344

The accompanying notes to the financial statements are an integral part of this statement.

Calexico Unified School District

Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Fund
June 30, 2025

	Internal Service Fund
	Self-Insurance Fund
Operating Revenues	
In-District Premiums/Contributions	$ 998,902
Total Operating Revenues	998,902
Operating Expenses	
Insurance	908,835
Total Operating Expenses	908,835
Operating Income	90,067
Non-Operating Revenues/(Expenses)	
Interest Income	61,532
Fair Market Value Adjustment	24,107
Total Nonoperating Revenues/(Expenses)	85,639
Change in Net Position	175,706
Total Net Position - Beginning	1,792,638
Total Net Position - Ending	$ 1,968,344

The accompanying notes to the financial statements are an integral part of this statement.

Calexico Unified School District

Statement of Cash Flows – Internal Service Fund
June 30, 2025

	Internal Service Fund Self-Insurance Fund
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	$ 998,902
Cash Payments to Other Suppliers for Goods and Services	(908,835)
Net Cash Provided by Operating Activities	90,067
Cash Flows from Investing Activities	
Cash Received from Interest Earned	166,121
Fair Market Value Adjustment	24,107
Net Cash Provided by Investing Activities	190,228
Net Increase (Decrease) in Cash and Cash Equivalents	280,295
Cash and Cash Equivalents - Beginning of Year	1,671,831
Cash and Cash Equivalents - End of Year	$ 1,952,126
Reconconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	$ 90,067
Change in Assets and Liabilities:	
Total Adjustments	-
Net Cash Provided by Operating Activities	$ 90,067

The accompanying notes to the financial statements are an integral part of this statement.

A. Summary of Significant Accounting Policies

Calexico Unified School District (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 (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, adult education, child development, food service, capital facilities, debt service, self-insurance, and student-related activities.

2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District and the Calexico Community Facilities District (the CFD) have a financial and operational relationship which meet the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the CFD as a component unit of the District. Therefore, the financial activities of the CFD have been included in the basic financial statements as a blended component unit.

The following are those aspects of the relationship between the District and the CFD which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, criteria:

a. Manifestations of Oversight

The governing body of the CFD is substantively the same as the District's Board of Directors.

The CFD has no employees, the District's Superintendent and Deputy Superintendent function as agents of the CFD. Neither individual received additional compensation for work performed in this capacity.

The District exercises significant influence over operations of the CFD as it is anticipated that the District will be the sole lessee of all facilities owned by the CFD.

b. Accounting and Fiscal Matters

All major financing arrangements, contracts, and other transactions of the CFD must have the consent of the District.

The District will assume a "moral obligation", and potentially a legal obligation, for any debt incurred by the CFD.

c. Scope of Public Service and Financial Presentation

The CFD was created for the sole purpose of financially assisting the District.

The CFD was created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to California Government Code, commencing with Section 6500. The CFD was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all CFD facilities.

The CFD's financial activity is presented in the financial statements in the Capital Projects Fund for Blended Component Units.

3. Basis of Presentation

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

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

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

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

Major Governmental Funds

The District reports the following major governmental funds:

General Fund: The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

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

Non-Major Governmental Funds

The District reports the following non-major governmental funds categorized by the fund type:

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

Associated Student Body Fund: This fund is used to account separately for the activities of associated student body organizations operated by the District.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

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

Deferred Maintenance Fund: This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code §17582*).

Capital Projects Funds: Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following nonmajor capital projects funds:

Capital Facilities Fund: The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

County School Facilities Fund: This fund is established pursuant to *Education Code §17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D) or the 2016 State School Facilities Fund (Proposition 51). The fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code §17070.10 et seq.*).

Capital Projects Fund for Blended Component Units: This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles. The Mello-Roos Community Facilities Act of 1982 (*Government Code §53311 et seq)* allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a "Community Facilities District" (CFD) for the purpose of selling tax-exempt bonds to finance public improvements and services.

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt. The District maintains the following nonmajor debt service funds:

Bond Interest and Redemption Fund: The Bond Interest and Redemption Fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of Imperial Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of a District (*Education Code §17566*).

4. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Financial Statements. The government-wide and proprietary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

5. 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 or at year end, whichever is sooner.

6. 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 governing board must adopt a final budget no later than July 1st. A public hearing must be conducted to receive comments prior to adoption. The District's governing board has satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

7. Revenues and Expenses

   a. Revenues – Exchange and Non-Exchange

      Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

      Non-exchange transactions are transactions in which the District receives value without directly giving equal value in return, including property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

   b. Expenses/Expenditures

      On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

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

   a. Deposits and Investments

      Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code §41001, the District maintains substantially all its cash in the Imperial County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Imperial County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings & Improvements	20 - 50 Years
Land Improvements	10 - 25 Years
Equipment	5 - 15 Years

d. Subscription Assets & Subscription Liabilities

A subscription based information technology arrangement (SBITA) is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITAs result in a subscription asset and subscription liability on the date of inception in accordance with GASB Statement 96 which are recorded at present value using an imputed interest rate based on the best available borrowing rate for the District in the year of inception. The District has established a capitalization threshold for subscription assets and liabilities of $5,000. The subscription assets are amortized over the subscription term. The subscription liabilities are reduced as principal payments on the agreements are paid.

e. Lease Assets & Lease Liabilities

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. In accordance with GASB Statement 87, the District records lease assets and lease liabilities with a capitalization threshold of $5,000. Lease assets are amortized over the shorter of the useful life of the underlying asset (as defined in capital assets policy) or the lease term. Lease liabilities are reduced as principal payments on the lease are made.

f. Compensated Absences

Employees of the District are granted vacation, sick leave, and other types of compensated absences in accordance with District policy and labor agreements. Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and certain types of sabbatical leave when agreed upon in contracts or labor agreements. Under the District's policies, vacation leave and sick leave may be carried forward from year to year, subject to limits established by policy.

A liability for compensated absences is recognized when earned by employees if (a) the leave is attributable to services already rendered, (b) the leave accumulates and may be carried forward to future periods, and (c) it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using the pay or salary rates in effect as of the financial statement date, plus salary-related payments that are directly and incrementally associated with payments for compensated absences, as required by GASB Statement No. 101.

In accordance with GASB Statement No. 101, unused sick leave that, upon retirement, is converted to provide or enhance a defined benefit pension is excluded from the compensated absences liability. The value of such converted leave is instead included in the measurement of the District's net pension liability in accordance with applicable GASB standards.

In governmental funds, only the portion of the liability that is expected to be liquidated with expendable available financial resources is reported as a fund liability; the remainder is reported in the government-wide financial statements.

The District measured the liability based on a historic look back period of five years with a first-in-first-out flows assumption for use accrued balances.

g. Unearned Revenue

Unearned revenue represents amounts received in advance of the period in which the District is legally entitled to the resources. In the governmental funds, unearned revenue is reported as a liability until the underlying revenue recognition criteria have been met. Typical sources of unearned revenue include advance payments for services and grant proceeds received before all eligibility requirements have been satisfied.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

Restricted Fund Balance represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

j. Minimum Fund Balance Policy

The District maintains a minimum reserve of 3% of general fund expenditures including other financing uses within the general fund. This reserve may be increased from time to time in order to address specific anticipated shortfalls. The minimum reserve shall apply towards the established minimum Reserve for Economic Uncertainties or an amount that meets or exceeds the requirements by law. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. If the fund balance drops below 3%, it shall be recovered at a rate of 1% minimally, each year.

k. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

l. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

m. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

9. Property Taxes

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

10. Use of Estimates

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

11. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs to an asset or liability.

12. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2025. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement No. 99 *Omnibus 2022* (Portions related to financial guarantees and derivative instruments)	Apr-22
GASB Statement No. 100 *Accounting Changes and Error Corrections* (Amendment of GASB Statement No. 62)	Jun-22
GASB Statement No. 101 *Compensated Absences*	Jun-22
GASB Statement No. 102 *Certain Risk Disclosures*	Dec-23
GASB Implementation Guide No. 2023-1 *Implementation Guidance Update 2023*	Jun-23
GASB Implementation Guide No. 2025-1 *Implementation Guidance Update 2025* (Question 4.16 ONLY)	Jun-25

The adoption of GASB Statement No. 99, GASB Statement No. 102, GASB Implementation Guide No. 2023-1 and GASB Implementation Guide No. 2025-1 did not have a material impact on the District's financial position, results of operations, or disclosures in the financial statements.

The adoption of GASB Statement No. 100 resulted in enhanced note disclosures and financial statement presentation but did not result in a material change to the District's financial position.

The adoption of GASB Statement No. 101 resulted in a material change to the District's Net Position for inclusion of a portion of sick leave that meets reporting requirements consistent with the requirements of the GASB pronouncement.

13. Accounting Changes and Error Corrections

Effective for the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. GASB 100 requires that changes to or within the financial reporting entity, including changes in fund classification, be reported by adjusting the beginning balances of the affected funds as if the change occurred at the start of the reporting period. The statement also requires enhanced disclosures regarding accounting changes and error corrections.

Error Corrections

For the fiscal year ended June 30, 2025 there were corrections to compensated absences and to the beginning balance of work in progress.

	Government-Wide Financial Statements
Beginning Net Position as Reported in June 30, 2025 Audit Report	$ 67,939,173
Adjustments to Beginning Balance:	
Correction to Compensated Absences	(80,160)
Correction to WIP	1,498,545
Beginning Net Position, as Restated	$ 69,357,558

Change in Capitalization Threshold

There was not a change in capitalization threshold.

Change in Accounting Principle

Effective July 1, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*, which establishes new recognition and measurement criteria for compensated absences. As a result, the District changed its method of accounting for compensated absences to comply with the new standard. The implementation of GASB Statement No. 101 resulted in a restatement of the beginning net position of governmental activities as of July 1, 2024. The affected financial statement line item is "Compensated Absences Payable." The change in accounting principle did not result in a change to beginning net position.

Change in Fund Classification

During the year, the District's County School Facilities Fund, previously reported as a major governmental fund, no longer met the quantitative criteria for major fund classification and is now reported as a nonmajor governmental fund. This change has been accounted for by adjusting the beginning fund balance of the County School Facilities Fund and the aggregate nonmajor governmental funds as of July 1, 2024. The change in classification did not result from a change in the nature of the fund's activities, but solely from the application of the major fund criteria in accordance with GASB Statement No. 34, as amended. The fund reclassification had no effect on total net position but resulted in the following change in fund presentation on the financial statements:

	County School Facilities Fund	Nonmajor Governmental Funds
Beginning Net Position as Reported in June 30, 2025 Audit Report	$ -	$ 11,522,486
Adjustments for:		
GASB 34 Major Fund Classification Change	16,405,555	16,405,555
Total Adjustments	16,405,555	16,405,555
Beginning Net Position, as Restated	$ 16,405,555	$ 27,928,041

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

Violation	Action Taken
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None	Not Applicable	Not Applicable

C. Fair Value Measurements

The District's investments at June 30, 2025, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

		Fair Value Measurement Using		
	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
Imperial County Treasury	$ 145,034,181	$ -	$ 145,034,181	$ -
Total investments by fair value level	$ 145,034,181	$ -	$ 145,034,181	$ -

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 §41001). The fair value of the District's investments in the pool is reported in the accounting financial statements as 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 the 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.

The Imperial County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

D. Cash and Investments

As of June 30, 2025, the District had the following cash and cash equivalents:

	Major Funds		Nonmajor	Total
	General Fund	Building Fund	Governmental Funds	Governmental Funds
Cash In County Treasury	$ 72,957,865	$ 40,978,425	$ 29,382,669	$ 143,318,959
Fair Market Value Adjustment	(124,840)	(70,119)	(41,945)	(236,904)
Cash with Fiscal Agent	-	19,192,572	-	19,192,572
Cash In Banks and Revolving Fund	50,000	-	180,265	230,265
Total Cash and Cash Equivalents	$ 72,883,025	$ 60,100,878	$ 29,520,989	$ 162,504,892

	Self Insurance Fund
Cash In County Treasury	$ 1,955,472
Fair Market Value Adjustment	(3,346)
Total Cash and Cash Equivalents	$ 1,952,126

1. Cash in County Treasury

   In accordance with Education Code §41001, the District maintains substantially all of its cash in the Imperial County Treasury as part of the common investment pool ($143,318,959 as of June 30, 2025). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $145,034,181. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, In Banks, and in Revolving Fund

   Cash balances on hand and in banks ($180,265 as of June 30, 2025) and in revolving fund ($50,000 as of June 30, 2025) are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). All amounts are fully insured as of June 30, 2025.

3. Cash with Fiscal Agent

   The District has a cash with fiscal agent account for their Solar project which is used for the solar project expenses. The balance of the account as of June 30, 2025 is $19,192,572.

4. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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

5. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2025, credit risk for the District's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
County Treasurer's Investment Pool	Unrated	Not Applicable	$ 145,034,181

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At June 30, 2025, the District bank accounts were held in institutions which held insurance for the entire amount, but not in the District's name and as such the District was exposed not to custodial credit risk for any amounts in excess of the FDIC insurance limitations per banking institution.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the Imperial County Treasury with a fair value of $145,034,181. The average weighted maturity for this pool was 447 days at June 30, 2025.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

6. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2025 consisted of:

	Major Funds			
	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Federal Government:				
Special Education	$ 1,387,352	$ -	$ -	$ 1,387,352
Title I	310,338	-	-	310,338
ESSER/GEER	361	-	-	361
Adult Education	-	-	36,958	36,958
Carl D. Perkins	59,178			59,178
Child Nutrition Program	-	-	1,058,727	1,058,727
Other Federal Programs	62,370	-	-	62,370
State Government:				
State Aid	340,963	-	-	340,963
Lottery	583,675	-	-	583,675
Special Education	545,257	-	-	545,257
K12 Strong Workforce	134,854	-	-	134,854
Arts and Music	126,219	-	-	126,219
ELOP	831,493	-	-	831,493
Child Nutrition Program	-	-	258,020	258,020
Other State Programs	19,500	-	-	19,500
Local Sources				
Interest	631,145	354,332	245,246	1,230,723
Lease Reimbursement	5,520,792	-	-	5,520,792
ICAPCD Paving Grant	1,353,261	-	-	1,353,261
Other Local Sources	85,204	-	2,803	88,007
Total Accounts Receivable	$ 11,991,962	$ 354,332	$ 1,601,754	$ 13,948,048

	Self-Insurance Fund
Local Sources	
Interest	$ 16,218
Total Accounts Receivable	$ 16,218

F. Capital Assets, Lease Assets, and Subscription Assets

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

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 9,397,968	$ -	$ -	$ 9,397,968
Work in progress	21,966,487	21,606,396	20,877,361	22,695,522
Total capital assets not being depreciated	31,364,455	21,606,396	20,877,361	32,093,490
Capital assets being depreciated:				
Land improvements	6,554,937	-	-	6,554,937
Buildings and improvements	193,127,827	25,664,646	-	218,792,473
Equipment	21,089,461	1,212,161	47,921	22,253,701
Total capital assets being depreciated	220,772,225	26,876,807	47,921	247,601,111
Less accumulated depreciation for:				
Land improvements	(6,350,230)	(72,975)	-	(6,423,205)
Buildings and improvements	(57,261,710)	(3,544,065)	-	(60,805,775)
Equipment	(10,196,609)	(1,188,618)	(47,921)	(11,337,306)
Total accumulated depreciation	(73,808,549)	(4,805,658)	(47,921)	(78,566,286)
Total capital assets, net	178,328,131	43,677,545	20,877,361	201,128,315
Lease Assets				
Equipment	510,504	476,929	33,112	954,321
Facilities	903,514	-	-	903,514
Less accumulated amortization	(950,101)	(340,200)	(33,112)	(1,257,189)
Total lease assets, net	463,917	136,729	-	600,646
Subscription Assets				
Software Use Agreements	922,886	367,561	75,040	1,215,407
Less accumulated amortization	(498,963)	(558,974)	(75,040)	(982,897)
Total lease assets, net	423,923	(191,413)	-	232,510
Total capital, lease and subscription assets, net	$ 179,215,971	$ 43,622,861	$ 20,877,361	$ 201,961,471

Depreciation and amortization were charged to functions as follows:

	Depreciation	Amortization
Instruction	$ 4,374,194	$ 364,719
Instruction - Related Services		
Instructional Libriary, Media & Technology	219,299	-
Ancillary Services	2,846	-
General Administration		
Other General Administration	1,502	5,276
Plant Services	207,817	529,179
Total	$ 4,805,658	$ 899,174

G. Prepaid Expenses

Prepaid expense balances as of June 30, 2025 consisted of:

General Fund	Nonmajor Governmental	Total
$ 152,918	$ 10,866	$ 163,784
$ 152,918	$ 10,866	$ 163,784

H. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2025 consisted of the following:

Interfund Receivable (Due From Other Funds)	Interfund Payable (Due To Other Funds)	Amount	Purpose
General Fund	Nonmajor Governmental Funds	$ 100,000	Temporary Interfund Loan
	Total	$ 100,000	

2. Transfers To and From Other Funds

The District did not have any interfund transfers during the year ended June 30, 2025.

I. Accounts Payable

Accounts payable balances as of June 30, 2025 consisted of:

	Major Funds			
	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Vendors Payable	$ 4,174,625	$ 6,126	$ 1,804,369	$ 5,985,120
Payroll and Benefits	6,565,246	-	61,630	6,626,876
LCFF Repayment	4,065,775	-	-	4,065,775
Energy Project	10,232,908	-	-	10,232,908
Total Accounts Payable	$ 25,038,554	$ 6,126	$ 1,865,999	$ 26,910,679

J. Unearned Revenue

Unearned revenue balances as of June 30, 2025 consisted of:

	General Fund	Nonmajor Governmental Funds	Total
Federal Programs			
ESSER	$ 9,876	$ -	$ 9,876
Title III	13,437	-	13,437
Other Federal Programs	15,872	-	15,872
State Programs			
Universal Pre-K	394,721	-	394,721
Child Development	-	297,995	297,995
K-12 Strong Workforce Grant	605,793	-	605,793
Career Tech Education	235,071	-	235,071
ASES	79,479	-	79,479
Other State Programs	10,000	-	10,000
Total Unearned Revenue	$ 1,364,249	$ 297,995	$ 1,662,244

K. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. The District did not have any short-term debt activity during the fiscal year ended June 30, 2025.

L. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2025, consisted of:

	Major Funds			
	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable Fund Balance				
Revolving Cash	$ 50,000	$ -	$ -	$ 50,000
Inventory	152,917	-	214,706	367,623
Prepaid Expenditures	918,895	-	10,866	929,761
Total Nonspendable Fund Balance	1,121,812	-	225,572	1,347,384
Restricted Fund Balance				
Capital Projects	287	60,449,084	16,681,789	77,131,160
Debt Service	-	-	4,910,373	4,910,373
Educational Programs	29,929,216	-	209,191	30,138,407
Other Purposes	4,554,850	-	7,050,342	11,605,192
Total Restricted Fund Balance	34,484,353	60,449,084	28,851,695	123,785,132
Committed Fund Balance				
Stabilization Arrangements	8,000,000	-	-	8,000,000
Deferred Maintenance	-	-	7,054	7,054
Total Committed Fund Balance	8,000,000	-	7,054	8,007,054
Assigned Fund Balance				
School Facilities	7,112,662	-	-	7,112,662
Total Assigned Fund Balance	7,112,662	-	-	7,112,662
Unassigned Fund Balance				
For Economic Uncertanties	6,300,000	-	-	6,300,000
Other Unassigned	2,625,170	-	-	2,625,170
Total Unassigned Fund Balance	8,925,170	-	-	8,925,170
Total Fund Balance	$ 59,643,997	$ 60,449,084	$ 29,084,321	$ 149,177,402

M. Long Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2025, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 94,386,644	$ -	$ 1,570,097	$ 92,816,547	$ 1,723,567
Bond Premiums	4,364,448	-	68,913	4,295,535	74,705
Accreted Interest	19,770,315	1,564,467	1,389,903	19,944,879	1,591,433
Total GO Bonds	118,521,407	1,564,467	3,028,913	117,056,961	3,389,705
Leases Payable	2,071,618	476,929	774,030	1,774,517	614,002
Subscriptions Payable	424,805	367,561	548,700	243,666	145,253
Solar Loan Payable	-	19,192,572	-	19,192,572	1,216,923
Total OPEB Liability*	41,384,500	994,211	-	42,378,711	-
Net Pension Liabilty*	118,996,181	-	6,732,718	112,263,463	-
Compensated Absences*	439,639	43,813	-	483,452	483,452
Total Governmental Activities	$281,838,150	$ 22,639,553	$ 11,084,361	$293,393,342	$ 5,849,335

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for capital leases and subscriptions are made from the general fund.
- Payments for pension contributions are made from the general fund and the cafeteria fund.
- Payments for OPEB are made from the general fund.
- Payments for compensated absences are made from the general fund and the cafeteria fund.

2. General Obligation Bonds

On March 2, 2004, registered voters of the Calexico Unified School District authorized the issuance of general obligation bonds not to exceed $30,000,000 principal amount for the purpose of financing the renovation, construction and improvement of school facilities. There are no remaining authorized amounts from this voter authorization.

On November 8, 2016, registered voters of the Calexico Unified School District authorized the issuance of general obligation bonds not to exceed $45,000,000 principal amount for the purpose of financing the constructing and upgrading of classrooms and school facilities. $12,600,000 remains unissued from this authorization.

On November 3, 2020, registered voters of the Calexico Unified School District authorized the issuance of general obligation bonds not to exceed $47,000,000 principal amount for repairs to schools and classrooms, improvements to technology, security and emergency preparedness and expansion of the Calexico High School's cafeteria. There are no remaining authorized amounts from this voter authorization.

As of June 30, 2025 the District had the following outstanding general obligation bonds:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2004 Election Series A	06/01/04	1.25 - 5.85%	08/01/33	$ 13,999,956
2004 Election Series B	12/13/05	3.60 - 5.26%	08/01/34	15,999,993
2016 Election Series A	02/23/17	3.00 - 5.00%	08/01/46	23,400,000
2017 Refunding Bonds	03/23/17	2.00 - 5.00%	08/01/33	8,700,000
2016 Election Series B	10/10/19	3.00 - 5.00%	08/01/49	9,000,000
2020 Election Series 2021	05/25/21	1.80%	08/01/38	4,200,000
2020 Election Series 2022	02/17/22	3.00 - 5.00%	08/01/52	42,800,000
Total GO Bonds				$ 118,099,949

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2004 Election Series A					
Principal	$ 1,352,035	$ -	$ 133,773	$ 1,218,262	$ 134,545
Accreted Interest	3,668,831	270,885	351,227	3,588,489	385,455
Premium	38,878	-	3,847	35,031	3,869
2004 Election Series B					
Principal	10,329,609	-	696,324	9,633,285	739,022
Accreted Interest	16,101,484	1,293,581	1,038,676	16,356,389	1,205,978
Premium	301,045	-	19,157	281,888	20,332
2016 Election Series A					
Principal	22,625,000	-	105,000	22,520,000	150,000
Premium	287,219	-	1,333	285,886	1,904
2017 Refunding Bonds					
Principal	6,295,000	-	470,000	5,825,000	505,000
Premium	504,439	-	37,663	466,776	40,467
2016 Election Series B					
Principal	8,700,000	-	85,000	8,615,000	100,000
Premium	707,578	-	6,913	700,665	8,133
2020 Election Series 2021					
Principal	2,345,000	-	80,000	2,265,000	95,000
2020 Election Series 2022					
Principal	42,740,000	-	-	42,740,000	-
Premium	2,525,289	-	-	2,525,289	-
Total	$ 118,521,407	$ 1,564,466	$ 3,028,913	$ 117,056,960	$ 3,389,705

The annual requirements to amortize the bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2026	$ 1,723,567	$ 2,911,666	$ 1,591,433	$ 6,226,666
2027	1,941,638	2,867,991	1,813,362	6,622,991
2028	2,158,172	2,816,046	2,056,828	7,031,046
2029	2,384,866	2,755,581	2,325,134	7,465,581
2030	2,625,101	2,692,456	2,629,899	7,947,456
2031-2035	16,288,203	12,333,755	19,116,797	47,738,755
2036-2040	12,835,000	10,244,505	-	23,079,505
2041-2045	20,175,000	7,119,825	-	27,294,825
2046-2050	21,585,000	3,205,175	-	24,790,175
2051-2055	11,100,000	514,050	-	11,614,050
Total	$ 92,816,547	$ 47,461,050	$ 29,533,453	$ 169,811,050

Accreted Interest

Amounts represented in the repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in the debt summary are reflective of amounts that have accrued as of June 30, 2025.

Accreted interest is the process of systematically increasing the carrying amount of capital appreciation bonds to their estimated value at the maturity date of the bond. The District imputes the effective interest rate, using the present value, the face value, and the period of the bond and multiplies the effective interest rate by the book value of the debt at the end of the period.

Premium/Discount

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Effective interest on general obligation bonds issued at a premium/discount are as follows:

	2004 Election Series A	2004 Election Series B	2016 Election Series A
Total Interest Payments	$ 18,480,499	$ 30,890,007	$ 20,767,297
Less Bond Premium	(402,574)	(440,194)	(297,058)
Net Interest Payments	18,077,925	30,449,813	20,470,239
PAR Amount of Bonds	13,999,956	15,999,993	23,400,000
Periods	29	29	30
Effective Interest Rate	4.45%	6.56%	2.92%

	2017 Refunding Bonds	2016 Election Series B	2020 Election Series 2022
Total Interest Payments	$ 3,242,728	$ 6,217,758	$ 32,545,425
Less Bond Premium	(697,158)	(731,978)	(2,528,834)
Net Interest Payments	2,545,570	5,485,780	30,016,591
PAR Amount of Bonds	8,700,000	9,000,000	42,800,000
Periods	17	30	30
Effective Interest Rate	1.72%	2.03%	2.34%

3. Leases Payable

On June 26, 2017 the District entered into a variable rate lease/purchase agreement with PNC Equipment Finance. The proceeds of the lease agreement were applied by the District to finance the costs of acquisition, construction, improvements and installation of real property and equipment used by the District.

The District has entered into five lease agreements with Fruth Group for the right to use copy machines and one lease agreement with Pitney Bowes for the right to use a postage machine. The leases carry terms from 36 to 60 months. The leases are recorded in accordance with GASB Statement No. 87 with a discount rate of 2.1125%.

In 2022-23 the District entered into five lease agreements with Global Modular and Mobile Modular for the right to use modular facilities. The leases carry a term of 36 months. The leases are recorded in accordance with GASB Statement No. 87 with a discount rate of 2.1125%

Future payments on the leases payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 614,002	$ 40,502	$ 654,504
2027	504,358	26,657	531,015
2028	517,286	13,515	530,801
2029	97,419	2,934	100,353
2030	41,452	438	41,890
Total	$ 1,774,517	$ 84,046	$ 1,858,563

4. Subscription Liability

During the 2024-25 year the District entered into subscription agreements with Seesaw Learning and Subject Technologies. Seesaw Learning is a two year subscription that began July 1, 2023 with annual payments of $26,574 at an interest rate of 5%. Subject Technology is a District wide two year subscription that began July 1, 2023 with annual payments of $400,000 with an interest rate of 5%. Future payments on the subscription liability is as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 145,253	$ 1,847	$ 147,100
2027	98,413	689	99,102
Total	$ 243,666	$ 2,536	$ 246,202

5. Net Pension Liability

The District's beginning net pension liability was $118,996,181 and decreased by $6,732,718 during the year ended June 30, 2025 for an ending net pension liability of $112,263,463. See Note N for additional information regarding the net pension liability.

6. Total OPEB Liability

The District's beginning total OPEB liability was $41,384,500 and increased by $994,211 during the year ended June 30, 2025 for an ending total OPEB liability of $42,378,711. See Note O for additional information regarding the total OPEB liability.

7. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2025 amounted to $483,452. This amount is included as part of long-term liabilities in the government-wide financial statements.

N. Pension Plans

1. General Information about the Pension Plans

a. Plan Descriptions

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 California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

	CalSTRS	
Hire Date	Before Jan. 1, 2013	After Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55 - 60	55 - 62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%*	1.0 - 2.4%*
Required Employee Contribution Rates (2024-25)	10.250%	10.205%
Required Employer Contribution Rates (2024-25)	19.100%	19.100%
Required State Contribution Rates (2024-25)	10.828%	10.828%

*Amounts are limited to 120% of Social Security Wage Base.
**The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

	CalPERS	
Hire Date	Before Jan. 1, 2013	After Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 62	52 - 67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%*	1.0 - 2.5%*
Required Employee Contribution Rates (2024-25)	7.000%	8.000%
Required Employer Contribution Rates (2024-25)	27.050%	27.050%

*Amounts are limited to 120% of Social Security Wage Base
**The rate imposed on CalPERS 2% at 62 members is based on the normal cost of benefits.

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2025, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 19.10% of creditable compensation for the fiscal year ended June 30, 2025. The CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation.

CalPERS

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2025, the employee contribution rate was 7.00% for employees hired prior to January 1, 2013 and 8.00% for employees hired on or after January 1, 2013, and the employer contribution rate was 27.05% of covered payroll.

On Behalf Payments

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2025 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

	CalSTRS		
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2023	10.828%	$ 5,968,482	$ 18,187,528
2024	10.828%	5,170,625	(1,648,799)
2025	10.828%	5,223,601	(868,717)

d. Contributions Recognized

For the fiscal year ended June 30, 2025 (measurement period June 30, 2024), the contributions recognized for each plan were:

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
Governmental Funds	CalSTRS	CalPERS	Total
Contributions - Employer	$ 12,268,848	$ 8,539,412	$ 20,808,260
Contributions - State On Behalf Payments	5,223,603	-	5,223,603
Total Governmental Funds	$ 17,492,451	$ 8,539,412	$ 26,031,863

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Governmental Activities			
Contributions - Employer	$ 11,385,266	$ 7,556,186	$ 18,941,452
Contributions - State On Behalf Payments	5,223,601	-	5,223,601
Total Governmental Activities	$ 16,608,867	$ 7,556,186	$ 24,165,053

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

As of June 30, 2024 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Governmental Activities
CalSTRS	$ 60,945,764
CalPERS	51,317,699
Total	$ 112,263,463

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024. 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 measurement date 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 plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2024 and June 30, 2025 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share for District *Employees	Total for District Employees	District's Proportionate Share
Governmental Activities				
Proportion June 30, 2024	0.093994%	0.045026%	0.139020%	0.130970%
Proportion June 30, 2025	0.090744%	0.041634%	0.132378%	0.143591%
Change in Proportion	-0.003250%	-0.003392%	-0.006642%	0.012621%

*Represents State's Proportionate Share on behalf of District employees.

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability	$ (10,640,734)	$ 3,908,016	$ (6,732,718)
State On Behalf Pension Expense	(868,717)	-	(868,717)
Employer Contributions	12,268,848	8,539,412	20,808,260
Change in Deferrals for:			
Experience Differences	(2,431,136)	(2,932,990)	(5,364,126)
Changes in Assumptions	147,727	1,049,850	1,197,577
Changes in Proportionate Share	3,287,618	(2,916,598)	371,020
Subsequent Contributions	(797,419)	(711,973)	(1,509,392)
Earnings Differences	551,848	3,070,636	3,622,484
Total Pension Expense	$ 1,518,035	$ 10,006,353	$ 11,524,388

b. Deferred Outflows and Inflows of Resources

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Subsequent Contributions	$ 12,268,848	$ 8,539,412	$ 20,808,260
Experience Differences	6,894,601	4,302,240	11,196,841
Changes in Assumptions	266,787	1,134,295	1,401,082
Changes in Proportionate Share	9,074,628	4,863,549	13,938,177
Earnings Differences	-	1,993,397	1,993,397
Total Deferred Outflows of Resources	$ 28,504,864	$ 20,832,893	$ 49,337,757

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Experience Differences	$ (2,666,836)	$ (367,279)	$ (3,034,115)
Changes in Assumptions	-	-	-
Changes in Proportionate Share	(5,170,069)	(28,455)	(5,198,524)
Earnings Differences	(249,000)	-	(249,000)
Total Deferred Inflows of Resources	$ (8,085,905)	$ (395,734)	$ (8,481,639)

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2026. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period.

Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		
Year Ended June 30,	CalSTRS	CalPERS	CalSTRS	CalPERS	Net Effect on Expenses
2026	$ 15,625,219	$ 13,645,337	$ (7,504,577)	$ (383,087)	$ 21,382,892
2027	3,356,370	6,078,573	2,834,374	(12,647)	12,256,670
2028	3,222,976	1,739,724	(1,421,268)	-	3,541,432
2029	3,139,913	(630,741)	(1,262,391)	-	1,246,781
2030	2,765,652	-	(366,021)	-	2,399,631
Thereafter	394,734	-	(366,022)	-	28,712
Total	$ 28,504,864	$ 20,832,893	$ (8,085,905)	$ (395,734)	$ 40,856,118

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2025, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	6/30/2025	6/30/2025
Measurement Date	6/30/2024	6/30/2024
Valuation Date	6/30/2023	6/30/2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2007 - 2022	2000 - 2019
Actuarial Assumptions:		
Discount Rate	7.10%	6.90%
Inflation	2.75%	2.30%
Wage Growth	3.50%	Varies[3]
Payroll Growth	3.25%	Varies[3]
Investment Rate of Return	7.10%	6.90%
Post Retirement Benefit Increase	2.00% Simple [1]	2.00% - 2.30%[4]
Mortality	CalSTRS Data[2]	CalPERS Data[5]

(1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

(2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 6.90% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts. Finally, the CalPERS discount rate was decreased from 7.15% to 6.90% at measurement date June 30, 2022 (fiscal year June 30, 2023) resulting from a new actuarial experience study completed.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2021 with new policies in effect on July 1, 2022. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

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

CalSTRS

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return[1]	Long-Term Expected Real Rate of Return[2]
Public Equity	38.00%	8.00%	5.25%
Real Estate	15.00%	6.80%	4.05%
Private Equity	14.00%	9.50%	6.75%
Fixed Income	14.00%	5.20%	2.45%
Risk Mitigation Strategies	10.00%	5.00%	2.25%
Inflation Sensitive	7.00%	6.40%	3.65%
Cash/Liquid	2.00%	2.80%	0.05%

[1] 20 to 30 year geometric average.

[2] Real rates of return are net of assumed 2.75% inflation

CalPERS

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return[3],[4]
Global Equity - cap weighted	30.00%	4.54%
Global Equity - non-cap weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

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

[4] Figures are based on the 2021-22 Asset Liability Management Study.

e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents 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:

	CalSTRS	CalPERS
1% Decrease	6.10%	5.90%
Net Pension Liability	$ 108,403,690	$ 76,232,872
Current Discount Rate	7.10%	6.90%
Net Pension Liability	$ 60,945,764	$ 51,317,699
1% Increase	8.10%	7.90%
Net Pension Liability	$ 21,317,580	$ 30,735,785

3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2024 (Previously Reported)	$ 546,459,810	$ 440,581,190	$ 105,878,620	$ 34,292,122	$ 71,586,498
Changes for the year					
Change in proportionate share	(26,108,373)	(21,049,779)	(5,058,594)	(2,583,371)	(2,475,223)
Service cost	11,524,829	-	11,524,829	3,624,656	7,900,173
Interest	36,875,216	-	36,875,216	11,597,567	25,277,649
Experience differences	4,030,910	-	4,030,910	1,267,755	2,763,155
Change in assumptions	(7,083,547)	-	(7,083,547)	(2,227,835)	(4,855,712)
Change in benefits	43,685	-	43,685	13,739	29,946
Contributions:					
Employer	-	11,365,223	(11,365,223)	(3,574,459)	(7,790,764)
Employee	-	6,268,098	(6,268,098)	(1,971,370)	(4,296,728)
State on behalf	-	5,223,601	(5,223,601)	(1,642,867)	(3,580,734)
Net investment income	-	34,647,294	(34,647,294)	(10,896,867)	(23,750,427)
Other income	-	517,598	(517,598)	(162,789)	(354,809)
Benefit payments[(1)]	(25,400,691)	(25,400,691)	-	-	-
Administrative expenses	-	(268,727)	268,727	84,517	184,210
Borrowing costs	-	(440,819)	440,819	138,641	302,178
Other expenses	-	(9,266)	9,266	2,914	6,352
Net changes	(6,117,971)	10,852,532	(16,970,503)	(6,329,769)	(10,640,734)
Balance at June 30, 2025	$ 540,341,839	$ 451,433,722	$ 88,908,117	$ 27,962,353	$ 60,945,764

(1) – Includes refunds of employee contributions

CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2024 (Previously Reported)	$ 157,836,595	$ 110,426,912	$ 47,409,683
Changes for the year			
Change in proportionate share	15,210,015	10,641,353	4,568,662
Service cost	4,450,110	-	4,450,110
Interest	12,085,807	-	12,085,807
Experience differences	4,159,593	-	4,159,593
Contributions:			
Employer	-	7,709,195	(7,709,195)
Employee	-	2,202,924	(2,202,924)
Net investment income	-	11,544,233	(11,544,233)
Benefit payments[(1)]	(8,549,282)	(8,549,282)	-
Administrative expenses	-	(100,196)	100,196
Net changes	27,356,243	23,448,227	3,908,016
Balance at June 30, 2025	$ 185,192,838	$ 133,875,139	$ 51,317,699

(1) – Includes refunds of employee contributions

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

O. Post Employment Benefits Other than Pension (OPEB)

1. Plan Description

The District's defined benefit OPEB plan, Calexico Unified School District Retiree Health Care Plan (the Plan) provides OPEB for retirees that meet eligibility requirements until age 65. Retirees in the plan are eligible for the same medical plans as active employees. The Plan is a single employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lie with the Districts governing board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

2. Plan Eligibility

Certificated employees (members of the Calexico Unified School District Teachers' Association) may retire with District paid healthcare benefits when they attain the age of 55 with 10 years of service. They are covered until the age of 65.

Classified employees may retire with District paid healthcare benefits after the later of age 50 with 15 years of service or 55 with 10 years of service immediately prior to retirement. They are covered until the age of 65.

Management employees are eligible for the same benefits to age 65 once they attain age 55 with 10 years of service.

3. Contributions

The District contributes 100%. Retirees are not required to make any contributions.

4. Plan Membership

Membership of the plan consisted of the following as of June 30, 2025:

Inactive plan members or beneficiaries currently receiving benefits	60
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	693
	753

5. Total OPEB Liability

The Calexico Unified School District's total OPEB liability of $42,378,711 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

6. Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:	
Inflation	2.50% per annum
Salary increases	2.75% plus merit scale
Discount rate	3.93%
Healthcare cost trend rates	4.00%
Retiree's share of costs	0.00%

The discount rate is the average, rounded to 5 basis points of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO 20 Year Bond Index.

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for pension valuations. The CalPERS mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. The CalSTRS mortality table was developed based on CalSTRS specific data. The table includes mortality improvements set at 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The actuarial assumptions used in the valuation were based on the results of CalPERS actuarial experience study for the period July 1, 1997 through June 30, 2011 and the CalSTRS experience study for the period July 1, 2010 through June 30, 2015.

7. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	$ 41,384,500
Changes for the year:	
Service cost	1,623,972
Interest	1,517,339
Changes of assumptions	(895,972)
Experience differences	-
Benefit payments	(1,251,128)
Net change	994,211
Balance at June 30, 2025	$ 42,378,711

There were no changes in benefit terms for the fiscal year ended June 30, 2025.

8. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Plan, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.93%)	Valuation Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	$ 45,414,495	$ 42,378,711	$ 39,655,513

9. Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Plan, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (3.00%)	Healthcare Cost Trends Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	$ 37,894,535	$ 42,378,711	$ 47,493,449

10. OPEB Expense

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of $1,652,141.

11. Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, deferred outflows and inflows of resources related to OPEB were:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience differences	$ 4,298,889	$ (6,838,584)
Changes of assumptions	903,813	(10,580,004)
Subsequent contributions	1,452,268	-
Total	$ 6,654,970	$ (17,418,588)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2026	$ 2,349,894	$ (2,386,794)	$ (36,900)
2027	897,626	(2,190,701)	(1,293,075)
2028	897,626	(2,154,545)	(1,256,919)
2029	897,623	(2,154,545)	(1,256,922)
2030	592,362	(2,154,540)	(1,562,178)
Thereafter	1,019,839	(6,377,463)	(5,357,624)
Total	$ 6,654,970	$ (17,418,588)	$ (10,763,618)

P. Risk Management

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

Q. Participation in Joint Powers Authorities

The District is a member of the Self Insured Schools of California (SISC), for the operation of a common risk management and insurance program for property and liability coverage and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The entity has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the entity.

R. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. Litigation

   The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District as of June 30, 2025.

3. Construction Commitments

   As of June 30, 2025, the District had the following outstanding construction commitments:

	Commitment	Expected Date of Completion*
Construction in Process:		
Kennedy Gardens Elementary - Transitional Kindergarten Classroom	$ 272,874	September 2025
Calexico HS & Kennedy Gardens Paving Project	890,000	September 2025
Kennedy Gardens TK Phase II	937,085	November 2025
Greenhouse Prep and Install	56,708	October 2025
Energy Effeciency Services	14,885,596	June 2026
Calexico High School Measure Q	57,005,654	December 2027

*Expected date of completion subject to change.

S. Deferred Outflows of Resources

In accordance with GASB Statement 63, the District has recorded deferred outflows of resources for refunding loss associated with the 2017 refunding bonds and prepaid debt insurance associated with general obligation bonds.

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75, payments made subsequent to OPEB plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

A summary of the deferred outflows of resources as of June 30, 2025, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Refunding Loss - 2017 Bonds	$ 402,265	$ -	$ 40,226	$ 362,039
Prepaid Debt Insurance	96,047	-	1,910	94,137
Pension Related				
CalSTRS	30,013,688	3,048,865	4,557,689	28,504,864
CalPERS	18,768,894	7,946,753	5,882,754	20,832,893
OPEB Related	7,823,222	1,452,268	2,620,520	6,654,970
Total Deferred Outflows of Resources	$ 57,104,116	$ 12,447,886	$ 13,103,099	$ 56,448,903

Future amortization of deferred outflows is as follows:

Year Ending June 30,	Refunding Loss	Prepaid Insurance	Pension Related	OPEB Related	Total
2026	$ 40,226	2,175	$ 29,270,556	$ 2,349,894	$ 31,662,851
2027	40,226	2,457	9,434,943	897,626	10,375,252
2028	40,226	2,773	4,962,700	897,626	5,903,325
2029	40,226	3,105	2,509,172	897,623	3,450,126
2030	40,226	3,437	2,765,652	592,362	3,401,677
Thereafter	160,909	80,190	394,734	1,019,839	1,655,672
Total	$ 362,039	$ 94,137	$ 49,337,757	$ 6,654,970	$ 56,448,903

T. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB pronouncement related to pension have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75 items as outlined in the GASB pronouncement related to OPEB have been recorded as deferred inflows of resources.

A summary of the deferred inflows of resources as of June 30, 2025, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	$ 8,836,091	$ 5,534,820	$ 6,285,006	$ 8,085,905
CalPERS	772,810	69,764	446,840	395,734
OPEB Related	18,909,412	895,972	2,386,796	17,418,588
Total Deferred Inflows of Resources	$ 28,518,313	$ 6,500,556	$ 9,118,642	$ 25,900,227

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2026	$ 7,887,664	$ 2,386,794	$ 10,274,458
2027	(2,821,727)	2,190,701	(631,026)
2028	1,421,268	2,154,545	3,575,813
2029	1,262,391	2,154,545	3,416,936
2030	366,021	2,154,540	2,520,561
Thereafter	366,022	6,377,463	6,743,485
Total	$ 8,481,639	$ 17,418,588	$ 25,900,227

U. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Year Effective
GASB Statement No. 103 *Financial Reporting Model Improvements*	Apr-24	2025-26
GASB Statement No. 104 *Disclosure of Certain Capital Assets*	Sep-24	2025-26
GASB Implementation Guide No. 2025-1 *Implementation Guidance Update 2025* (Except Question 4.16)	Jun-25	2025-26

The effects of the upcoming guidance and pronouncements on the District's financial statements has not yet been determined.

Required Supplementary Information

Calexico Unified School District

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Variance Original to Final Budget Positive/ (Negative)	Actual	Variance Actual to Final Budget Positive/ (Negative)
	Original	Final			
Revenues					
LCFF Sources					
State Apportionment	$ 94,581,620	$ 102,857,360	$ 8,275,740	$ 91,255,823	$ (11,601,537)
Education Protection Account	27,547,789	15,737,335	(11,810,454)	27,737,871	12,000,536
Property Taxes	5,746,290	7,655,558	1,909,268	7,265,860	(389,698)
Federal Revenue	12,256,920	14,433,822	2,176,902	11,355,282	(3,078,540)
Other State Revenue	12,270,557	28,786,403	16,515,846	23,506,772	(5,279,631)
Interest Income	1,680,664	2,500,000	819,336	2,641,734	141,734
Fair Market Value Adjustment	-	-	-	1,213,465	1,213,465
Other Local Revenue	6,964,344	19,518,294	12,553,950	20,284,774	766,480
Total Revenues	161,048,184	191,488,772	30,440,588	185,261,581	(6,227,191)
Expenditures					
Current Expenditures:					
Certificated Salaries	63,076,342	71,028,127	(7,951,785)	67,470,118	3,558,009
Classified Salaries	28,421,196	30,875,277	(2,454,081)	31,057,001	(181,724)
Employee Benefits	55,481,463	51,615,505	3,865,958	50,363,041	1,252,464
Books and Supplies	15,448,548	11,751,872	3,696,676	8,851,373	2,900,499
Services and Other Operating	20,388,670	21,925,216	(1,536,546)	17,541,534	4,383,682
Other Outgo	445,258	1,838,192	(1,392,934)	318,246	1,519,946
Direct Support/Indirect Costs	(267,391)	(264,385)	(3,006)	(245,533)	(18,852)
Capital Outlay	6,121,700	22,664,290	(16,542,590)	24,920,399	(2,256,109)
Debt Service:					
Principal	368,919	368,919	-	616,386	(247,467)
Interest	61,529	61,529	-	65,090	(3,561)
Total Expenditures	189,546,234	211,864,542	(22,318,308)	200,957,655	10,906,887
Excess (Deficiency) of Revenues Over Expenditures	(28,498,050)	(20,375,770)	8,122,280	(15,696,074)	4,679,696
Other Financing Sources (Uses)					
Proceeds from Leases/Subscriptions	-	-	-	710,049	710,049
Total Other Financing Sources (Uses)	-	-	-	710,049	710,049
Net Change in Fund Balance	(28,498,050)	(20,375,770)	8,122,280	(14,986,025)	5,389,745
Fund Balance - Beginning of Year	74,630,022	74,630,022	-	74,630,022	-
Fund Balance - End of Year	$ 46,131,972	$ 54,254,252	$ 8,122,280	$ 59,643,997	$ 5,389,745

See Accompanying Notes to Required Supplementary Information

Calexico Unified School District

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

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0907%	0.0940%	0.0781%	0.0723%	0.0717%	0.0790%	0.0873%	0.0782%	0.0817%	0.0735%
District's proportionate share of the net pension liability (asset)	$ 60,945,764	$ 71,586,497	$ 54,238,462	$ 32,901,714	$ 69,483,788	$ 71,345,471	$ 80,243,079	$ 72,334,350	$ 66,053,779	$ 49,470,868
State's proportionate share of the net pension liability (asset) associated with the District	27,962,353	34,292,123	33,078,673	24,395,051	49,392,857	38,923,265	46,400,114	42,955,225	37,786,080	26,340,481
Total	$ 88,908,117	$105,878,620	$ 87,317,135	$ 57,296,765	$118,876,645	$110,268,736	$126,643,193	$115,289,575	$103,839,859	$ 75,811,349
District's covered payroll*	59,608,723	56,513,099	49,829,604	42,480,867	44,138,965	53,274,068	46,367,367	41,355,469	40,575,396	33,957,320
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	102.24%	126.67%	108.85%	77.45%	157.42%	133.92%	173.06%	174.91%	162.79%	145.69%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%

*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

Calexico Unified School District

Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 12,268,848	$ 11,385,266	$ 10,794,002	$ 8,431,169	$ 6,860,660	$ 7,547,763	$ 6,912,446	$ 6,690,811	$ 5,205,518	$ 4,353,740
Contributions in relation to the contractually required contribution	(12,268,848)	(11,385,266)	(10,794,002)	(8,431,169)	(6,860,660)	(7,547,763)	(6,912,446)	(6,690,811)	(5,205,518)	(4,353,740)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll*	$ 64,234,806	$ 59,608,723	$ 56,513,099	$ 49,829,604	$ 42,480,867	$ 44,138,965	$ 53,274,068	$ 46,367,367	$ 41,355,469	$ 40,575,396
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%	17.10%	12.98%	14.43%	12.59%	10.73%

*Covered payroll on this schedule is based on the fiscal year.

See Accompanying Notes to Required Supplementary Information

Calexico Unified School District

Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.1436%	0.1310%	0.1311%	0.1125%	0.1110%	0.1155%	0.1117%	0.1140%	0.1135%	0.1033%
District's proportionate share of the net pension liability (asset)	$ 51,317,699	$ 47,409,684	$ 45,116,848	$ 22,869,932	$ 34,046,555	$ 33,655,199	$ 29,795,802	$ 27,218,867	$ 22,409,952	$ 15,223,576
District's covered payroll*	$ 28,321,537	$ 22,672,538	$ 20,358,149	$ 16,148,894	$ 16,126,566	$ 16,160,874	$ 14,900,161	$ 14,643,980	$ 13,740,567	$ 11,485,413
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	181.20%	209.11%	221.62%	141.62%	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%

*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

Calexico Unified School District

Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 8,539,412	$ 7,556,186	$ 5,752,023	$ 4,664,052	$ 3,342,821	$ 3,180,320	$ 2,918,977	$ 2,314,144	$ 2,033,756	$ 1,627,845
Contributions in relation to the contractually required contribution	(8,539,412)	(7,556,186)	(5,752,023)	(4,664,052)	(3,342,821)	(3,180,320)	(2,918,977)	(2,314,144)	(2,033,756)	(1,627,845)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll*	$ 31,568,991	$ 28,321,537	$ 22,672,538	$ 20,358,149	$ 16,148,894	$ 16,126,566	$ 16,160,874	$ 14,900,161	$ 14,643,980	$ 13,740,567
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%

*Covered payroll on this schedule is based on the fiscal year.

See Accompanying Notes to Required Supplementary Information

Calexico Unified School District

Schedule of the District's Total OPEB Liability and Related Ratios – Calexico Unified Retiree Health Benefits
Last Ten Fiscal Years*

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability:										
Service cost	$ 1,623,972	$ 2,083,912	$ 2,574,222	$ 3,433,518	$ 3,341,623	$ 2,615,185	$ 2,580,533	$ 2,741,763	N/A	N/A
Interest	1,517,339	1,665,536	1,091,299	1,385,588	1,608,161	1,573,277	1,458,647	1,208,415	N/A	N/A
Experience differences	-	(7,149,865)	629,122	4,107,896	(1,977,395)	2,957,550	-	-	N/A	N/A
Changes of assumptions	(895,972)	(592,916)	(5,201,414)	(8,036,102)	1,731,605	95,037	(325,420)	(1,764,838)	N/A	N/A
Benefit payments	(1,251,128)	(1,502,152)	(2,269,360)	(2,282,888)	(1,919,139)	(1,826,797)	(1,571,219)	(1,475,323)	N/A	N/A
Net change in total OPEB liability	994,211	(5,495,485)	(3,176,131)	(1,391,988)	2,784,855	5,414,252	2,142,541	710,017	N/A	N/A
Total OPEB liability - beginning	41,384,500	46,879,985	50,056,116	51,448,104	48,663,249	43,248,997	41,106,456	40,396,439	N/A	N/A
Total OPEB liability - ending	$ 42,378,711	$ 41,384,500	$ 46,879,985	$ 50,056,116	$ 51,448,104	$ 48,663,249	$ 43,248,997	$ 41,106,456	N/A	N/A
Covered payroll	$ 87,930,260	$ 79,185,637	$ 60,095,505	$ 58,629,761	$ 43,875,269	$ 43,875,269	$ 40,529,700	$ 40,529,700	N/A	N/A
Net OPEB liability as a percentage of covered payroll	48.20%	52.26%	78.01%	85.38%	117.25%	110.91%	106.70%	101.42%	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Note: The District only provides OPEB to current retirees on a grandfathered plan, as such there is no covered payroll for current employees.

Excess of Expenditures Over Appropriations

As of June 30, 2025, the District's expenditures exceeded appropriations in the following categories:

Appropriations Category	Excess Expenditures	Reason for Excess Expenditures
General Fund:		
Classified Salaries	$ 181,724	The District underestimated costs of classified salaries.
Direct Support/Indirect Costs	18,852	The District underestimated indirect costs and direct support.
Capital Outlay	2,256,109	The District underestimated the capital outlay expenditures during budgeting.
Debt Service	251,028	The District did not budget for GASB 87 and GASB 96 principal and interest payments.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

A. Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: Changes in benefits reflect changes enacted by law for benefits offered and eligibility criteria.

2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies performed by CalSTRS.

B. Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2024, was determined with a valuation completed June 30, 2023. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Measurement Date	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Valuation Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Experience Study	2006 - 2010	2006 - 2010	2010 - 2015	2010 - 2015	2010 - 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return[(1)]	7.60%	7.60%	7.10%	7.10%	7.10%
Consumer Price Inflation	3.00%	3.00%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.50%	3.50%	3.50%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
Measurement Date	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Valuation Date	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Experience Study	2010 - 2015	2015 - 2018	2015 - 2018	2015 - 2018	2007 - 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return[(1)]	7.10%	7.10%	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%	3.50%	3.50%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

(1) – Net of investment expenses but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

C. Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: Changes in benefits reflect changes enacted by law for benefits offered and eligibility criteria.

2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalPERS Plan changed due to actuarial experience studies performed by CalPERS.

D. Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2024, was determined with a valuation completed June 30, 2023. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Measurement Date	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Valuation Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Experience Study	1997 - 2011	1997 - 2011	1997 - 2011	1997 - 2015	1997 - 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return[(1)]	7.65%	7.65%	7.15%	7.15%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%	3.00%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
Measurement Date	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Valuation Date	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Experience Study	1997 - 2015	1997 - 2015	2000 - 2019	2000 - 2019	2000 - 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return[(1)]	7.15%	7.15%	6.90%	6.90%	6.90%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%	2.30%
Wage Growth (Average)	2.75%	2.75%	2.75%	2.75%	Varies by Age
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00 - 2.30%

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2021 experience study report (based on demographic data from 2000 to 2019) available on the CalPERS website.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

1. Benefit Changes: There were no benefit changes.

2. Changes in Assumptions: Discount rate has been updated annually in accordance with GASB 75.

3. No assets are accumulated in a trust that meets the criteria in GASB No. 75 Paragraph 4.

4. The following are the discount rates used for each period:

Year	Discount Rate
2018	3.40%
2019	3.50%
2020	3.15%
2021	2.66%
2022	2.16%
2023	3.54%
2024	3.65%
2025	3.93%

Combining Statements as Supplementary Information

Calexico Unified School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds					Capital Projects Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Associated Student Body Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Blended Component Unit Fund	Bond Interest & Redemption Fund	
Assets										
Cash and Cash Equivalents	$ 180,146	$ 122,184	$ 448,245	$ 5,631,487	$ 9,057	$ 1,872,243	$ 16,386,610	$ 1,150	$ 4,869,867	$ 29,520,989
Accounts Receivable	-	37,989	4,297	1,363,532	78	15,899	140,603	-	39,356	1,601,754
Stores Inventories	-	-	-	214,706	-	-	-	-	-	214,706
Prepaid Expenditures	-	-	-	10,866	-	-	-	-	-	10,866
Total Assets	$ 180,146	$ 160,173	$ 452,542	$ 7,220,591	$ 9,135	$ 1,888,142	$ 16,527,213	$ 1,150	$ 4,909,223	$ 31,348,315
Liabilities and Fund Balance:										
Liabilities:										
Accounts Payable	$ -	$ 4,167	$ 1,362	$ 124,930	$ 2,081	$ 15,081	$ 1,718,378	$ -	$ -	$ 1,865,999
Due to Other Funds	-	100,000	-	-	-	-	-	-	-	100,000
Unearned Revenue	-	-	297,995	-	-	-	-	-	-	297,995
Total Liabilities	-	104,167	299,357	124,930	2,081	15,081	1,718,378	-	-	2,263,994
Fund Balance:										
Nonspendable	-	-	-	225,572	-	-	-	-	-	225,572
Restricted	180,146	56,006	153,185	6,870,089	-	1,873,061	14,808,835	1,150	4,909,223	28,851,695
Committed	-	-	-	-	7,054	-	-	-	-	7,054
Total Fund Balance	180,146	56,006	153,185	7,095,661	7,054	1,873,061	14,808,835	1,150	4,909,223	29,084,321
Total Liabilities and Fund Balances	$ 180,146	$ 160,173	$ 452,542	$ 7,220,591	$ 9,135	$ 1,888,142	$ 16,527,213	$ 1,150	$ 4,909,223	$ 31,348,315

Calexico Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds					Capital Projects Funds			Debt Service Fund	Total
	Associated Student Body Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Blended Component Unit Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds
Revenues										
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,526,540	$ 6,526,540
Federal Revenue	-	123,248	-	8,666,343	-	-	-	-	-	8,789,591
Other State Revenue	-	391,258	512,491	1,826,618	-	-	-	-	-	2,730,367
Interest	-	4,244	16,696	163,577	317	57,816	586,036	-	79,519	908,205
Fair Market Value Adjustment	-	226	(754)	55,176	126	19,450	239,557	15	-	313,796
Other Local Revenue	980,592	457	-	145,866	-	532,040	-	-	-	1,658,955
Total Revenues	$ 980,592	$ 519,433	$ 528,433	$ 10,857,580	$ 443	$ 609,306	$ 825,593	$ 15	$ 6,606,059	$ 20,927,454
Expenditures										
Current Expenditures:										
Instruction	-	391,925	381,185	-	-	-	-	-	-	773,110
Instruction - Related Services	-	168,795	97,809	-	-	-	-	-	-	266,604
Pupil Services	-	-	-	8,908,040	-	-	-	-	-	8,908,040
Ancillary Services	1,002,949	-	-	-	-	-	-	-	-	1,002,949
General Administration	-	-	21,713	223,820	-	-	-	-	-	245,533
Plant Services	-	-	-	-	-	9,289	-	-	-	9,289
Capital Outlay	-	-	-	109,279	-	117,941	2,422,313	-	-	2,649,533
Debt Service:										
Principal	-	-	-	-	-	-	-	-	2,960,000	2,960,000
Interest	-	-	-	-	-	-	-	-	2,956,116	2,956,116
Total Expenditures	1,002,949	560,720	500,707	9,241,139	-	127,230	2,422,313	-	5,916,116	19,771,174
Net Change in Fund Balance	(22,357)	(41,287)	27,726	1,616,441	443	482,076	(1,596,720)	15	689,943	1,156,280
Fund Balance, Beginning of Year	202,503	97,293	125,459	5,479,220	6,611	1,390,985	-	1,135	4,219,280	11,522,486
Adjustment for Corrections (Note A)	-	-	-	-	-	-	16,405,555	-	-	16,405,555
Fund Balance, Beginning as Restated	202,503	97,293	125,459	5,479,220	6,611	1,390,985	16,405,555	1,135	4,219,280	27,928,041
Fund Balance, End of Year	$ 180,146	$ 56,006	$ 153,185	$ 7,095,661	$ 7,054	$ 1,873,061	$ 14,808,835	$ 1,150	$ 4,909,223	$ 29,084,321

Other Supplementary Information

Calexico Unified School District

Schedule of Average Daily Attendance
Year Ended June 30, 2025

	Second Period Report Certificate #247C69D		Annual Report Certificate #FF679FE	
	Original	Revised	Original	Revised
TK/K-3				
Regular ADA	1,945.98	N/A	1,940.97	N/A
Total TK/K-3	1,945.98	N/A	1,940.97	N/A
Grades 4-6				
Regular ADA	1,649.22	N/A	1,642.77	N/A
Total Grades 4-6	1,649.22	N/A	1,642.77	N/A
Grades 7-8				
Regular ADA	1,207.06	N/A	1,198.66	N/A
Community Day School	1.50	N/A	1.59	N/A
Total Grades 7-8	1,208.56	N/A	1,200.25	N/A
Grades 9-12				
Regular ADA	2,620.48	N/A	2,584.50	N/A
Community Day School	1.67	N/A	1.70	N/A
Total Grades 9-12	2,622.15	N/A	2,586.20	N/A
Total ADA	7,425.91	N/A	7,370.19	N/A

N/A – There were no audit findings which resulted in revisions to ADA.

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 and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding when applicable.

Calexico Unified School District

Schedule of Instructional Time

Year Ended June 30, 2025

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	49,170	0	49,170	180	0	180	Complied
Kindergarten	36,000	49,170	0	49,170	180	0	180	Complied
1st Grade	50,400	51,495	0	51,495	180	0	180	Complied
2nd Grade	50,400	51,495	0	51,495	180	0	180	Complied
3rd Grade	50,400	51,495	0	51,495	180	0	180	Complied
4th Grade	54,000	54,895	0	54,895	180	0	180	Complied
5th Grade	54,000	54,895	0	54,895	180	0	180	Complied
6th Grade	54,000	54,895	0	54,895	180	0	180	Complied
7th Grade	54,000	58,350	0	58,350	180	0	180	Complied
8th Grade	54,000	58,350	0	58,350	180	0	180	Complied
9th Grade	64,800	65,180	0	65,180	180	0	180	Complied
10th Grade	64,800	65,180	0	65,180	180	0	180	Complied
11th Grade	64,800	65,180	0	65,180	180	0	180	Complied
12th Grade	64,800	65,180	0	65,180	180	0	180	Complied

Calexico Unified School District

Schedule of Instructional Time, Continued
Year Ended June 30, 2025

This schedule provides the information necessary to determine if the District has complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:

• To pupils in Kindergarten	36,000 minutes	• To pupils in grades 4 to 8	54,000 minutes
• To pupils in grades 1 to 3	50,400 minutes	• To pupils in grades 9 to 12	64,800 minutes

2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:

• EC §46112:Grades 1 to 3	230 minutes	• EC §46114: Kindergarten	180 minutes
• EC §46113: Grades 4 to 8	240 minutes	• EC §46141: Grades 9 to 12	240 minutes

The District did not have any J13A waivers.

Calexico Unified School District

Schedule of Financial Trends and Analysis
Year Ended June 30, 2025

General Fund	Budget 2026 (See Note 1)	2025	2024 (See Note 1)	2023 (See Note 1)
Revenues and Other Financing Sources	$173,389,740	$185,971,630	$197,288,304	$204,749,733
Expenditures and Other Financing Uses	206,049,561	200,957,655	192,259,316	177,701,068
Net Change in Fund Balance	(32,659,821)	(14,986,025)	5,028,988	27,048,665
Ending Fund Balance	$ 26,984,176	$ 59,643,997	$ 74,630,022	$ 69,601,034
Available Reserves (See Note 2)	$ 14,004,146	$ 24,037,832	$ 34,366,632	$ 18,614,142
Available Reserves as a Percentage of Total Outgo	6.80%	11.96%	17.88%	10.47%
Long Term Debt (See Note 3)	$132,901,833	$138,267,716	$121,017,830	$123,118,644
Average Daily Attendance at P2	7,687	7,426	7,546	7,609

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.

The general fund balance has decreased by $9,957,037 (14.31%) over the past two years. The fiscal year 2025-26 budget projects a decrease of $32,659,821 (54.76%). For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has increased by $15,149,072 over the past two years.

Average daily attendance (ADA) has decreased by 183 over the past two years.

Notes:

1. AU-C §725.05 requires the following conditions be met to provide an opinion on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:

   a) The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
   b) The supplementary information relates to the same period as the financial statements.
   c) The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion.
   d) The supplementary information will accompany the audited financial statements or such audited financial statements will be made readily available by the District.

   Three of the above columns are not related to the same period as the financial statements and as such we do not provide an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. Additionally, the analysis presented utilizes information from periods outside the period of the financial statements and as such we do not provide an opinion on whether the analysis is fairly stated, in all material respects, to the financial statements as a whole. The information has been presented for analysis only and has not been audited.

2. Available reserves consist of all unassigned fund balances, assigned balances and committed balances for stabilization contained within the general fund.
3. Long term debt consists of general obligation bonds, subscriptions payable, solar loan payable and leases payable.

Calexico Unified School District

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2025

	Cafeteria Fund (Fund 13)	Building Fund (Fund 21)
June 30, 2025, annual financial and budget report fund balances	$ 7,320,799	$ 41,256,512
Adjustments and reclassifications:		
Understatement of accounts receivable for state revenues	(54,893)	
Understatement of accounts receivable for federal revenues	(170,245)	
Understatement of cash from solar project	-	19,192,572
Net adjustments and reclassifications	(225,138)	19,192,572
June 30, 2025, audited financial statement fund balances	$ 7,095,661	$ 60,449,084

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

Calexico Unified School District

Schedule of Charter Schools
Year Ended June 30, 2025

As of June 30, 2025, the District is not a sponsoring local educational agency for any charter schools.

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

Calexico Unified School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
U.S. Department of Agriculture				
Passed through California Department of Education				
School Breakfast Program	10.553	13525	$ -	$ -
National School Lunch Program	10.555	13396	-	7,350,656
National School Lunch Program - Noncash Commodities	10.555	13396	-	548,508
Total Child Nutrition Cluster			-	7,899,164
SPECIAL EDUCATION (IDEA) CLUSTER:				
U.S. Department of Education				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	1,289,826
IDEA Mental Health	84.027	15197	-	97,177
Total Special Education (IDEA) Cluster			-	1,387,003
OTHER PROGRAMS:				
U.S. Department of Agriculture				
Passed through California Department of Education				
Child & Adult Care Food Program	10.558	13666	-	730,580
Total Child & Adult Care Food Program			-	730,580
Fresh Fruit & Vegetable Program	10.582	14686	-	36,598
U.S. Department of Education				
Passed through California Department of Education				
Adult Education Basic	84.002	14508	-	64,213
Adult Education Secondary	84.002	13978	-	24,807
Adult Education English Literacy & Civics Education	84.002	14109	-	34,228
Subtotal Adult Education Program			-	123,248
ESSA Title I Basic	84.010	14329	-	4,592,382
ESSA Title I School Improvement	84.010	15438	-	118,099
Subtotal ESSA Title I Program			-	4,710,481
Migrant Education	84.011	14838	-	499,398
Subtotal Migrant Education Program			-	499,398

See accompanying notes to schedule of expenditures of federal awards.

Calexico Unified School District

Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
Title III Immigrant Education	84.365	15146	-	10,350
Title III English Learner Program	84.365	14346	-	939,507
Subtotal Title III Program			-	949,857
COVID-19: ESSER III	84.425D	15559	-	1,833,669
COVID-19: ESSER III Learning Loss	84.425U	10155	-	735,579
COVID-19: ESSER III State Emergency Needs	84.425	15620	-	3
COVID-19: ESSER III State Reserve Learning Loss	84.425	15621	-	10,389
COVID-19: ESSER III 21st Century	84.425	15651	-	27,591
COVID-19: ESSER III 21st Century Summer Learning	84.425	15650	-	201,918
COVID-19: ARP Homeless Children & Youth	84.425	15566	-	107,654
Subtotal COVID-19 Program			-	2,916,803
Carl D Perkins	84.058	14894	-	87,910
21st Century ASSETs	84.287	14535	-	2,824
Title II Supporting Effective Instruction	84.367	14341	-	307,419
Title IV Student Support Academic Enrichment	84.424	15396	-	493,588
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 20,144,873

See accompanying notes to schedule of expenditures of federal awards.

Calexico Unified School District

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs.* The District used an indirect cost rate of 4.64% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs.* The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

Program	AL Number	Indirect Cost Rate
COVID-19: ESSER III Summer Learning	84.425	2.97%

Schoolwide Program

The District operates "schoolwide programs" at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in it's schoolwide programs:

Program	AL Number	Amount Expended
Title I	84.010	$ 4,592,382
ESSA School Improvement	84.010	118,099

Other Information

Calexico Unified School District

Local Education Agency Organization Structure
June 30, 2025

The Calexico Unified School District formed on June 1, 1965 and is located in Imperial County, California. The District operated seven elementary schools, three junior high schools, one high school, one continuation school, and one adult education facility. There were no changes in the boundaries of the District during the current fiscal year.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Carlos Contreras	President	Four Year Term Expires November 2026
Alejandro Avina	Clerk	Four Year Term Expires November 2028
Kevin Arellano	Member	Four Year Term Expires November 2026
Michael Castillo	Member	Four Year Term Expires November 2026
Fabiola Calderon	Member	Four Year Term Expires November 2028

ADMINISTRATION

Arturo Jiminez
Superintendent

Elisa Ramirez
Assistant Superintendent
Educational Services

Rommel Guerrero
Assistant Superintendent
Human Resources

Luis De La Torre
Assistant Superintendent
Business Services

Other Independent Auditors' Reports

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, CPA

Independent Auditor's 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*

To the Board of Education
Calexico Unified School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Calexico 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 15, 2025.

Report on Internal Control over Financial Reporting

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

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001.

Report on 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*.

Calexico Unified School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

El Cajon, California
December 15, 2025

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, CPA

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Education
Calexico Unified School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Calexico 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *US 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.

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 generally accepted auditing standards, *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 generally accepted auditing standards, *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.

El Cajon, California
December 15, 2025

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, CPA

Independent Auditor's Report on State Compliance and on Internal Control over State Compliance

To the Board of Education
Calexico Unified School District

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

We have audited the Calexico Unified School District's (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*, prescribed in Title 5, *California Code of Regulations*, Section 19810 identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above on each of its applicable state programs for the year ended June 30, 2025.

Basis for Opinion on Each Applicable State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide 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 applicable state 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 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 generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide 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 applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide, 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 state 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 Audit Guide, 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.
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following programs:

		Procedures Performed
Local Education Agencies Other than Charter Schools		
A.	Attendance	Yes
B.	Teacher Certification and Misassignments	Yes
C.	(*Reserved*)	N/A
D.	Independent Study	No
E.	Continuation Education	Yes
F.	Instructional Time	Yes
G.	Instructional Materials	Yes
H.	Ratio of Administrative Employees to Teachers	Yes
I.	Classroom Teacher Salaries	Yes
J.	Early Retirement Incentive	N/A
K.	Gann Limit Calculation	Yes
L.	School Accountability Report Card	Yes
M.	Juvenile Court Schools	N/A
N.	Middle or Early College High Schools	N/A
O.	K-3 Grade Span Adjustment	Yes
P.	(*Reserved*)	N/A
Q.	Apprenticeship: Related and Supplemental Instruction	N/A
R.	Comprehensive School Safety Plan	Yes
S.	District of Choice	N/A
TT.	Home to School Transportation Reimbursement	Yes

		Procedures Performed
School Districts, County Offices of Education, and Charter Schools		
T.	Proposition 28 Arts & Music in Schools….....	Yes
U.	After/Before School Education and Safety Program….....	Yes
V.	Proper Expenditure of Education Protection Account Funds…...	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts….....	Yes
X.	Local Control and Accountability Plan….....	Yes
Y.	Independent Study - Course Based….....	N/A
Z.	Immunizations….....	No
AZ.	Educator Effectiveness….....	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G)….....	Yes
CZ.	Career Technical Education Incentive Grant….....	N/A
DZ.	Expanded Learning Opportunities Program (ELO-P)….....	Yes
EZ.	Transitional Kindergarten….....	Yes
FZ.	Kindergarten Continuance….....	Yes

N/A – The School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform procedures for Independent Study because the ADA generated by the program was below the level which required testing.

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 State 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 or significant deficiencies, 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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.

El Cajon, California
December 15, 2025

Auditor’s Results, Findings & Recommendations

Calexico Unified School District

Schedule of Auditor's Results

Year Ended June 30, 2025

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
One or more material weakness(es) identified?	X Yes	No
One or more significant deficiencies identified that are not considered material weakness(es)?	Yes	X No
Noncompliance material to financial statements noted?	X Yes	No

FEDERAL AWARDS

Internal control over major programs:		
One or more material weakness(es) identified?	Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	Yes	X No
Type of auditor's report issued on compliance for major programs:	Unmodified	
Compliance supplement utilized for single audit	Novemeber 2025	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	Yes	X No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
10.558	Child Adult Care Food Program

Dollar threshold used to distinguish between Type A and Type B programs	$750,000	
Auditee qualified as low-risk auditee?	Yes	X No

STATE AWARDS

Type of auditor's report issued on compliance for state programs:	Unmodified	
Internal control over applicable state programs:		
One or more material weakness(es) identified?	Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	Yes	X No
Any audit findings disclosed that are required to be reported in accordance with *2024-25 Guide for Annual Audits of California K-12 Local Education Agencies?*	Yes	X No

Calexico Unified School District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards,* Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

A. Financial Statement Findings

Finding Number:	2025-001
Repeat Finding:	No
Description:	End of Year Close
Type of Finding:	Internal Control (30000)

Criteria or Specific Requirement

Determine whether the District has accounting processes and internal controls that would allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis, whether due to error or fraud.

Condition

During our audit we identified the following conditions which indicate that management or employees, in the normal course of performing their assigned functions, would not be able to prevent or detect and correct misstatements on a timely basis:

- Prior year adjusting entry was entered into a revenue account causing the need for an additional entry to correct beginning fund balance and revenue. The adjusting journal entry was made in Fund 13 for $225,138.

- The District did not make the prior year fair market value adjustment for Fund 51, resulting in the audit adjustment of $68,811 in cash for the fund being made again.

- The District did not record proceeds or cash with fiscal agent for the new solar loan project totaling $19,192,572.

- The District over recorded new leases and SBITAs entered into that were required to be recorded on the books under GASB 87 and 96, along with their payments. Adjusting journal entries were made in Fund 01 to modify the lease additions for $113,799 and subscription additions for $53,593 and then entries were made to bring debt payments to the correct amount totaling $393,538.

- The District did not clear interfund due to due from activity from the prior year totaling $1,000,000.

Potential Fiscal Impact
None

Cause
There were various causes for the different entries that had to be made throughout the audit.

The ASB system at the high school is out of date and only on one offline computer currently. This has made it difficult to get records and backup from the high school ASB program in a timely manner.

The District prepared it's fair market value adjustments for all the funds that it had in the SACS software at the time, but Fund 51 is provided at a later date by the county.

The District did not appear to be aware it needed to make the SBITA entries during close.

For the other discrepancies it appears either an error occurred or an internal control process was not fully followed, resulting in the adjusting entries.

Effect
The District is exposed to risk of material misstatements, whether due to error or fraud, that would not be detected by management or employees in the normal course of performing their duties.

The offline ASB system is especially susceptible to this risk as the time it takes for an internal audit to occur over the system is considerable due to its age and circumstances.

Context
Internal control deficiencies were identified in multiple areas of the audit that in aggregate represent a significant deficiency to the District in the internal control processes.

Recommendation
We recommend the District take the following steps to remedy the significant deficiency in internal control:

- Establish reconciliation procedures for all balance sheet accounts on the financial statements.
- Ensure all required entries are complete during close, such as GASB 87 lease entries and GASB 96 SBITA entries along with any new pronouncements that occur.
- Post all audit adjusting journal entries each year.
- Establish review procedures over the accounting processes.

Views of Responsible Officials
See Corrective Action Plan

B. Federal Award Findings

None

C. State Award Findings

None

Calexico Unified School District

OFFICE OF THE ASSISTANT SUPERINTENDENT OF BUSINESS SERVICES

Luis De La Torre

901 Andrade Ave. ● Calexico, CA 92231 ● (760) 768-3888

BOARD OF EDUCATION

Alejandro Aviña
President

Fabiola Calderon
Vice President/Clerk

Michael Castillo
Trustee

Kevin Arellano
Trustee

Carlos Contreras
Trustee

January 15, 2026

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

Sincerely,

Luis De La Torre
Assistant Superintendent
Business Services

Calexico Unified School District

Corrective Action Plan
For the Year Ended June 30, 2025

Financial Statement Finding

Finding Number:	2025-001
Program Name:	End of Year Close
Contact Person:	Luis De La Torre
Anticipated Completion Date:	4/1/2026

Planned Corrective Action: We have changed the positions and staffing duties in the business department, allowing us to do more by spreading the responsibilities over more staff. One of the new processes is to increase the frequency of reconciliation of balance sheet accounts by resource throughout the year. We have also revised our procedures to consolidate review of GASB 87 lease entries and GASB 96 SBITA with new procurements that occur during the year. We will continue to work with our auditors to review any audit adjusting journal entries that may be pending. Adjustment of staffing duties is also providing us the opportunity to continue to review and update our accounting process. The District is procuring ASB Works to improve ASB tracking and reporting.

Calexico Unified School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2025

Finding/Recommendation	Status	Explanation if Not Implemented
2024-001 Year End Close Condition – During the final audit there were several audit adjustments that became necessary to make. These adjustments crossed the tolerable misstatement threshold resulting in an audit finding for year end close. Recommendation – Ensure all accounts are accurate and presented clearly during year end close. Double check lease and SBITA entries for additions and payments for accuracy. Post audit adjusting journal entries each year during year end close.	Not Implemented	See Current year Finding

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the Calexico Unified School District (the "District") in connection with the execution and delivery of $_____ of the District's 2026 Certificates of Participation (the "Certificates"). The Certificates are being delivered pursuant to a Resolution adopted by the Board of Trustees of the District on October 9, 2025 (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 Certificates by the District and the purchase of such Certificates 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 RBC Capital Markets, LLC (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 Certificates or any beneficial owner of the Certificates 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 Dale Scott & Company, Inc.

"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 Certificates have been assigned. The Final Official Statement relating to the Certificates 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 (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) assessed valuation of taxable properties in the District;

(ii) assessed valuation of properties of the top twenty taxpayers;

(iii) if the District's general obligation bond levies are no longer included in the County of Imperial's Teeter Plan, property tax collection delinquencies for the District;

(iv) the District's most recently adopted budget or interim report available at the time of filing the Annual Report; and

(v) such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be 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 Certificates 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 Certificates 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 Certificates;

(vi) Tender Offers;

(vii) Defeasances;

(viii) Rating changes;

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person (for the purposes of this subsection, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the 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 Certificates, 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 Certificates or other material events affecting the tax status of the Certificates;

(ii) Modifications of rights to Bond holders;

(iii) Bond calls;

(iv) Release, substitution or sale of property securing repayment of the securities;

(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 Certificates 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 Certificates, as provided in the Rule, upon the defeasance, prior prepayment or payment in full of all of the Certificates.

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 Agreement, and no implied duties, covenants or obligations shall be read into this 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 Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Certificates, 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 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 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 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 Agreement and the Certificates.

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 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 Certificates, 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 Special 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 Certificates, 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 CALEXICO UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

Acceptance of duties as Dissemination Agent:

DALE SCOTT & COMPANY, INC.

By:_____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Calexico Unified School District

Name of Issue: $_____ Calexico Unified School District (Imperial County, California) 2026 Certificates of Participation

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 Certificates 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: _____

DALE SCOTT & COMPANY, INC.

By: _____
Authorized Representative

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Certificates, payment of principal, premium, if any, and interest with respect to the Certificates to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Reference made to www.dttc.com http://www.dtcc.com/*is presented as a link for additional information regarding DTC and is not a part of this Official Statement.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Certificates (the "Certificates"). The Certificates 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 Security certificate will be issued for each maturity of the Certificates in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. 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.

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Certificates 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 Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

4. To facilitate subsequent transfers, all Certificates 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 Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Prepayment notices shall be sent to DTC. If less than all of the Certificates within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be prepaid.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates 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 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, prepayment price and interest payments on the Certificates 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 the 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, prepayment price 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 the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Certificate Owner shall give notice to elect to have its Certificates purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Certificates by causing the Direct Participant to transfer the Participant's interest in the Certificates, on DTC's records, to the Trustee. The requirement for physical delivery of Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Certificates are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Certificates to the Trustee's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Certificates are required to be printed and delivered.

11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered to DTC.

AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE CERTIFICATES, THE TRUSTEE WILL SEND ANY NOTICE OF PREPAYMENT OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE PREPAYMENT OF THE CERTIFICATES CALLED FOR PREPAYMENT OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX G

IMPERIAL COUNTY INVESTMENT POLICY

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2025

IMPERIAL COUNTY POOLED INVESTMENT FUND ANNUAL INVESTMENT POLICY



Approved: Imperial County Board of Supervisors July 15, 2025

SUZANNE C. BERMUDEZ

TREASURER-TAX COLLECTOR

EFFECTIVE: JULY 1, 2025

Imperial County Investment Policy

Authority

In accordance with the laws and regulations of the State of California and authority granted by the Imperial County Board of Supervisors the County Treasurer-Tax Collector is responsible for investing all the funds in the County Treasury.

Policy Statement

The Treasurer-Tax Collector shall establish investment policy procedures for the operation of the investment program and a system of controls to regulate the activities of the subordinate officials. Each transaction and the entire portfolio must comply with the California Government Code section 53635 et seq., and this policy.

Scope

This investment policy applies to all financial assets of the County of Imperial as accounted for in the comprehensive annual financial report and shall apply to all other funds under the County Treasurer-Tax Collector's span of control unless specifically exempted by resolution.

Outside local agencies, where the County Treasurer-Tax Collector does not serve as the agency's Treasurer-Tax Collector, may invest in the Pooled Investment Fund through California Government Code section 53684 et seq. Deposits are subject to the consent of the County Treasurer-Tax Collector. The local agency legislative body must approve the Imperial County Pooled Investment Fund as an authorized investment and execute a Memorandum of Understanding. This agreement should spell out the exact rules for participating in the pool and provide the County Treasurer-Tax Collector with reasonable predefined discretion to establish the frequency and amount of voluntary funds that can be removed from the pool at a particular time.

The County Treasurer-Tax Collector may honor all requests to withdraw funds for normal cash flow purposes. Any requests to withdraw funds for purposes other than cash flow such as for external investing shall be subject to the consent of the Treasurer-Tax Collector. In accordance with California Government Code section 27136 et seq., and 27133(h) et seq., such requests for withdrawals must first be made in writing to the County Treasurer-Tax Collector. These requests are subject to the County Treasurer-Tax Collector consideration of the stability and predictability of the Pooled Investment Fund, or the adverse affect on the interests of the other depositors in the

Pooled Investment Fund. Any withdrawal for such purposes shall be at the market value of the Pooled Investment Fund as of the date of the withdrawal.

Standards

The County Treasurer-Tax Collector is the trustee of the Pooled Investment Fund and therefore, a fiduciary subject to the prudent investor standard. The County Treasurer-Tax Collector and employees involved in the investment process shall refrain from all personal business activity that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with the California State law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Treasurer-Tax Collector shall act with the care, skill, prudence and diligence in order to meet the investment objectives.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and 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.

Objectives

Investment Objectives: The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are listed in order of importance.

Safety of Principal: The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they are from securities default or erosion of market value.

Liquidity: As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the County Treasurer-Tax Collector to meet all operating requirements that may be reasonably anticipated in any depositor's fund.

Public Trust: In managing the Pooled Investment fund, the County Treasurer-Tax Collector and the authorized investment traders should try and avoid any transactions that might impair public confidence in the Imperial County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

Return on Investments: The Pooled Investment Fund shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the County's investment risk constraints and the cash flow characteristics of the portfolio.

Calculation of Yield and Costs

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets; managing and accounting for the banking; receiving and remitting deposits; oversight controls; indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated by specific cost accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

The Auditor-Controller will allocate the net interest earnings of the Pooled Investment Fund quarterly. The net interest earnings are allocated based upon the average daily cash balance of each Pooled Investment Fund participant.

Internal Controls

The County Treasurer-Tax Collector shall establish internal controls to provide reasonable assurance the investment objectives are met and to ensure that the assets are protected from loss, theft or misuse. To assist in implementation and internal controls, the Treasurer-Tax Collector shall establish written policy procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transaction. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the County Treasurer-Tax Collector.

Authorized Personnel: The following is a list of delegated staff responsible for investment transactions, County Treasurer-Tax Collector, Chief Deputy Treasurer Tax-Collector and the Accounting Technician's. Authorized personnel may be changed from time to time at the discretion of the County Treasurer-Tax Collector.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Auditor-Controller's office on a monthly basis.

An independent audit shall be conducted annually to review internal control, account activity and compliance with policies, procedures and applicable laws.

The County Treasurer-Tax Collector or Chief Deputy Treasurer-Tax Collector, should, from time to time perform a review of the investment function. This review should consist of:

- Comparison of the investment records to the independent statements and confirmations received from brokers, dealers, banks and other financial institutions.
- Review of the contents of the investment portfolio to assure that it conforms to this policy.
- Review of the financial institution with which investments have been made to assure that the County Treasurer-Tax Collector or authorized staff has approved them.
- Confirmations resulting from securities purchased under a repurchase agreement should clearly state the exact and complete nomenclature of the underlying securities purchased and that said securities have been sold to the County with a promise of resale by the County back to the seller.

The County Treasurer-Tax Collector shall establish and define authorized investments as well as credit, marketability, maturity and diversification criteria for County investments. Where possible, County investments should be placed, confirmed, held and accounted for, and audited by different people.

Ethics and Conflicts of Interest

The Treasurer and all investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program, or which could impair their ability to execute impartial investment decisions.

The Treasurer and all investment personnel may not accept a gift or gifts aggregating more than the Fair Political Practices Commission (FPPC) guidelines in a calendar year from a single source that does business with the County Treasurer's Office. The County Treasurer-Tax Collector and designated employees may not accept any honorarium gratuities or gifts. Any violation must be reported to the State Fair Political Practices Commission.

Investment Parameters

Safekeeping and Custody: All securities purchased, with the exception of time deposits, LAIF and bank short term Investment Funds (bank's overnight investment fund), can be delivered to the independent third-party custodian selected by the County Treasurer-Tax Collector. This includes all collateral for repurchase agreement. All trades, where applicable, will be executed by delivery versus payment by the designated party.

Qualified Broker/Dealers: All financial institutions, whether investment banks and dealers, commercial banks, or savings and loans must be approved by the County Treasurer-Tax Collector

or authorized staff before they receive County funds. All firms with whom the County does business should have a strong capital base and be deemed credit-worthy before any investments or deposits are placed with such firms. In accordance with California Government Code section 27133(c) et seq., the County Treasurer-Tax Collector or authorized staff will prescribe minimum standards.

The County Treasurer shall not select brokers and dealers who individually, or as a firm, have contributed more than $250 or the current limit established under Municipal Securities Regulatory Board (MSRB) Rule G-37.

The Treasurer-Tax Collector's staff shall annually send a copy of the current investment policy to all broker/dealers approved to do business with the County. Receipt of this policy shall be considered confirmation that the broker/dealer understands the County's investments authorized by this investment policy.

The Treasurer-Tax Collector will maintain a list of financial institutions authorized to provide investment services. An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer-Tax Collector.

Collateral Requirements: Collateral is required for investments in certificates of deposit (over the standard maximum deposit insurance amount "SMDIA" in FDIC regulations), repurchase agreements and reverse repurchase agreements. In order to reduce market risk, the collateral level will be a least 102% of market value or principal and accrued interest.

The only securities acceptable as collateral shall be direct obligations of, or fully guaranteed as to principal and interest by, the United States or any agency of the United States.

Diversification: The County Treasurer-Tax Collector will diversify its investments by security type and institution. With the exception of U.S. Treasury, U.S. Agency securities and authorized pools, no more than 50% of the County's total investment portfolio should be invested in a single security type.

Investable Fund: Total investable funds for purposes of this policy are all Pooled Investment Fund moneys that are available for investment at any one time, including the estimated bank account float. Bond proceeds may be invested in accordance with the Government Code provisions, or they may be invested in alternative vehicles if authorized by Bond documents.

Compliance: The portfolio must be in compliance with statute at the time that the investment is purchased. It is recommended that the portfolio be monitored, as practical, for subsequent changes in percentages resulting from non-purchase activity or changes in credit rating of existing securities.

Rebalancing is not required in the case where subsequent maturities, sales, withdrawals, or similar non-purchase activities result in the remaining portfolio having one or more of the categories of investment rise above the percentage restrictions applicable at the time of purchase.

In the event the portfolio or individual investments are deemed to be out of compliance with either statute or the investment policy, the Treasurer-Tax Collector and staff shall analyze and take appropriate course of action to rebalance the portfolio with the preservation of principal being the primary objective.

Authorized Investments: As stated earlier, authorized investment shall match the general categories established by the California Government Code section 53635 et seq. Authorized investments shall also include, in accordance with California Government Code section 16429.1, investment into LAIF.

The chart on the next page provides a list of the permitted securities and conditions for using them. Only the County Treasurer-Tax Collector or authorized staff will be authorized to invest in the approved investment. (See FIGURE 1 and Table of notes)

FIGURE 1

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2025)[A] APPLICABLE TO ALL LOCAL AGENCIES[B]

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY[C]	MAXIMUM SPECIFIED % OF PORTFOLIO[D]	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations–CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40%[E]	None	53601(g)
Commercial Paper–Non-Pooled Funds[F] (under $100,000,000 of investments)	270 days or less	25% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53601(h)(2)(c)
Commercial Paper–Non-Pooled Funds[I] (min. $100,000,000 of investments)	270 days or less	40% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53601(h)(2)(c)
Commercial Paper–Pooled Funds[J]	270 days or less	40% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30%[K]	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50%[L]	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50%[L]	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days[M]	20% of the base value of the portfolio	None[N]	53601(j)
Medium-Term Notes[O]	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20%[P]	Multiple[Q, R]	53601(l) and 53601.6(b)
Collateralized Bank Deposits[S]	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass–Through and Asset–Backed Securities[T]	5 years or less[T]	20%	"AA" rating category or its equivalent or better[T]	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple[U]	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund[V]	N/A	None	None	16340
Supranational Obligations[W]	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

TABLE OF NOTES FOR FIGURE 1

[A] *Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.*

[B] *Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.*

[C] *Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.*

[D] *Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.*

[E] *No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.*

[F] *Applies to local agencies, other than counties or a city and county, with less than $100 million of investment assets under management. Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.*

[G] *Local agencies, other than counties or a city and county, may purchase no more than 10% of the outstanding commercial paper and medium-term notes of any single issuer.*

[H] *Issuing corporation must be organized and operating within the U.S., have assets in excess of $500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating organization.*

[I] *Applies to counties or a city and county, and the City of Los Angeles that have $100 million or more of investment assets under management.*

[J] *Includes agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601(h)(2)(C).*

[K] *No more than 30% of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).*

[L] *Effective January 1, 2020, no more than 50% of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30%. Investments made pursuant to 53635.8 remain subject to a maximum of 30% of the portfolio.*

[M] *Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if 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 or securities lending agreement and the final maturity dates of the same security.*

[N] *Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.*

[O] *"Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."*

[P] *No more than 10% invested in any one mutual fund. This limitation does not apply to money market mutual funds.*

[Q] *A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.*

[R] *A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of $500 million.*

[S] *Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.*

[T] *Security types authorized under Section 53601(o) that are issued or guaranteed by an issuer identified in subdivisions (b) or (f), are not subject to the limitations placed on privately issued securities authorized in Section 53601(o)(2)(A)(B).*

[U] *A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).*

[V] *Local entities can deposit between $200 million and $10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.*

[W] *Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.*

Prohibited Investments: No investment should be authorized that have the possibility of returning a zero or negative yield if held to maturity. These shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

Business Continuity Plan

In the event that the Treasurer or authorized staff is unable to invest, the Treasurer has an agreement with the custody bank for a daily sweep of all remaining surplus funds into in interest bearing account until normal operations of the Treasurer's Office have been restored. The restriction on the amount and the percentages and investment type would be temporarily allowed to exceed those approved in this Investment Policy.

Implementation

In accordance with California Government Code section 53646, et seq., the Board of Supervisors shall review and approve this Policy at least annually during open session.

Monthly, the Treasurer-Tax Collector shall present and file with the Board of Supervisors during public session the Imperial County Treasurer-Tax Collector's Portfolio Master Summary.

Summary

The County Treasurer-Tax Collector or Chief Deputy Treasurer-Tax Collector, is to have express authority to invest County funds in any investments, securities and other instruments as described herein as the County Treasurer-Tax Collector or Chief Deputy Treasurer-Tax Collector deems appropriate.

The County Treasurer-Tax Collector will develop, interpret, clarify and maintain this Statement of Investment Policy. As the California Government Code and legislation is amended this Policy shall likewise become amended.

IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Summary
May 31, 2026

Investments	Par Value	Market Value	Book Value	% of Portfolio	YTM 360 Equiv.	YTM 365 Equiv.	Days to Maturity	Term
LAIF / CAMP / ZBA	194,000,000.00	194,000,000.00	194,000,000.00	13.97	3.791	3.844	1	1
Certificates of Deposit - Bank	5,490,000.00	5,490,000.00	5,490,000.00	0.40	3.253	3.298	310	397
Negotiable CD's	168,062,000.00	167,850,421.67	168,062,000.00	12.10	3.845	3.899	495	1,245
Mid Term Note	20,000,000.00	19,826,200.00	20,000,000.00	1.44	4.044	4.100	1,734	1,826
Federal Agency Issues - Coupon	623,500,000.00	620,937,125.00	623,396,400.00	44.90	3.383	3.430	714	1,593
Money Market	54,049,582.01	54,049,582.01	54,049,582.01	3.89	2.684	2.721	1	1
Municipal Bonds	9,580,000.00	9,343,853.00	9,371,539.20	0.67	4.042	4.098	1,126	1,139
US Bank Sweep	314,027,297.26	314,027,297.26	314,027,297.26	22.62	3.453	3.500	1	1
Investments	**1,388,708,879.27**	**1,385,524,478.94**	**1,388,396,818.47**	**100.00%**	**3.498**	**3.546**	**415**	**902**
Cash								
Passbook/Checking (not included in yield calculations)	57,710,793.60	57,710,793.60	57,710,793.60		0.955	0.968	1	1
Total Cash and Investments	**1,446,419,672.87**	**1,443,235,272.54**	**1,446,107,612.07**		**3.498**	**3.546**	**415**	**902**

Total Earnings	May 31 Month Ending	Fiscal Year To Date
Current Year	4,238,927.21	45,943,130.29
Average Daily Balance	**1,457,583,366.25**	**1,411,221,130.89**
Effective Rate of Return	**3.42%**	**3.55%**

In accordance with the provisions of Section 53607 and 53646 of the Government Code, the laws and regulations of the State of California and authority granted by the Imperial County Board of Supervisors the County Treasurer is responsible for investing all the funds in the County Treasury not needed for current commitment. This statement denotes the ability of the local agency to meet its pool's expenditure requirements for the next six months.

3 MONTH HISTORY OF CASH AND INVESTMENTS:

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CURRENT $ 1,446,107,612.07

LAST MONTH $ 1,483,541,517.29

PREVIOUS MONTH $ 1,444,508,227.06

Reporting period 05/01/2026-05/31/2026

Suzanne C. Bermudez, Treasurer-Tax Collector

June 3, 2026
Date

Portfolio PTS
CP

Run Date: 06/03/2026 - 08:31

PM (PRF_PM1) 7.3.11
Report Ver. 7.3.11