This Preliminary Official Statement and the information contained herein are subject to completion or amendment. 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 or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 30, 2026,
WHICH SUPERSEDES VERSION DATED OCTOBER 29, 2026

NEW ISSUE – BOOK-ENTRY-ONLY **RATING: See "RATING" herein.**
INSURANCE: See "BOND INSURANCE AND RELATED RISK FACTORS" herein.

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District (as defined herein), as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds (as defined herein) is excludable from gross income for federal income tax purposes. Interest income on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest income on the Bonds is exempt from Arizona income taxes. See "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM" herein.

The Governing Board has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended, which relates to the ability of certain financial institutions to deduct interest expense allocable to holding and carrying tax-exempt obligations for federal income tax purposes. The Governing Board, through one or more of its representatives, will represent and warrant that it does not reasonably anticipate that the aggregate amount of tax-exempt obligations that will be issued by or on behalf of the District in calendar year 2026 will exceed $10,000,000. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

$8,000,000*
WILLCOX UNIFIED SCHOOL DISTRICT NO. 13 OF COCHISE COUNTY, ARIZONA SCHOOL IMPROVEMENT BONDS, PROJECT OF 2023, SERIES B (2026) (BANK QUALIFIED)

Dated: Date of Initial Authentication and Delivery *Due:* July 1, as shown on the inside front cover page

The School Improvement Bonds, Project of 2023, Series B (2026) (the "Bonds") of Willcox Unified School District No. 13 of Cochise County, Arizona (the "District"), will be issued in the form of fully-registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Beneficial ownership interests in the Bonds may be purchased in amounts of $5,000 of principal due on a specific maturity date or integral multiples thereof. The Bonds will mature on the dates and in the principal amounts and will bear interest from their dated date to their maturity or prior redemption as set forth on the inside front cover page. Interest on the Bonds will accrue from the date of delivery and will be payable semiannually on July 1 and January 1 of each year, commencing on July 1, 2027*, until maturity or prior redemption.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE

The District will initially utilize DTC's "book-entry-only system," although the District and DTC each reserve the right to discontinue the book-entry-only system at any time. Utilization of the book-entry-only system will affect the method and timing of payment of principal of and interest on the Bonds and the method of transfer of the Bonds. So long as the book-entry-only system is in effect, a single fully-registered Bond, for each maturity of the Bonds, will be registered in the name of Cede & Co., as nominee of DTC, on the registration books maintained by U.S. Bank Trust Company, National Association, the initial bond registrar and paying agent for the Bonds. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants who will, in turn, be responsible for distribution to the beneficial owners of the Bonds (the "Beneficial Owners"). So long as the book-entry-only system is in effect and Cede & Co. is the registered owner of the Bonds, all references herein (except under the headings "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM") to owners of the Bonds will refer to Cede & Co. and not the Beneficial Owners. See APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM" herein.

Certain of the Bonds will be subject to redemption prior to their stated maturity dates as described under "THE BONDS – Redemption Provisions" herein*.

Principal of and interest on the Bonds will be payable from a continuing, direct, annual, *ad valorem* tax levied against all taxable property located within the boundaries of the District as more fully described herein. The Bonds will be payable from such tax without limit as to rate or amount. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein.

The Bonds will be offered when, as and if issued by the District and received by the underwriter identified below (the "Underwriter"), subject to the legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. In addition, certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about December 3, 2026*.

This cover page contains certain information with respect to the Bonds for convenience of reference only. It is not a summary of the series of which the Bonds are a part. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds.

STIFEL

* *Subject to change.*

$8,000,000*
WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
OF COCHISE COUNTY, ARIZONA
SCHOOL IMPROVEMENT BONDS,
PROJECT OF 2023, SERIES B (2026)
(BANK QUALIFIED)

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP®[(1)] No. 191399
2028	$ 40,000	%	%	
2029	470,000			
2030	315,000			
2031	335,000			
2032	350,000			
2034	365,000			
2035	385,000			
2036	405,000			
2037	425,000			
2038	445,000			
2039	470,000			
2040	490,000			
2041	515,000			
2042	540,000			
2043	570,000			
2044	595,000			
2045	625,000			
2046	660,000			

* *Subject to change.*

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

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by Willcox Unified School District No. 13 of Cochise County, Arizona (the "District") or Stifel, Nicolaus & Company, Incorporated (the "Underwriter") to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the District's School Improvement Bonds, Project of 2023, Series B (2026) (the "Bonds") by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the District, the Arizona Department of Revenue, the Assessor, the Office of Budget and Finance and Treasurer of Cochise County, Arizona, and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the District or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the District or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information."

None of the District, the Underwriter, counsel to the Underwriter or Bond Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the District's share of the unfunded liabilities of the Arizona State Retirement System.

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are "forward looking statements" that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the District or any of the other parties or matters described herein since the date hereof.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

A wide variety of information, including financial information, concerning the District is available from publications and websites of the District and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such publications and websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The District will undertake to provide continuing disclosure as described in this Official Statement under the heading "CONTINUING DISCLOSURE" and in APPENDIX G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS.

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OFFICIAL STATEMENT

$8,000,000*
WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
OF COCHISE COUNTY, ARIZONA
SCHOOL IMPROVEMENT BONDS,
PROJECT OF 2023, SERIES B (2026)
(BANK QUALIFIED)

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been prepared at the direction of Willcox Unified School District No. 13 of Cochise County, Arizona (the "District"), in connection with the issuance of $8,000,000* aggregate principal amount of bonds designated School Improvement Bonds, Project of 2023, Series B (2026) (the "Bonds"). Certain information concerning the authorization, purpose, terms, conditions of sale and sources of payment of and security for the Bonds is stated in this Official Statement. See APPENDIX A – "THE DISTRICT – DISTRICT INFORMATION" and APPENDIX B – "THE DISTRICT – FINANCIAL INFORMATION" for certain information about the District.

Reference to provisions of State of Arizona (the "State" or "Arizona") law, whether codified in the Arizona Revised Statutes, or uncodified, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be considered as, or as part of, a contract with the original purchasers or subsequent owners or beneficial owners of the Bonds.

THE BONDS

Authorization and Purpose

The Bonds will be issued, executed and delivered pursuant to the Arizona Constitution and the laws of the State, including particularly Title 15, Chapter 9, Article 7, Arizona Revised Statutes, a vote of the qualified electors of the District at the election held on November 7, 2023 (the "Election"), and a resolution adopted by the Governing Board of the District (the "Governing Board") on October 13, 2026 (the "Bond Resolution").

The Bonds represent the second and final installment of an aggregate voted principal amount of $15,000,000 of school improvement bonds authorized at the Election. Proceeds from the sale of the Bonds will be used to (i) construct and improve school sites (including buildings, grounds and field renovation); (ii) increase energy efficiency and upgrade safety/security systems (including furniture, technology and equipment); (iii) purchase technology; (iv) purchase pupil transportation vehicles; and (v) pay the costs incurred in connection with the issuance of the Bonds.

After the sale and issuance of the Bonds, the District will no longer have any remaining authorized but unissued bonds from the Election*. Bonds payable from the same source as the Bonds are outstanding and additional bonds payable from the same source as the Bonds may be issued in the future pursuant to authority approved at subsequent elections in and for the District. See TABLES 1 and 14 herein for information concerning the District's currently outstanding bonds, which are payable from the same source as the Bonds.

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* *Subject to change. See footnotes (b) and (c) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds and previously issued bonds for State voter authorization and debt limit purposes.*

Terms of the Bonds – Generally

The Bonds will be dated the date of delivery and will be registered only in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), under the book-entry-only system described herein (the "Book-Entry-Only System"). See APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM." The Bonds will mature on the dates and in the principal amounts and will bear interest from their dated date at the rates set forth on the inside front cover page of this Official Statement. Beneficial ownership interests in the Bonds may be purchased in amounts of $5,000 of principal due on a specific maturity date or integral multiples thereof. Interest on the Bonds will be payable semiannually on each July 1 and January 1, commencing July 1, 2027* (each, an "Interest Payment Date"), until maturity or prior redemption. The District has chosen the fifteenth (15th) day of the month preceding each Interest Payment Date as the "Record Date" for the Bonds. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

See "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM" herein for a discussion of the treatment of interest income on the Bonds for federal and State income tax purposes.

Bond Registrar and Paying Agent

U.S. Bank Trust Company, National Association will serve as the initial bond registrar, transfer agent and paying agent (the "Bond Registrar and Paying Agent") for the Bonds. The District may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Bonds.

Redemption Provisions*

Optional Redemption. The Bonds maturing before or on July 1, 20__ will not be subject to redemption prior to their stated maturity dates. The Bonds maturing on or after July 1, 20__ will be subject to redemption prior to their stated maturity dates, at the option of the District, in whole or in part from maturities selected by the District on July 1, 20__, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Bond called for redemption, plus interest accrued to the date fixed for redemption but without premium.

Notice of Redemption. So long as the Bonds are held under the Book-Entry-Only System, notices of redemption will be sent to DTC in the manner required by DTC. See APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM." If the Book-Entry-Only System is discontinued, notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the Bond Registrar and Paying Agent not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given. Notice of any redemption will also be provided as set forth in APPENDIX G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE," but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If monies for the payment of the redemption price and accrued interest are not held in separate accounts by the District, the Treasurer of Cochise County, Arizona (the "Treasurer") or the Bond Registrar and Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such monies being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

Effect of Redemption. On the date designated for redemption, the Bonds or portions thereof to be redeemed will become and be due and payable at the redemption price for such Bonds or portions thereof, and, if monies for payment of the redemption price are held in a separate account by the Bond Registrar and Paying Agent, interest on such Bonds or portions thereof to be redeemed will cease to accrue, such Bonds or portions thereof will cease to be entitled to any benefit or security under the Bond Resolution, the owners of such Bonds or portions thereof will have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds or portions thereof will be deemed paid and no longer outstanding. DTC's practice is to determine by lot the amount of each Direct Participant's (as defined in APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM") proportionate share that is to be redeemed.

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* *Subject to change.*

Redemption of Less than All of a Bond. The District may redeem any amount which is included in a Bond that is subject to prior redemption in a denomination equal to or in excess of, but divisible by, $5,000. In the event of a partial redemption, the Bond will be redeemed in accordance with DTC's procedures. In the event of a partial redemption if the Book-Entry-Only System is discontinued, the registered owner will submit the Bond for partial redemption and the Bond Registrar and Paying Agent will make such partial payment and will cause to be issued a new Bond in a principal amount which reflects the redemption so made, to be authenticated and delivered to the registered owner thereof.

Registration and Transfer When Book-Entry-Only System Has Been Discontinued

If the Book-Entry-Only System is discontinued, the Bonds will be transferred only upon the bond register maintained by the Bond Registrar and Paying Agent and one or more new Bonds, registered in the name of the transferee, of the same principal amount, maturity and rate of interest as the surrendered Bond or Bonds will be authenticated, upon surrender to the Bond Registrar and Paying Agent of the Bond or Bonds to be transferred, together with an appropriate instrument of transfer executed by the transferor if the Bond Registrar and Paying Agent's requirements for transfer are met. The Bond Registrar and Paying Agent may, but is not required to, transfer or exchange any Bonds during the period from the Record Date to and including the respective Interest Payment Date. The Bond Registrar and Paying Agent may, but is not required to, transfer or exchange any Bonds which have been selected for prior redemption. The transferor will be responsible for all transfer fees, taxes, fees and any other costs relating to the transfer of ownership of individual Bonds.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

General

For the purpose of paying the principal of and interest on the Bonds and costs of administration of the Bonds, the District will be required by law to cause to be levied on all the taxable property in the District a continuing, direct, annual, *ad valorem* property tax sufficient to pay all principal, interest, and costs of administration for the Bonds as the same become due. The Bonds will be payable from such tax without limit as to rate or amount. The taxes will be levied, assessed and collected at the same time and in the same manner as other similar taxes are levied, assessed and collected. For information concerning the *ad valorem* property tax levy and collection procedures, see APPENDIX B – "THE DISTRICT – FINANCIAL INFORMATION – PROPERTY TAXES."

Defeasance

Pursuant to the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of monies or obligations issued or guaranteed by the United States of America ("Defeasance Obligations") or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be outstanding under the Bond Resolution or payable from *ad valorem* taxes on taxable property in the District, and the owners of such Bonds shall thereafter be entitled to payment only from the monies and Defeasance Obligations deposited in trust.

Investment of Debt Service Funds

Following collection and deposit of the proceeds of the taxes into a debt service fund of the District held by the Treasurer (the "Debt Service Fund"), the District will instruct the Treasurer, as ex officio Treasurer of the District, to invest the monies credited to the Debt Service Fund in accordance with Title 15, Chapter 9, Article 7, Arizona Revised Statutes. The District is statutorily permitted to invest monies in the Debt Service Fund only in the investments set forth in Section 15-1025, Arizona Revised Statutes, which include, with certain restrictions, bonds issued or guaranteed by the United States of America (the "United States") or any of its agencies or instrumentalities when such obligations are guaranteed as to principal and interest by the United States or by any agency or instrumentality thereof, bonds of the State or any Arizona county, city, town, or school district, certain bonds of any Arizona county, municipality or municipal district utility, certain bonds of any Arizona municipal improvement district, federally insured savings accounts or certificates of deposit, and bonds issued by federal land banks, federal intermediate credit

banks, or banks for cooperatives and certain certificates of deposit (pursuant to Section 35-323.01, Arizona Revised Statutes). All earnings derived from such investments are credited to the Debt Service Fund. The statutes governing investment of monies in the Debt Service Fund are subject to change. The District does not monitor the manner in which the Treasurer invests monies in the Debt Service Fund.

Except to the extent any Bond proceeds are deposited to the Debt Service Fund and except as otherwise described above, neither the proceeds of the sale of the Bonds nor any school property of the District (including that financed with the proceeds of the sale of the Bonds) are security for, or a source of payment of principal of or interest on the Bonds.

STATE CONSTITUTIONAL LIMITATION ON EXPENDITURES

Pursuant to Article 9, Section 21, Arizona Constitution (the "AEL Provision"), Arizona public school districts are subject to an aggregate expenditure limitation (the "Aggregate Expenditure Limitation"), determined annually by the State Economic Estimates Commission. The aggregate expenditure of revenues described in the AEL Provision for all public school districts, determined annually by November 1 of each year by the Arizona Department of Education ("ADE"), may only exceed the Aggregate Expenditure Limitation if authorized by the State legislature (the "Legislature") for a single fiscal year, by concurrent resolution, upon affirmative vote of two-thirds of the membership of each house of the Legislature (the "Override") by March 1 of the fiscal year. Certain public school district revenues, including federal grants and budget overrides, are not subject to the Aggregate Expenditure Limitation. In prior fiscal years, public school districts have either not exceeded the Aggregate Expenditure Limitation or have exceeded the Aggregate Expenditure Limitation with Override authorization from the Legislature.

If the Legislature does not pass the Override (if needed) in a fiscal year, public school districts, including the District, would be required to reduce fiscal year budgeted expenditures by April 1 of such year. Each public school district is responsible for the manner in which it would deal with a required pro-rata reduction of relevant aggregate expenditures. Actions like furloughs, a hiring freeze, salary reductions, shifting from in-person to remote instruction and using available fund balances are various options considered by school districts in Arizona. There is a range of outcomes in future fiscal years that could be achieved by the District by taking some or all of the actions described in the immediately preceding sentence (or other, similar actions). Certain actions would allow the District to continue regular operations while other actions could result in significantly reduced operations of the District.

Based on a report of ADE, the Aggregate Expenditure Limitation would have been exceeded by approximately $1.164 billion (13.83%) in fiscal year 2025/26. On June 27, 2025, the Legislature passed the Override providing public school districts with the authority to spend amounts as budgeted for fiscal year 2025/26 and for the current fiscal year (2026/27).

Even with the approval of the Override by the Legislature through the current fiscal year, it is expected that school districts will continue to exceed the Aggregate Expenditure Limitation in future fiscal years. The Legislature will need to pass separate Overrides in and for such future fiscal years unless, by State voter approval at a General Election to be held in November 2028 or thereafter, the AEL Provision is repealed or amended to permit a more permanent increase in the Aggregate Expenditure Limitation.

As stated elsewhere herein, the Bonds will be payable from a continuing, direct, annual *ad valorem* tax levied against all taxable property within the District, unlimited as to rate and amount. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS." Although the Legislature's failure to pass an Override in future fiscal years (if needed) could have the budgetary consequences described above, it would not directly affect the levy and collection of property taxes in the District, the security and source of payment for the Bonds. In addition, the Aggregate Expenditure Limitation does not apply to payment of debt service on long-term obligations of the District, including the Bonds. An investment in the Bonds should be made only after due consideration of the foregoing.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Governing Board has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), which relates to the ability of certain financial institutions to deduct interest expense allocable to holding and carrying tax-exempt obligations for federal income tax purposes. The Governing Board, through one or more of its representatives, will represent and warrant that it does not reasonably anticipate that the aggregate amount of tax-exempt obligations that will be issued by or on behalf of the District in calendar year 2026 will exceed $10,000,000.

SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount	$8,000,000.00*
[Net] Original Issue Premium *(a)*	
Total Sources of Funds	

Uses of Funds

Deposit to Bond Building Fund	
Payment of Costs of Issuance *(b)*	
Total Uses of Funds	

* *Subject to change.*

(a) *Net original issue premium consists of original issue premium on the Bonds, less original issue discount on the Bonds.*

(b) *Will include bond insurance premium, if any, and compensation and costs of the Underwriter (as defined herein) with respect to the Bonds.*

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ESTIMATED DEBT SERVICE REQUIREMENTS

The following table illustrates the (i) annual debt service on the outstanding bonds of the District, (ii) estimated annual debt service on the Bonds and (iii) total estimated annual debt service on all bonds of the District outstanding after the issuance of the Bonds.

TABLE 1

Schedule of Estimated Annual Debt Service Requirements *(a)*
Willcox Unified School District No. 13

Fiscal Year	Bonds Outstanding		The Bonds*		Total Estimated Annual Debt Service Requirements*
	Principal	Interest	Principal	Interest *(b)*	
2026/27	$ 1,000,000	$ 454,750		$ 233,333*(c)*	$ 1,688,083
2027/28	660,000	404,750	$ 40,000	400,000	1,504,750
2028/29	325,000	371,750	470,000	398,000	1,564,750
2029/30	340,000	355,500	315,000	374,500	1,385,000
2030/31	355,000	338,500	335,000	358,750	1,387,250
2031/32	375,000	320,750	350,000	342,000	1,387,750
2032/33	830,000	302,000		324,500	1,456,500
2033/34	460,000	260,500	365,000	324,500	1,410,000
2034/35	485,000	237,500	385,000	306,250	1,413,750
2035/36	510,000	213,250	405,000	287,000	1,415,250
2036/37	535,000	187,750	425,000	266,750	1,414,500
2037/38	560,000	161,000	445,000	245,500	1,411,500
2038/39	590,000	133,000	470,000	223,250	1,416,250
2039/40	610,000	109,400	490,000	199,750	1,409,150
2040/41	640,000	85,000	515,000	175,250	1,415,250
2041/42	665,000	57,800	540,000	149,500	1,412,300
2042/43	695,000	29,538	570,000	122,500	1,417,038
2043/44			595,000	94,000	689,000
2044/45			625,000	64,250	689,250
2045/46			660,000	33,000	693,000
	$ 9,635,000		$ 8,000,000		$ 26,580,322

(a) *Prepared by Stifel, Nicolaus & Company, Incorporated (the "Underwriter").*

(b) *Interest on the Bonds is estimated.*

(c) *The first interest payment on the Bonds will be due on July 1, 2027*. Thereafter, interest payments will be made semiannually on each January 1 and July 1 until maturity or prior redemption.*

* *Subject to change.*

LITIGATION

No litigation or administrative action or proceeding is pending to restrain or enjoin, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the levy and collection of taxes to pay the debt service on the Bonds, to contest or question the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds. Representatives of the District will deliver a certificate to the same effect at the time of the initial delivery of the Bonds.

RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC (S&P), has assigned a rating of "A" to the Bonds. Such rating reflects only the view of S&P. An explanation of the significance of a rating assigned by S&P may be obtained at 333 Bush Street, San Francisco, California 94104. Such rating may be revised or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Bonds. The District will covenant in its continuing disclosure certificate with respect to the Bonds that it will file notice of any formal change in any rating relating to the Bonds. See "CONTINUING DISCLOSURE" and APPENDIX G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

BOND INSURANCE AND RELATED RISK FACTORS

The District intends to apply, or has applied, to bond insurance companies (each, a "Bond Insurer") for a municipal bond insurance policy (the "Policy") for the Bonds to guarantee the scheduled payments of principal of and interest on the Bonds. A commitment to provide the Policy has not been issued, and representatives of the District have yet to determine whether, if such commitment is issued, the Policy will be purchased. If the Policy is purchased, the following are risk factors relating to bond insurance generally.

If the District ultimately determines to obtain the Policy for the Bonds, in the event of default of the payment of principal or interest with respect to any of the Bonds when all or some become due, any owner of the Bonds on which such principal or interest was not paid will have a claim under the Policy for such payments. In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds will remain payable solely from *ad valorem* property taxes as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS." In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance will be given that such event will not adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The long-term ratings on the Bonds will be dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability will be predicated upon a number of factors which could change over time. No assurance will be given that the long-term rating of the Bond Insurer and of the rating on the Bonds insured by the Bond Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds. The obligations of the Bond Insurer will be general obligations of the Bond Insurer, and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the District, the Underwriter, or their respective attorneys, agents or consultants have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

LEGAL MATTERS

The Bonds are to be sold with the understanding that the District will furnish the Underwriter with the approving opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel ("Bond Counsel") addressing legal matters relating to the validity of the Bonds under Arizona law, and with regard to the tax-exempt status of the interest income thereon (see "TAX EXEMPTION"). The signed legal opinion of Bond Counsel is dated and premised on the law in effect only as of the date of original delivery of the Bonds and will be delivered to the District at the time of original issuance. The fees of Bond Counsel and counsel to the Underwriter are expected to be paid from the proceeds of the sale of the Bonds and are contingent upon delivery of the Bonds.

The proposed text of the legal opinion is set forth as APPENDIX F – "FORM OF APPROVING LEGAL OPINION." The legal opinion to be delivered may vary from the text of APPENDIX F – "FORM OF APPROVING LEGAL OPINION" if necessary to reflect the facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Bonds subsequent to the original delivery of the Bonds.

Bond Counsel has reviewed the information in the tax caption on the front cover page as well as the information under the headings "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS," "QUALIFIED TAX-EXEMPT OBLIGATIONS," "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT," "BOND PREMIUM," "RELATIONSHIP AMONG PARTIES" (but only as it applies to Bond Counsel) and "CONTINUING DISCLOSURE" (except as it relates to the District's compliance with prior continuing disclosure undertakings) and in APPENDICES F – "FORM OF APPROVING LEGAL OPINION" and G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" but otherwise has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, attempted to examine or verified any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

Certain legal matters will be passed upon for the Underwriter by Greenberg Traurig, LLP, Phoenix, Arizona, counsel to the Underwriter.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) that, if enacted, could alter or amend the property tax system of the State and numerous matters, both financial and non-financial, impacting the operations of school districts which could have a material impact on the District and could adversely affect the secondary market value and marketability (liquidity) of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. The rendering of an opinion also does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District, interest income on the Bonds is excludable from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on certain corporations.

The Code includes requirements that the District must continue to meet after the issuance of the Bonds in order that the interest on the Bonds remains excludable from gross income for federal income tax purposes. The failure of the District to meet these requirements may cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds. The opinion of Bond Counsel assumes continuing compliance with such covenants.

Although Bond Counsel will render an opinion that, as of the delivery date of the Bonds, interest income on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a Beneficial Owner's (as defined in APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM") federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers who become Beneficial Owners of the Bonds, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, should consult their tax advisors as to the applicability of such tax consequences to the respective Beneficial Owner. The nature and extent of these other tax consequences will depend upon the Beneficial Owner's particular tax status and the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

From time to time, there are legislative proposals in Congress that, if enacted or made effective, could alter or amend the federal tax matters referred to above or adversely affect the market value and marketability (liquidity) of the Bonds. Any such change that occurs before initial delivery of the Bonds could cause Bond Counsel to deliver an opinion substantially different from the opinion shown in APPENDIX F – "FORM OF APPROVING LEGAL OPINION." The extent of change in Bond Counsel's opinion cannot be determined at this time. It cannot be predicted whether, when or in what form any such proposal or proposals might be enacted or whether, if enacted, such proposal or proposals would apply to obligations (such as the Bonds) issued prior to the enactment or effective date. Prospective purchasers should consult with their own tax advisors regarding any other pending or proposed federal income tax legislation.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Bonds maturing on July 1, 20__ through and including July 1, 20__ (collectively, the "Discount Bonds"), are less than the respective amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price (assuming it is the first price at which a substantial amount of that maturity of Discount Bonds was sold (the "OID Issue Price")) of the Discount Bonds and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount." With respect to a Beneficial Owner who purchases a Discount Bond in the initial public offering at the OID Issue Price and who holds the Discount Bond to maturity, the full amount of original issue discount will constitute interest income which is not includable in the gross income of the Beneficial Owner of the Discount Bond for federal income tax purposes and Arizona income tax purposes and that Beneficial Owner will not, under present federal income tax law and present Arizona income tax law, realize a taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated for federal income tax purposes and Arizona income tax purposes as accreting daily over the term of such Discount Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 (with straight-line interpolation between compounding dates).

The amount of original issue discount accreting each period will be added to the Beneficial Owner's tax basis for the Discount Bond. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bond. An initial Beneficial Owner of a Discount Bond who disposes of the Discount Bond prior to maturity should consult his or her tax advisor as to the amount of the original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Discount Bond prior to maturity.

The Code contains certain provisions relating to the accretion of original issue discount in the case of subsequent Beneficial Owners of the Discount Bonds. Beneficial Owners who do not purchase the Discount Bonds in the initial offering at the OID Issue Price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

A portion of the original issue discount that accretes in each year to a Beneficial Owner of a Discount Bond may result in certain collateral federal income tax consequences as described in "TAX EXEMPTION" herein.

Beneficial Owners of Discount Bonds in states other than Arizona should consult their own tax advisors with respect to the state and local tax consequences of owning Discount Bonds.

BOND PREMIUM

The initial public offering prices of the Bonds maturing on July 1, 20__ through and including July 1, 20__ (collectively, the "Premium Bonds") are greater than the amount payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner's yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

UNDERWRITING

The Bonds will be purchased by the Underwriter at an aggregate purchase price of $_____, pursuant to a bond purchase agreement (the "Purchase Contract") entered into by and between the District and the Underwriter. If the Bonds are sold to produce the yields shown on the inside front cover page hereof, the Underwriter's compensation will be $_____. The Purchase Contract provides that the Underwriter will purchase all of the Bonds so offered if any are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at yields lower than the public offering yields stated on the inside front cover page hereof. The initial offering yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter without amendment of the Official Statement.

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments

and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

RELATIONSHIP AMONG PARTIES

Bond Counsel has previously represented, and is currently representing, the Underwriter with respect to other financings and has acted or is acting as bond counsel with respect to other bonds underwritten by the Underwriter and may do so in the future. Bond Counsel also serves and has served as bond counsel for one or more of the political subdivisions that the District territorially overlaps. Counsel to the Underwriter has previously acted as bond counsel with respect to other bonds underwritten by the Underwriter and may continue to do so in the future if requested.

CONTINUING DISCLOSURE

The District will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the District by not later than April 1 in each year commencing April 1, 2027 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the District as such will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system ("EMMA"), each as described in APPENDIX G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission's Rule 15c2-12(b)(5) (the "Rule"). A failure by the District to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. *Pursuant to Arizona Law, the ability of the District to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* Should the District not comply with such covenants due to a failure to appropriate for such purpose, the District has covenanted to provide notice of such fact to the MSRB through EMMA. Absence of continuing disclosure, due to non-appropriation or otherwise, could adversely affect the Bonds, specifically their market price and transferability.

The District failed to timely file its audit for the fiscal year ending June 30, 2021. Such audit has since been filed. The District reviewed its filing requirements pursuant to its existing continuing disclosure undertakings to comply with covenants to assist the Underwriter in complying with the Rule. The District has implemented written procedures to facilitate compliance with such undertakings.

GENERAL PURPOSE FINANCIAL STATEMENTS

The annual comprehensive financial report of the District for the fiscal year ended June 30, 2025, a copy of which is included in APPENDIX C – "THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" of this Official Statement, includes the District's financial statements for the fiscal year ended June 30, 2025 that were audited by DRS CPA, PLLC, a certified public accounting firm, to the extent indicated in its report thereon. **The District has not requested the consent of DRS CPA, PLLC to include its report and DRS CPA, PLLC has performed no procedures subsequent to rendering its report on the financial statements.**

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX C OF THIS OFFICIAL STATEMENT ARE CURRENT AS OF THEIR DATE ONLY AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE DISTRICT.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are "forward looking statements" that must be read with an abundance of caution and that may not be realized or may not occur in the future. All financial and other information in this Official Statement has been derived by the District from official records and other sources and is believed by the District to be accurate and reliable. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District and its accuracy is not guaranteed. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13 OF COCHISE COUNTY, ARIZONA

By: _____
President of the Governing Board

APPENDIX A

THE DISTRICT – DISTRICT INFORMATION

General Information

The District encompasses approximately 900 square miles. The District is situated in the northeast portion of Cochise County, Arizona (the "County"). The District is primarily rural, but encompasses all of the City of Willcox, Arizona (the "City"). The first school in the City was established in 1881. See APPENDIX D for information regarding the City and APPENDIX E for information regarding the County. The estimated population within the District is approximately 7,212.

Enrollment

The following chart illustrates the current and historical average daily membership ("A.D.M.") of the District's student population.

TABLE 2

AVERAGE DAILY MEMBERSHIP
Willcox Unified School District No. 13

Fiscal Year	A.D.M. *(a)*
2026/27 *(b)*	1,000
2025/26	1,007
2024/25	1,039
2023/24	1,026
2022/23	1,035
2021/22	1,001

(a) *A.D.M. means average daily membership and is computed by taking the average number of students enrolled over the first 100 days of the school year, with students that are concurrently enrolled in Local Education Agencies being counted on a fractional basis for purposes of determining the District's A.D.M.*

(b) *District estimate.*

Source: The Arizona Department of Education and the District.

Facilities

The District currently operates the following schools:

TABLE 3

SCHOOL FACILITIES
Willcox Unified School District No. 13

Facility	Grade Range
Willcox Elementary School	Pre-K – 4
Willcox Middle School	5 – 8
Willcox High School	9 – 12

Administration and Governance

The District has 4 principals and administrators, 75 certified teachers and 75 classified support personnel. This provides the District with an average student to teacher staffing ratio of 15:1.

The District is governed by one District Superintendent and a five-member Governing Board. The present members of the Governing Board are:

TABLE 4

GOVERNING BOARD
Willcox Unified School District No. 13

Homer Hansen, *President*
Terri Kibler, *Vice President*
Steve Marlatt, *Clerk*
Bill Ryan, *Member*
James Allen, *Member*

Information Related to Potential Community Reinvestment Act Credit

The Community Reinvestment Act (the "CRA") is federal legislation that is intended to encourage depository institutions to help meet the credit needs of low and moderate income neighborhoods. Performance for purposes of the CRA is evaluated in a number of ways including credits for investment in areas that provide free or reduced price school meals through the National School Lunch Program to eligible students who participate in certain federal assistance programs (including the Supplemental Nutrition Assistance Program).

The table below shows schools of the District where at least 50% of the students are eligible for the National School Lunch Program. **The table below presents eligibility information as of January 6, 2026, which is the most recent report from the Arizona Department of Education Health and Nutrition Services with such information. Such eligibility information is the most recent available for the District, is not current and therefore must be considered with an abundance of caution.**

TABLE 5

NATIONAL SCHOOL LUNCH PROGRAM
Willcox Unified School District No. 13

Facility	Eligibility Percent *(a)*
Willcox Elementary School	98 %
Willcox Middle School	86
Willcox High School	71

No representation is made as to the status of any investment in the Bonds as it might affect performance by any depository institution under the CRA.

(a) *Based on claim data for the month of October as reported by school food authorities. School year 2025/26 eligibility data published as of January 6, 2026.*

Source: *Free and Reduced-Price Percentage Report School Year 2025-2026*, Arizona Department of Education Health and Nutrition Services.

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APPENDIX B

THE DISTRICT – FINANCIAL INFORMATION

PROPERTY TAXES

As described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS," the District will be required by law to cause to be levied on all the taxable property in the District a continuing, direct, annual, *ad valorem* property tax sufficient to pay all principal, interest, and costs of administration for the Bonds as the same become due. The State's *ad valorem* property tax levy and collection procedures are summarized under this heading "PROPERTY TAXES."

Taxable Property

Real property and improvements and personal property are either valued by the Assessor of the County or the Arizona Department of Revenue (the "Department of Revenue"). Property valued by the Assessor of the County is referred to as "locally assessed" property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Department of Revenue is referred to as "centrally valued" property and generally includes large mine and utility entities.

Locally assessed property is assigned two values: Full Cash Value and Limited Property Value (both as defined herein). Centrally valued property is assigned one value: Full Cash Value.

Full Cash Value

In the context of a specific property parcel, full cash value ("Full Cash Value") is statutorily defined to mean "the value determined as prescribed by statute" or if a statutory method is not prescribed it is "synonymous with market value, which means the estimate of value that is derived annually by using standard appraisal methods and techniques," which generally include the market approach, the cost approach and the income approach. In valuing locally assessed property, the Assessor of the County generally uses a cost approach to value commercial/industrial property and a market approach to value residential property. In valuing centrally valued property, the Department of Revenue begins generally with information provided by taxpayers and then applies procedures provided by State law. State law allows taxpayers to appeal such Full Cash Values by providing evidence of a lower value, which may be based upon another valuation approach. Full Cash Value is used as the ceiling for determining Limited Property Value. Unlike Limited Property Value, increases in Full Cash Value are not limited.

Limited Property Value

In the context of a specific property parcel, limited property value ("Limited Property Value") is a property value determined pursuant to the Arizona Constitution and the Arizona Revised Statutes. Except as described in the next sentence, for locally assessed property in existence in the prior year, Limited Property Value is limited to the lesser of Full Cash Value or an amount 5% greater than Limited Property Value determined for the prior year for such specific property parcel. In the following circumstances, Limited Property Value is established at a level or percentage of Full Cash Value that is comparable to that of other properties of the same or a similar use or classification: property that was erroneously totally or partially omitted from the property tax rolls in the preceding tax year, except as a result of the matters described in this sentence; property for which a change in use has occurred since the preceding tax year and property that has been modified by construction, destruction, or demolition since the preceding valuation year such that the total value of the modification is equal to or greater than 15% of the Full Cash Value. (Limited Property Value of property that has been split, subdivided or consolidated varies depending on when the change occurred.) A separate Limited Property Value is not provided for centrally valued property.

Full Cash Value and Limited Property Value for Taxing Jurisdictions

The Full Cash Value in the context of a taxing jurisdiction is the sum of the Full Cash Value associated with each parcel of property in the jurisdiction. Full Cash Value of the jurisdiction is the basis for determining constitutional and statutory debt limits for certain political subdivisions in Arizona, including the District.

The Limited Property Value in the context of a taxing jurisdiction is the sum of the Limited Property Value associated with each parcel of locally assessed property within the jurisdiction plus the sum of the Full Cash Value associated with each parcel of centrally valued property within the jurisdiction. Limited Property Value of the jurisdiction is used as the basis for levying both primary and secondary taxes. See "Primary Taxes" and "Secondary Taxes" below.

Property Classification and Assessment Ratios

All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the Limited Property Value or Full Cash Value of the property, as applicable, to obtain the "Limited Assessed Property Value" and the "Full Cash Assessed Value," respectively.

The assessment ratios for each property classification are set forth by tax year in the following table.

TABLE 6

Property Tax Assessment Ratios (Tax Year)

Property Classification *(a)*	2022	2023	2024	2025	2026
Mining, utilities, commercial and industrial *(b)*	17.5%	17%	16.5%	16%	15.5%
Agricultural and vacant land	15	15	15	15	15
Owner occupied residential	10	10	10	10	10
Leased or rented residential	10	10	10	10	10
Railroad, private car company and airline flight property *(c)*	15	14	14	13	13

(a) Additional classes of property exist, but seldom amount to a significant portion of a municipal body's total valuation.

(b) The assessment ratio for this property classification will decrease to 15% for tax year 2027 and each tax year thereafter.

(c) This percentage is determined annually pursuant to Section 42-15005, Arizona Revised Statutes.

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue.

Primary Taxes

Per State statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are "primary taxes." Primary taxes are levied against Net Limited Assessed Property Value (as defined herein). "Net Limited Assessed Property Value" is determined by excluding the value of property exempt from taxation from Limited Assessed Property Value of locally assessed property and from Full Cash Assessed Value of centrally valued property and combining the resulting two amounts.

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the maximum allowable prior year's levy limit plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

The combined taxes on owner occupied residential property only, for purposes other than voter-approved bond indebtedness and overrides and certain special district assessments, are constitutionally limited to 1% of the Limited Property Value of such property. This constitutional limitation on the combined tax levies for owner occupied residential property is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid.

Secondary Taxes

Per State statute, taxes levied for payment of bonds like the Bonds, voter-approved budget overrides, the maintenance and operation of special purpose districts such as sanitary, fire, road improvement, water conservation and career technical education districts, and taxes levied by school districts for qualified desegregation expenditures are "secondary taxes." Like primary taxes, secondary taxes are also levied against Net Limited Assessed Property Value. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and overrides and certain special district assessments.

Calculating Debt Limitations

Net Full Cash Assessed Value is determined by excluding the value of property exempt from taxation from Full Cash Assessed Value of both locally assessed and centrally valued property and combining the resulting two amounts. Net Full Cash Assessed Value is the basis for determining bonded debt limitations for certain political subdivisions in Arizona, including the District.

Tax Procedures

The State tax year has been defined as the calendar year, notwithstanding the fact that tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth certain valuations by taxing district of all property in the County subject to taxation. The tax roll is then forwarded to the Treasurer. (The Assessor of the County is required to have completed the assessment roll by December 20th of the year prior to the levy. This roll identifies the valuation and classification of each parcel located within the County for the tax year.)

Property owners may file an appeal with the Assessor of the County to request a review of the Assessor of the County's determination of the Full Cash Value and legal classification of their property. Once the appeals process is complete, the Assessor of the County, if necessary, corrects the tax roll based upon the appeal decisions and sends the corrected values to each taxing jurisdiction (cities, school districts, including the District, community colleges and special districts such as fire and health).

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then levied upon each non-exempt parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll due to appeals through the process described above or other reasons reduces the amount of taxes received by each jurisdiction.

On occasion, it may be determined that a taxpayer or class of taxpayers is due a property tax refund associated with a successful appeal. These refunds may be for a single year or several years and may range widely in amount. Generally, these refunds are paid by the treasurer of the appropriate county with amounts received from the underlying taxing jurisdictions which, in most cases, may levy an additional property tax in the following year to account for that underlying taxing jurisdiction's portion of the taxpayer refund. Importantly, in most cases, taxpayer refunds of this type are not the ultimate burden of the underlying taxing jurisdiction, as the underlying taxing jurisdictions levied a tax in an amount which was based on the approved (i.e., pre-appeal) property tax levy. Refunds do not change the amount of revenue the underlying taxing jurisdictions are eligible to receive for the affected fiscal years, but such refunds do change the distribution of the burden of the property taxes among the taxpayers. This is reconciled by the underlying taxing jurisdictions levying for the refunded amounts in a subsequent year.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years. Set forth below is a record of property taxes levied and collected in the District for a portion of the current fiscal year and all of the previous five fiscal years.

TABLE 7

Property Taxes Levied and Collected *(a)*
Willcox Unified School District No. 13

Fiscal Year	District Tax Rate	Adopted District Tax Levy	Adjusted District Tax Levy as of June 30th	Collected to June 30th of Initial Fiscal Year		Adjusted District Tax Levy as of 9/2/2026	Cumulative Collections to September 02, 2026	
				Amount	% of Adj. Levy		Amount	% of Adj. Levy
2026/27	$ 5.8981	*(b)*	*(b)*	*(b)*	*(b)*	*(b)*	*(b)*	*(b)*
2025/26	5.9144	$ 4,925,702	$ 4,873,373	$ 4,628,584	94.98 %	$ 4,873,393	$ 4,679,916	96.03 %
2024/25	5.9463	4,826,524	4,818,679	4,552,567	94.48	4,817,245	4,791,690	99.47
2023/24	5.9524	4,766,262	4,758,866	4,575,027	96.14	4,757,381	4,736,655	99.56
2022/23	5.9653	4,657,737	4,652,657	4,469,111	96.06	4,639,396	4,628,218	99.76
2021/22	6.0330	4,319,053	4,325,362	4,152,798	96.01	4,320,216	4,298,702	99.50

(a) Taxes are collected by the Treasurer. Taxes are levied by the Board of Supervisors of the County as required by the Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County's General Fund. Interest and penalties with respect to the first half tax collections (delinquent November 1) are waived if the full year's taxes are paid by December 31.

In November 2025, voters in the District authorized the District to continue to exceed its statutorily prescribed budget limit for maintenance and operations expenditures by an amount not exceeding 10% of the prescribed limit. The authorization extends for seven years, began in fiscal year 2026/27 and extends through fiscal year 2032/33, although in fiscal years 2031/32 and 2032/33, the amount by which the prescribed limit may be exceeded will be limited to 6.67% and 3.33%, respectively. If voters do not authorize the District by fiscal year 2030/31 to continue to exceed its prescribed maintenance and operation budget limit by 10%, the District will be required to decrease its budgeted expenditures in the fiscal years that follow.

(b) 2026/27 taxes in course of collection:
First installment due 10-01-26; delinquent 11-01-26;
Second installment due 03-01-27; delinquent 05-01-27.

Source: The Office of Budget and Finance of the County.

Delinquent Tax Procedures

The property taxes due the District are billed, along with State and other taxes, each September and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of each subsequent month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the Treasurer prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer to deliver a treasurer's deed to the certificate holder as prescribed by law.

Notwithstanding the foregoing, Chapter 176, Laws of Arizona 2024 (commonly referred to by its original bill number as "SB 1431") revises the redemption and foreclosure process for tax lien certificate holders whereby a delinquent taxpayer may request an entry of judgment directing the sale of the property for excess proceeds. If a delinquent taxpayer requests an excess proceeds sale, and an entry of judgment is granted to direct such excess proceeds sale, a tax lien certificate holder's potential financial return on the subject tax lien eligible for foreclosure may decrease relative to the tax lien certificate holder's potential financial return on such tax lien prior to the enactment of SB 1431. Therefore, in connection with the new excess proceeds sale process instituted by SB 1431, it is reasonable to conclude that bidders at the tax lien sale may be less willing to purchase tax liens. The effective date of SB 1431 was September 14, 2024. In June 2026, the Governor of Arizona signed into law House Bill 2780 ("HB 2780"), a bill intended to provide technical clarifications to the SB 1431 framework, including clarifying sale procedures and the computation of credit bids. The effective date of HB 2780, codified as Chapter 256, Laws of Arizona 2026, is September 12, 2026. None of the District, the Underwriter or the counsel or agents of any of them, are able to determine or predict what impact, if any, SB 1431, as modified by HB 2780, will have on property tax collections in the District.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect *ad valorem* taxes on property of a taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When an owner of land or property within the District (a "debtor") files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Underwriter or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

ASSESSED VALUATIONS AND TAX RATES

TABLE 8

Direct and Overlapping Net Limited Assessed Property Values and Tax Rates Per $100 Net Limited Assessed Property Valuation

Overlapping Jurisdiction	2026/27 Net Limited Assessed Property Value	2026/27 Total Tax Rate Per $100 Net Limited Assessed Property Value
State of Arizona	$ 97,490,938,852	None
Cochise County	1,202,719,231	$ 2.6283
Cochise County Community College District	1,202,719,231	2.4020
Cochise County Fire District Assistance Tax	1,202,719,231	0.1000
Cochise County Library District	1,202,719,231	0.1427
Cochise County Flood Control District *(a)*	1,046,870,661	0.2436
Northern Cochise Hospital District	182,120,265	1.3178
San Pedro Valley Hospital District	138,113,072	0.9000
City of Willcox	23,659,507	0.3495
Cochise Joint Technology District	1,040,083,259	0.0500
Willcox Unified School District No. 13	91,371,167	3.2006

(a) The assessed value of the Cochise County Flood Control District does not include the personal property assessed valuation of the County.

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and Assessor and Office of Budget and Finance of the County.

TABLE 9

Net Limited Assessed Property Value by Property Classification
Willcox Unified School District No. 13

Class	2026/27	2025/26	2024/25	2023/24	2022/23
Commercial, industrial, utilities and mines	$ 38,020,093	$ 36,720,253	$ 37,982,118	$ 39,172,746	$ 37,481,361
Agricultural and vacant	23,712,637	22,250,813	21,935,016	20,922,193	18,959,419
Residential (owner occupied)	20,579,608	19,743,880	18,768,267	18,346,476	15,878,028
Residential (rental)	8,432,400	8,024,103	7,060,482	6,977,751	7,566,327
Railroads, private rail cars and flight property	603,585	752,955	881,807	1,144,363	1,711,255
Historical property	22,844	21,757	20,720	19,734	24,971
Totals *(a)*	$ 91,371,167	$ 87,513,761	$ 86,648,410	$ 86,583,263	$ 81,621,361

(a) Totals may not add up due to rounding.

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue and Office of Budget and Finance of the County.

TABLE 10

Net Limited Assessed Property Value of Major Taxpayers *(a)*
Willcox Unified School District No. 13

Major Taxpayer *(b)*	2026/27 Net Limited Assessed Property Value	As % of 2026/27 Net Limited Assessed Property Value
Riverview LLP DBA Coronado Farms LLP	$ 9,904,728	10.84 %
El Paso Natural Gas Company	9,134,770	10.00
Sulphur Springs Valley Electric Co-Op Inc (T&D)	6,405,937	7.01
IIP AZ 1 LLC	1,266,927	1.39
Riverview LLP	1,255,591	1.37
Unisource Energy Corporation	1,096,683	1.20
Red Horse Wind 2 Holdings, LLC	943,071	1.03
Valley Telephone Co-Op	887,438	0.97
Valley Connections LLC	844,968	0.92
Roserock Holdings LLC	779,537	0.85
	$ 32,519,650	35.59 %

(a) As shown in this table, there is concentration of assessed valuation in certain District taxpayers. The ten largest taxpayers in the District accounted for $32,519,650, or approximately 35.59%, of the District's fiscal year 2026/27 Net Limited Assessed Property Value. The two largest taxpayers, Riverview LLP DBA Coronado Farms LLP and El Paso Natural Gas Company, accounted for $9,904,728 and $9,134,770, or approximately 10.84% and 10.00%, of such value, respectively; the third largest taxpayer accounted for approximately 7.01%, and no other taxpayer accounted for more than approximately 1.39%. The ad valorem tax securing the Bonds is levied against all taxable property in the District. A reduction in the Net Limited Assessed Property Value of one or more major taxpayers, whether resulting from a successful valuation appeal, a change in use, a relocation or cessation of operations or other causes, would reduce the District's Net Limited Assessed Property Value and, to the extent not offset, would increase the tax rate required to be levied against the remaining taxable property in the District to pay debt service on the Bonds. The delinquency, insolvency, or bankruptcy of a major taxpayer could similarly delay or reduce collections. No assurance can be given that the District's major taxpayers will maintain their current assessed valuations or continue to operate within the District. Because the Bonds are payable from a continuing, direct, annual ad valorem tax levied without limit as to rate or amount, a reduction in the Net Limited Assessed Property Value attributable to one or more major taxpayers would not reduce the amount required to be levied to pay the Bonds; rather, the resulting burden would be borne by the remaining taxable property in the District through an increased tax rate. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein and "PROPERTY TAXES" above.

(b) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at http://www.sec.gov. No representatives of the District, the Underwriter, Bond Counsel or counsel to the Underwriter have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: The Assessor of the County.

TABLE 11

Comparative Net Limited Assessed Property Values

Fiscal Year	Willcox Unified School District No. 13	City of Willcox	Cochise County	State of Arizona
2026/27	$ 91,371,167	$ 23,659,507	$ 1,202,719,231	$ 97,490,938,852
2025/26	87,513,761	22,819,901	1,163,982,703	92,368,086,849
2024/25	86,648,410	22,350,073	1,114,079,974	88,425,625,840
2023/24	86,583,263	20,702,700	1,074,552,911	83,026,514,349
2022/23	81,621,361	19,605,200	1,023,219,906	78,415,651,030

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and Office of Budget and Finance of the County.

TABLE 12

Estimated Net Full Cash Value History
Willcox Unified School District No. 13

Fiscal Year	Estimated Net Full Cash Value *(a)*
2026/27	$ 866,578,700
2025/26	853,883,045
2024/25	844,978,367
2023/24	780,919,781
2022/23	603,673,227

(a) Estimated Net Full Cash Value is the total market value of the property within the District less the estimated Full Cash Value of property exempt from taxation within the District.

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue.

DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

TABLE 13

Current Year Statistics (For Fiscal Year 2026/27)
Willcox Unified School District No. 13

Total General Obligation Bonds Outstanding and to be Outstanding	$ 17,635,000**(a)*
Net Limited Assessed Property Value	91,371,167
Net Full Cash Assessed Value	114,638,805
Estimated Net Full Cash Value	866,578,700

* *Subject to change.*

(a) Includes the Bonds. See footnotes (b) and (c) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds and previously issued school improvement bonds for State voter authorization and debt limit purposes.

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue and Assessor and Office of Budget and Finance of the County.

TABLE 14

Direct General Obligation Bonded Debt Outstanding and to be Outstanding
Willcox Unified School District No. 13

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding and to be Outstanding
2023	$ 4,550,000	Refunding	2033	$ 3,160,000
2024A	6,815,000	School improvements	2043	6,475,000
Total General Obligation Bonded Debt Outstanding				$ 9,635,000
Plus: The Bonds				8,000,000*
Total General Obligation Bonded Debt Outstanding and to be Outstanding				$ 17,635,000* *(a)*

* *Subject to change.*

(a) Includes the Bonds. See footnotes (b) and (c) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds and previously issued school improvement bonds for State voter authorization and debt limit purposes.

Constitutional / Statutory Debt Limit / Unused Borrowing Capacity after Bond Issuance
Willcox Unified School District No. 13

TABLE 15

2026/27 Arizona Constitutional Debt Limitation	
(30% of Net Full Cash Assessed Value)	$ 34,391,641
Less: Bonds Outstanding and to be Outstanding *(a)*	(17,635,000) *
Less: [Net] Original Issue Premium of the Bonds *(b)*	(_____) *
Less: Unamortized Original Issue Premium of Prior Bonds *(c)*	(318,144)
Unused Constitutional Borrowing Capacity	$ 16,438,497 *

* *Subject to change.*

(a) Includes the Bonds.

(b) This amount represents premium on the Bonds, which has been or will be deposited into the Bond Building Fund for project cost use, and such amount reduces in equal amount the borrowing capacity of the District under State statutes and the Arizona Constitution and the principal amount of school improvement bonds authorized at the Election (as described under the heading "THE BONDS – Authorization and Purpose"). Such capacity (but not authorization) will be recaptured as premium is amortized.

(c) This amount represents certain of the unamortized premium on the District's outstanding bonds issued after August 2016, which amount is treated as described in footnote (b) above.

TABLE 16

2026/27 Statutory Limitation on Class B Bonds	
[Greater of 20% of the Net Full Cash Assessed Value ($22,927,761)	
or $1,500 per student ($1,510,500)]	$ 22,927,761
Less: Class B Bonds Outstanding and to be Outstanding *(a)*	(17,635,000) *
Less: [Net] Original Issue Premium of the Bonds *(b)*	(_____) *
Less: Unamortized Original Issue Premium of Prior Bonds *(c)*	(318,144)
Unused Statutory Borrowing Capacity	$ 4,974,617 *

* *Subject to change.*

(a) "Class B" bonds are school district general obligation bonds, like the Bonds, approved by a vote of the qualified electors of a school district at an election held from and after December 31, 1998, and subject to the statutory debt limitation indicated in this table. Includes the Bonds.

(b) See footnote (b) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds for State voter authorization and debt limit purposes.

(c) See footnote (c) to TABLE 15 above.

TABLE 17

Direct and Overlapping General Obligation Bonded Debt
Willcox Unified School District No. 13

Overlapping Jurisdiction	General Obligation Bonded Debt *(b)*	Proportion Applicable to the District *(a)*	
		Approximate Percent	Net Debt Amount
State of Arizona	None	0.09 %	None
Cochise County	None	7.60	None
Cochise County Community College District	None	7.60	None
Cochise County Fire District Assistance Tax	None	7.60	None
Cochise County Library District	None	7.60	None
Cochise County Flood Control District *(b)*	None	8.73	None
Northern Cochise Hospital District	None	48.79	None
San Pedro Valley Hospital District	None	1.82	None
City of Willcox	None	100.00	None
Cochise Joint Technology District	None	8.78	None
Willcox Unified School District No. 13 *(c)*	$17,635,000*	100.00	$17,635,000*
Net Direct and Overlapping General Obligation Bonded Debt			$17,635,000*

(a) Proportion applicable to the District is computed on the ratio of Net Limited Assessed Property Value for 2026/27.

(b) Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various County and city improvement districts, as the bonds of these districts are presently being paid from special assessments against property within the various improvement districts.

(c) Includes the Bonds.

* *Subject to change.*

Source: The various entities, *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue and the Assessor, Office of Budget and Finance and Treasurer.

TABLE 18

Direct and Overlapping General Obligation Bonded Debt Ratios
Willcox Unified School District No. 13

	Per Capita Bonded Debt Population Estimated @ 7,212	As % of District's 2026/27 Net Limited Assessed Property Value	As % of District's 2026/27 Estimated Net Full Cash Value
Net Direct General Obligation Bonded Debt *(a)**	$2,445.23	19.30%	2.04%
Net Direct and Overlapping General Obligation Debt *(a)**	2,445.23	19.30	2.04

* *Subject to change.*

(a) Includes the Bonds.

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue, *Property Tax Rates and Assessed Values,* Arizona Tax Research Association, Assessor and Office of Budget and Finance of the County and the U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) Program (data released in January 2026).

TABLE 19

Other Obligations
Willcox Unified School District No. 13

The District has the following capital lease payment obligations outstanding.

Item	Average Annual Payment Amount	Periods Due
School Bus	*$33,500*	*Annually through February 2027*

DISTRICT EMPLOYEE RETIREMENT SYSTEM

Retirement Plan

The District's employees are covered by the Arizona State Retirement System (the "System"), a cost-sharing, multiple-employer defined benefit plan. The annual contribution rates are prescribed to be the rate actuarially determined by the System's actuary, with minimum employer and employee rate requirements of not less than 2.00%. For fiscal year 2026/27, the District's and its employees' contribution has been calculated by the actuary to be 11.98% (11.87% Retirement Pension and Health Insurance Benefit, 0.11% Long Term Disability Income Plan) of payroll amounts. For fiscal year 2025/26, the District's and its employees' contribution was 12.00% (11.86% Retirement Pension and Health Insurance Benefit, 0.14% Long Term Disability Income Plan) of payroll amounts. For fiscal year 2024/25, the District's and its employees' contribution was 12.27% (12.12% Retirement Pension and Health Insurance Benefit, 0.15% Long Term Disability Income Plan) of payroll amounts. See Note 12 in APPENDIX C – "THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" for further discussion of the District and its employees' obligations to the System as of June 30, 2025.

The Governmental Accounting Standards Board ("GASB") adopted GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their "proportionate share" of the plan's net pension liability in their government-wide financial statements. GASB 68 also requires that the cost-sharing employer's pension expense component include its proportionate share of the System's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share. Both the District and each covered employee contribute to the System. At June 30, 2025, the District reported a liability of $8,418,392 for its proportionate share of the net pension liability under the System. The pension liability was measured as of June 30, 2024. See Note 12 in APPENDIX C – "THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" for further discussion.

Other Post-Employment Benefits

During the year ended June 30, 2018, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). The District is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. GASB 75 addresses reporting by governments that provide OPEB by measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plan. Please refer to APPENDIX C of the Official Statement which includes the District's audited financial statements and specifically "NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

The District currently does not offer any OPEB. The District's employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the State. Such individuals may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the State. The benefits are available to all retired participants in the State's health care program. The District does not currently make payments for OPEB costs for such retirees.

REVENUES AND EXPENDITURES

The following information of the District was derived from the annual expenditure budget of the District for fiscal year 2026/27, the unaudited financial report for fiscal year 2025/26 and the audited financial statements of the District for fiscal years 2020/21 through and including 2024/25. (State law no longer requires school districts to file revenue budgets.) Budgeted figures for fiscal year 2026/27 and unaudited figures for fiscal year 2025/26 are on a cash basis and are presented in the format required by State law. Budgeted figures for fiscal year 2026/27 and unaudited figures for 2025/26 are "forward looking" statements that may not be realized during the course of the fiscal year as presented herein and thus must be viewed with an abundance of caution. Audited figures for fiscal years 2020/21 through and including 2024/25 are on a modified accrual basis. The presentation which follows has not been independently subject to any audit procedures.

The following information should be read in conjunction with the audited financial statements of the District. **See APPENDIX C for the District's most recent audited general purpose financial statements, which are for fiscal year ended June 30, 2025.** Such audited financial statements are the most recent available for the District, are not current and therefore must be considered with an abundance of caution. **The District has not requested the consent of DRS CPA, PLLC to include its report and DRS CPA, PLLC has performed no procedures subsequent to rendering its report on the financial statements.**

TABLE 20

General Fund
Willcox Unified School District No. 13

	Budgeted	Unaudited	Audited				
	2026/27	2025/26	2024/25	2023/24	2022/23 *(b)*	2021/22	2020/21
FUND BALANCE AT BEGINNING OF YEAR		$ 3,726,592*(a)*	$ 4,996,798	$ 3,965,824	$ 4,164,908	$ 4,323,386	$ 3,479,992
REVENUES							
Other Local		$ 178,062	$ 340,770	$ 322,697	$ 206,731	$ 291,353	$ 410,507
Property taxes		3,135,870	3,410,558	3,526,330	3,524,408	2,914,488	2,968,237
State aid and grants		6,363,214	6,834,127	6,895,215	5,906,046	4,455,303	4,512,445
Federal Aid, grants and reimbursements		-	84,982	121,815	106,917	110,060	135,858
TOTAL REVENUES		$ 9,677,146	$ 10,670,437	$ 10,866,057	$ 9,744,102	$ 7,771,204	$ 8,027,047
ADJUSTMENTS							
Increase (decrease) in reserve for prepaid items		$ -	$ (215,832)	$ -	$ -	$ -	$ -
Transfers in/(out)		-	1,000	48,626	27,528	78,572	29,913
Reclassification of funds		-	-	450,526	-		-
Financed purchase agreements		-	72,917	-	146,342	-	-
TOTAL FUNDS AVAILABLE FOR EXPENDITURES		$ 13,403,738	$ 15,525,320	$ 15,331,033	$ 14,082,880	$ 12,173,162	$ 11,536,952
EXPENDITURES							
Current							
Instruction	$ 5,493,777	$ 4,296,584	$ 5,192,548	$ 4,980,712	$ 4,749,069	$ 4,473,358	$ 4,053,461
Support services - students and staff	961,200	984,416	840,566	846,567	888,293	768,836	632,966
Support services - administration	776,850	778,680	1,707,586	1,367,915	1,727,855	1,324,677	1,161,116
Operation and maintenance of plant services	1,994,000	1,873,233	1,342,626	1,714,346	1,581,814	1,189,348	1,057,771
Student transportation services	471,100	478,491	566,365	379,199	431,181	361,721	294,809
Operation of non-instructional services	53,500	70,391	51,260	11,588	16,492	20,561	13,443
Central services	706,500	690,718	-	-	-	-	-
School-sponsored Cocurricular Activities	96,100	89,670	-	-	-	-	-
School-sponsored Athletics	276,000	263,881	-	-	-	-	-
K-3 Reading Program	45,897	45,832	-	-	-	-	-
Capital outlay	-	-	140,918	1,000,481	673,801	12,034	-
Principal retirement	-	-	27,591	25,900	32,132	-	-
Interest and fiscal charges	-	-	5,836	7,527	16,419	-	-
TOTAL EXPENDITURES	$ 10,874,924	$ 9,571,896	$ 9,875,296	$ 10,334,235	$ 10,117,056	$ 8,150,535	$ 7,213,566
FUND BALANCE AT END OF YEAR		**$ 3,831,842**	**$ 5,650,024**	**$ 4,996,798**	**$ 3,965,824**	**$ 4,022,627**	**$ 4,323,386**

(a) The difference between the fund balance at the end of audited fiscal year 2024/25 and the fund balance at the beginning of unaudited fiscal year 2025/26 results from certain District funds not being included in the beginning fund balance for fiscal year 2025/26 as reported in the Annual Financial Report prepared by the District and submitted to the Arizona Department of Education. District representatives expect that the fund balance at the end of fiscal year 2024/25 and the fund balance at the beginning of fiscal year 2025/26 will be reconciled upon completion of the audit of the District's fiscal year 2025/26 financial statements. No assurance can be given as to the results of that audit.

(b) For fiscal year 2022/23, the District's auditor began including the Unrestricted Capital Outlay Fund as part of the District's General Fund, resulting in the adjustment to the District's General Fund beginning balance.

TABLE 21

Debt Service Fund
Willcox Unified School District No. 13

	Budgeted	Unaudited	Audited				
	2026/27	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21
FUND BALANCE AT BEGINNING OF YEAR		$ 1,367,045 *(a)*	$ 356,111	$ 338,415	$ 352,481	$ 287,590	$ 278,619
REVENUES							
Other local		$ 21,995	$ 21,811	$ 5,755	$ 6,392	$ 2,656	$ 3,457
Property taxes		1,399,881	1,313,135	894,547	882,173	994,016	947,946
TOTAL REVENUES		$ 1,421,876	$ 1,334,946	$ 900,302	$ 888,565	$ 996,672	$ 951,403
ADJUSTMENTS							
Transfers in/(out)		$ -	$ -	$ 18,928	$ -	$ -	$ -
TOTAL FUNDS AVAILABLE FOR EXPENDITURES		$ 2,788,921	$ 1,691,057	$ 1,257,645	$ 1,241,046	$ 1,284,262	$ 1,230,022
EXPENDITURES							
Debt service:	$ 1,500,000	$ 1,299,800					
Principal retirement			$ 780,000	$ 680,000	$ 655,000	$ 665,000	$ 655,000
Interest and fiscal charges			577,969	221,534	247,631	266,781	286,432
Administrative			500	-	-	-	1,000
TOTAL EXPENDITURES	$ 1,500,000	$ 1,299,800	$ 1,358,469	$ 901,534	$ 902,631	$ 931,781	$ 942,432
FUND BALANCE AT END OF YEAR		**$ 1,489,121**	**$ 332,588**	**$ 356,111**	**$ 338,415**	**$ 352,481**	**$ 287,590**

(a) The difference between the fund balance at the end of audited fiscal year 2024/25 and the fund balance at the beginning of unaudited fiscal year 2025/26 results from a different treatment of the applicable July 1 debt service payment. District representatives expect that the fund balance at the end of fiscal year 2024/25 and the fund balance at the beginning of fiscal year 2025/26 will be reconciled upon completion of the audit of the District's fiscal year 2025/26 financial statements. No assurance can be given as to the results of that audit.

APPENDIX C

THE DISTRICT

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The following audited financial statements are for the fiscal year ended June 30, 2025. These are the most recent audited financial statements available to the District. THESE FINANCIAL STATEMENTS ARE NOT CURRENT AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE DISTRICT. See "REVENUES AND EXPENDITURES" in APPENDIX B.

Such audited financial statements are the most recent available for the District, are not current and therefore must be considered with an abundance of caution. **The District has not requested the consent of DRS CPA, PLLC to include its report and DRS CPA, PLLC has performed no procedures subsequent to rendering its report on the financial statements.**

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CPA, PLLC

INDEPENDENT AUDITOR'S REPORT

Governing Board of
Willcox Unified School District No. 13
Willcox, Arizona

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 Willcox Unified School District No. 13, (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, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Emphasis of Matter

As described in financial statement note 2 and 3, the District implemented new accounting guidance of the Government Accounting Standards Board (GASB) Statement 101, *Compensated Absences*, for the year ended June 30, 2025, which represents a change in accounting principle. Our opinion in not modified with respect to this matter.

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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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, the budgetary comparison information, the pension and other postemployment benefits information, and the related notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic 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 combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections 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 March 13, 2026, 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.

DRS CPA, PLLC

Certified Public Accountant
Chandler, Arizona

March 13, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2025

As management of the Willcox Unified School District No. 13 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the audited financial statements included in this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year June 30, 2025, were as follows:

- As of June 30, 2025, the District's total net position was $18.0 million. This is an increase of $1.8 million, or 11.0 percent, from fiscal year 2023-24.
- General revenues of $12.1 million accounted for 72.9 percent of all fiscal year 2024-25 revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions of $4.5 million accounted for 27.1 percent of total fiscal year 2024-25 revenues.
- The District had $14.8 million in expenses related to governmental activities; of which $4.5 million of these expenses were offset by program specific charges for services, operating grants and contributions, and capital grants and contributions. General revenues of $12.1 million provided the resources for the remaining $10.3 million of District costs. The excess between the general revenues and remaining District costs resulted in net position increasing $1.8 million.
- The General Fund reported $10.7 million in revenues and $9.9 million in expenditures. The revenues consisted primarily of $3.4 million in property taxes and $6.8 million in state aid and grants. As a result of annual activity, the General Fund's fund balance increased $653,226.
- The District's net capital assets increased $3.6 million as a result of activity throughout the year including classroom remodels and landscaping projects. For additional information regarding the capital assets, see financial statement note 7.
- On July 1, 2024, the District made a $478,175 principal payment on outstanding bonds reducing the principal owed to $11.3 million as of June 30, 2025. For further information regarding bonds, see financial statement note 11.
- The District made a $27,591 principal payment on an outstanding financed purchase reducing the principal balance to $60,719 as of June 30, 2025. For further information regarding leases, see the financial statement notes.

OVERVIEW OF FINANCIAL STATEMENTS

The District's basic financial statements are comprised of the government-wide financial statements, the fund financial statements and the notes to the financial statements. These sections provide a comprehensive overview of the District's finances.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences).

The government-wide financial statements of the District include the governmental activities. Most of the District's basic services are included here, such as instruction, extra-curricular activities, curriculum and staff development, and general administration. Property taxes, intergovernmental revenues and grants finance most of these activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be presented within governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. The governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OVERVIEW OF FINANCIAL STATEMENTS

Information is presented separately in the governmental fund *Balance Sheet* and in the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* for all major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for all governmental funds. A budgetary comparison schedule is provided for the General Fund and any major special revenue funds. Additionally, material pension and other postemployment benefits schedules detailing the District's proportionate share of liabilities and contributions are presented as required supplementary information.

Other information. The combining and individual fund statements and schedules in connection with nonmajor governmental funds are presented immediately following the required supplementary information other than the MD&A. Combining and individual fund statements and schedules can be found following the required supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a comparison of the District's net position for the fiscal years ended June 30, 2025 and 2024.

	As of June 30, 2025	(Restated) As of June 30, 2024	Change	Percent Change
ASSETS				
Current and other assets	$ 14,919,133	$ 17,016,921	$ (2,097,788)	(12.3)%
Capital assets	25,030,542	21,425,592	3,604,950	16.8 %
Total assets	39,949,675	38,442,513	1,507,162	3.9 %
DEFERRED OUTFLOWS OF RESOURCES	1,434,762	1,519,997	(85,235)	(5.6)%
LIABILITIES				
Current and other liabilities	2,138,124	1,202,383	935,741	77.8 %
Noncurrent liabilities	20,087,542	22,145,941	(2,058,399)	(9.3)%
Total liabilities	22,225,666	23,348,324	(1,122,658)	(4.8)%
DEFERRED INFLOWS OF RESOURCES	1,131,536	368,288	763,248	207.2 %
NET POSITION				
Net investment in capital assets	16,003,311	15,756,213	247,098	1.6 %
Restricted	4,578,150	3,956,110	622,040	15.7 %
Unrestricted	(2,554,226)	(3,466,425)	912,199	26.3 %
Total net position	$ 18,027,235	$ 16,245,898	$ 1,781,337	11.0 %

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1.8 million as of June 30, 2025. The following represents significant information regarding changes and balances:

- The District's current assets decreased $2.1 million primarily due to a decrease in cash due to the District expending available bond funds.

- The District had $10.1 million of additions to capital assets and reclassificiations of construction in progress including classroom remodels and track remodeling, and $35,371 of net deletions to capital assets that were offset by depreciation expense of $1.5 million, resulting in an overall net increase in capital assets of $3.6 million.

- Current liabilities increased $935,741 due to an increase in bond payable.

- Noncurrent liabilities decreased $2.1 million, deferred outflows of resources decreased $85,235, and deferred inflows of resources increased $763,248 primarily due to the the repayment of bonds payable, and the results of investment activity and participant activity when compared to Arizona State Retirement System's estimates.

- By far, the largest portion of the District's net position, $16.0 million, reflects its net investment in capital assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Additionally, $4.6 million of the District's net position represents resources that are subject to external restrictions. The remaining deficit balance of net position, $2.6 million, is considered unrestricted. For additional information regarding net position, see financial statement note 1.O.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a comparison of the changes in net position for the fiscal years ended June 30, 2025 and 2024.

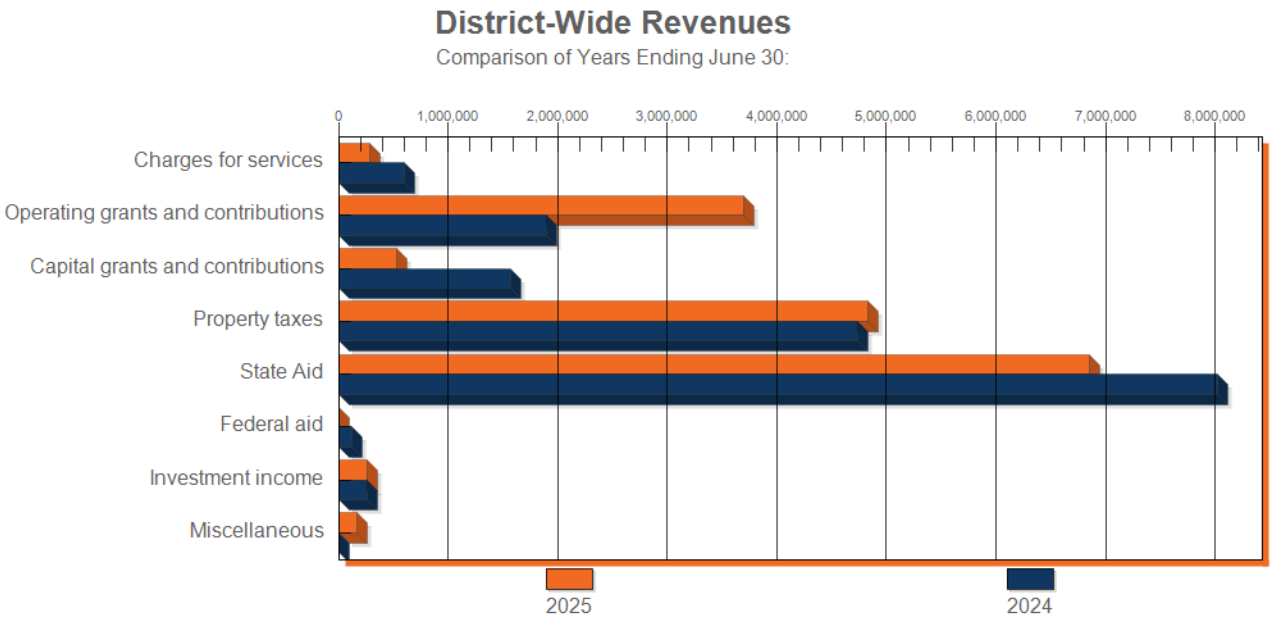
	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2024	Change	Percent Change
Revenues:				
Program revenues:				
Charges for services	$ 280,729	$ 602,705	$ (321,976)	(53.4)%
Operating grants and contributions	3,693,286	1,900,212	1,793,074	94.4 %
Capital grants and contributions	528,099	1,571,692	(1,043,593)	(66.4)%
General revenues:				
Property taxes	4,830,468	4,743,354	87,114	1.8 %
State Aid	6,853,707	8,022,488	(1,168,781)	(14.6)%
Federal aid	-	121,815	(121,815)	(100.0)%
Investment income	262,336	263,757	(1,421)	(0.5)%
Miscellaneous	174,871	-	174,871	100.0 %
Total revenues	16,623,496	17,226,023	(602,527)	(3.5)%
Expenses:				
Instruction	7,623,641	8,619,843	(996,202)	(11.6)%
Support services - students and staff	1,661,254	1,926,667	(265,413)	(13.8)%
Support services - administration	1,792,516	1,754,534	37,982	2.2 %
Operation and maintenance of plant	2,641,902	2,496,276	145,626	5.8 %
Student transportation services	79,622	728,172	(648,550)	(89.1)%
Operation of non-instructional services	515,199	498,493	16,706	3.4 %
Interest on long-term liabilities	528,025	133,718	394,307	294.9 %
Total expenses	14,842,159	16,157,703	(1,315,544)	(8.1)%
Change in net position	1,781,337	1,068,320	713,017	66.7 %
Beginning net position, restated	16,245,898	15,177,578	1,068,320	7.0 %
Ending net position	$ 18,027,235	$ 16,245,898	$ 1,781,337	11.0 %

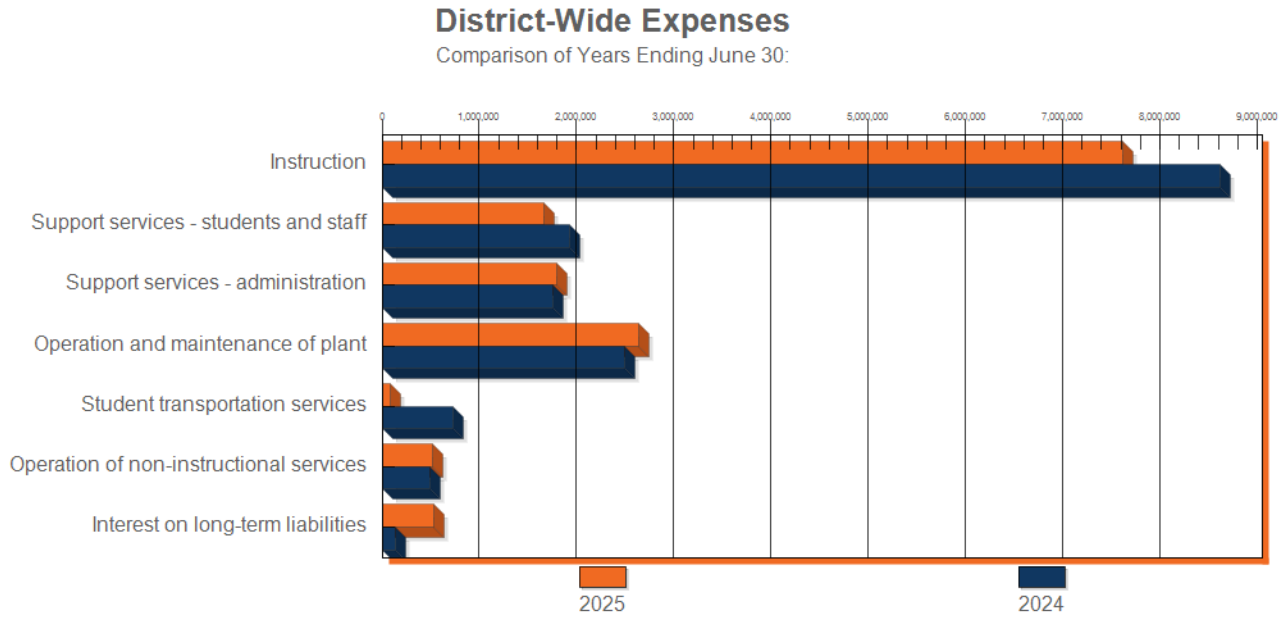
Net position increased $1.8 million; the following represents significant information regarding changes:

- Revenues decreased $602,527 primarily due to an decrease in capital grants and contributions due to prior year School Facility Division payments.

- Expenses decreased $1.3 million due to implementation of cost savings measures due to a decrease in student enrollment.

GOVERNMENT-WIDE FINANCIAL ANALYSIS





GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table displays information from the *Statement of Activities* governmental activities and compares the net cost of services for the two years ended June 30, 2025 and 2024.

Expense Function	Net (Expense) Revenue June 30, 2025	Net (Expense) Revenue June 30, 2024	Change	Percent Change
Instruction	$ (4,803,514)	$ (6,871,890)	$ 2,068,376	30.1 %
Support services - students and staff	(1,180,032)	(1,635,492)	455,460	27.8 %
Support services - administration	(1,757,842)	(1,754,534)	(3,308)	(0.2)%
Operation and maintenance of plant	(2,105,984)	(1,071,045)	(1,034,939)	(96.6)%
Student transportation services	(21,852)	(728,172)	706,320	97.0 %
Operation of non-instructional services	57,204	111,757	(54,553)	(48.8)%
Interest on long-term liabilities	(528,025)	(133,718)	(394,307)	(294.9)%
Total	$ (10,340,045)	$ (12,083,094)	$ 1,743,049	14.4 %

The net cost of services decreased $1.7 million, or 14.4 percent, due to overall expenses decreasing $1.3 million while program revenues increased $427,505. The following represents significant information regarding changes and balances:

- Program revenues of $4.5 million subsidized the government-wide expenses.
- The remaining net costs of governmental activities of $10.3 million were financed through general revenues.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The following table provides analysis of the District's major and other governmental funds' fund balances and the total change in fund balances for the two years ended June 30, 2025 and 2024.

Fund	June 30, 2025	(Restated) June 30, 2024	Change	Percent Change
General Fund	$ 5,650,024	$ 4,996,798	$ 653,226	13.1 %
Government Grants and Assistance	(295,294)	(81,269)	(214,025)	(263.4)%
Bond Building Fund	2,915,407	6,786,575	(3,871,168)	(57.0)%
Debt Service Funds	332,588	356,111	(23,523)	(6.6)%
Other Governmental Funds	2,785,396	2,517,018	268,378	10.7 %
Total	$ 11,388,121	$ 14,575,233	$ (3,187,112)	(21.9)%

The total governmental fund balances were $11.4 million at June 30, 2025. It is not expected that the nature of the restrictions, commitments or other limitations on fund balances will significantly affect future operations. Specifically, overall governmental fund balance decreased $3.2 million and the following represents significant information regarding changes:

- The General Fund's fund balance increased $653,226, or 13.1 percent, primarily due to the District expending allowable capital funds from the Bond Building Fund that would have normally been paid from the General Fund in the current year. Of the General Fund's fund balance, $5.7 million is unassigned which may serve as a useful measure of net resources available for spending at June 30, 2025.

- The Government Grants and Assistance's fund balance decreased $214,025, or 263.4 percent, due to the District expending prior year unrestricted grant proceeds in the current year.

- The Bond Building Fund's fund balance decreased $3.9 million, or 57.0 percent, primarily due to the District expending available bond funds on classroom and field remodels that were received in the prior year.

- The Debt Service Funds's fund balance decreased $23,523, or 6.6 percent, primarily due to fluctuation of property tax payments for current year obligations.

- The Other Governmental Funds' fund balance increased $268,378, or 10.7 percent, primarily due to reduced expenditures in capital project funds in the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared annually according to Arizona law. The General Fund Budgetary Comparison Schedule presents the budgeted amounts, as well as the variances between the final budget and the actual expenditures incurred.

The State of Arizona does not require school districts to prepare a revenue budget. The District updates revenue amounts reported based on actual revenues; therefore, there were no variances from the amount budgeted for the final amended budget and actual revenues.

The following represents the significant budget variations during the fiscal year:

- The General Fund's adopted expenditure budget for the fiscal year ending June 30, 2025, was $11.4 million.

- The actual amounts expended in the General Fund were $9.1 million, which was $2.4 million, or 20.7 percent, less than the final expenditure budget. This difference was primarily due to the District increasing carryforward funds for future projects and unforeseen expenditures.

CAPITAL ASSETS

As of June 30, 2025, the District had invested $25.0 million in capital assets (net of accumulated depreciation) including school buildings, athletic facilities, buses, computers, and other equipment.

The following schedule presents a comparison of the capital asset balances for the years ended June 30, 2025 and 2024.

Governmental activities:	June 30, 2025	June 30, 2024	Change	Percent Change
Land	$ 1,201,463	$ 1,201,463	$ -	- %
Construction in progress	4,157,286	4,930,557	(773,271)	(15.7)%
Land improvements	2,839,141	2,764,175	74,966	2.7 %
Buildings and improvements	30,363,998	25,240,042	5,123,956	20.3 %
Vehicles, furniture, and equipment	4,496,801	3,911,163	585,638	15.0 %
Total	43,058,689	38,047,400	5,011,289	13.2 %
Less: accumulated depreciation	(18,028,147)	(16,621,808)	(1,406,339)	(8.5)%
Capital assets, net	$ 25,030,542	$ 21,425,592	$ 3,604,950	16.8 %

A more in-depth analysis of material activity within capital assets is presented within the analysis of the *Statement of Net Position* earlier in the Management's Discussion and Analysis. Detailed information on the District’s capital assets can be found in financial statement note 7.

LONG-TERM LIABILITIES

The following schedule presents a comparison of long-term liabilities for the years ended June 30, 2025 and 2024.

	June 30, 2025	June 30, 2024	Change	Percent Change
Bonds payable	$ 11,315,000	$ 11,793,175	$ (478,175)	(4.1)%
Bond premium	566,919	618,314	(51,395)	(8)%
Net pension liability	8,418,392	9,170,025	(751,633)	(8.2)%
Other postemployment benefits - LTD	1,330	-	1,330	100.0 %
Financed purchases	60,719	88,310	(27,591)	(31.2)%
Compensated absences	505,182	476,117	29,065	6.1 %
Total	$ 20,867,542	$ 22,145,941	$ (1,278,399)	(5.8)%

Overall long-term liabilities balance decreased $1.3 million. The following represents significant information regarding changes:

- Bonds payable decreased $478,175, or 4.1 percent, due to the required payments of principal in accordance with the terms of the debt agreements. The current constitutional debt limitation for the District is $34.5 million and the statutory debt limit is $23.0 million, both of which are more than the District’s total outstanding general obligation and Class B debt, respectively. For more information, see note 11.

- The changes in the Net pension liability and Other postemployment benefits are due to the results of investment activity and participant activity when compared to anticipated results as determined by the Arizona State Retirement System's actuaries.

- The financed purchases decreased $27,591, or 31.2 percent, due to the payment of principal as required by the purchase agreements.

- Compensated absences increased $29,065, or 6.1 percent, due to the accrual and use of available leave balances by employees.

For additional information regarding long-term liabilities, see financial statement note 10 and related following notes.

ECONOMIC FACTORS AND NEXT YEAR'S GENERAL FUND BUDGET AND RATES

Amounts available in the General Fund's fiscal year 2025-26 budget are $11.4 million, an increase of 0.1 percent.

Many factors were considered by the District's administration during the process of developing the General Fund's budget for fiscal year 2025-26, the primary factors considered were:

- An estimation the District's student population will remain consistent for fiscal year 2025-26.
- Expected salaries will increase to plan for expected changes in inflation and state funding levels.
- The local economy and inflation of the surrounding area.
- Available budget balance carryforward is $2.4 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Willcox Unified School District No. 13, 480 N. Bisbee Ave., Willcox, Arizona 85643.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 12,839,860
Refundable deposit	18,058
Property taxes receivable	458,605
Due from other governments	1,300,435
Net OPEB asset - HBS	302,175
Capital assets:	
Capital assets not being depreciated	5,358,749
Capital assets being depreciated, net	19,671,793
Total assets	39,949,675
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	1,394,121
Deferred outflows - OPEB - HBS	20,702
Deferred outflows - OPEB - LTD	19,939
Total deferred outflows of resources	1,434,762
LIABILITIES	
Accounts payable	347,017
Accrued payroll and benefits	644,398
Advances from grantors	97,334
Interest payable	269,375
Matured debt principal payable	780,000
Noncurrent liabilities:	
Due within one year	51,000
Due in more than one year	20,036,542
Total liabilities	22,225,666
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pensions	974,423
Deferred inflows - OPEB - HBS	102,251
Deferred inflows - OPEB - LTD	15,402
Deferred charge on refunding	39,460
Total deferred inflows of resources	1,131,536
NET POSITION	
Net investment in capital assets	16,003,311
Restricted for:	
Net OPEB asset	302,175
Debt service	432,691
Capital projects	847,661
Food service	7,681
Teacher compensation and other qualified purposes	950,097
Specified Instructional Purposes	1,769,140
Non-instructional purposes	140,014
Student activities	128,691
Unrestricted	(2,554,226)
Total net position	$ 18,027,235

The accompanying notes are an integral part of these statements.

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants And Contributions	Program Revenues: Capital Grants And Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 7,623,641	$ 39,718	$ 2,780,409	$ -	$ (4,803,514)
Support services - students and staff	1,661,254	-	481,222	-	(1,180,032)
Support services - administration	1,792,516	-	34,674	-	(1,757,842)
Operation and maintenance of plant	2,641,902	-	7,819	528,099	(2,105,984)
Student transportation services	79,622	-	57,770	-	(21,852)
Operation of non-instructional services	515,199	241,011	331,392	-	57,204
Interest on long-term liabilities	528,025	-	-	-	(528,025)
Total governmental activities	$ 14,842,159	$ 280,729	$ 3,693,286	$ 528,099	(10,340,045)
General revenues:					
Property taxes					4,830,468
State Aid					6,853,707
Investment income					262,336
Miscellaneous					174,871
Total general revenues					12,121,382
Change in net position					1,781,337
Net position, July 1, 2024					16,424,598
Aggregate amount of adjustments to and restatements of beginning net position					(178,700)
Net position, July 1, 2024, restated					16,245,898
Net position, June 30, 2025					$ 18,027,235

The accompanying notes are an integral part of these statements.

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FUND FINANCIAL STATEMENTS

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Government Grants and Assistance	Bond Building Fund	Debt Service Funds
ASSETS				
Cash and investments	$ 5,891,254	$ 34,362	$ 2,917,407	$ 1,367,045
Refundable deposit	18,058	-	-	-
Property taxes receivable	343,584	-	-	115,021
Due from other governments	282,321	667,607	-	-
Due from other funds	132,865	-	-	-
Total assets	$ 6,668,082	$ 701,969	$ 2,917,407	$ 1,482,066
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable	$ 147,887	$ 29,668	$ 2,000	$ -
Accrued payroll and benefits	536,136	80,821	-	-
Bond Interest payable	-	-	-	269,375
Bonds payable	-	-	-	780,000
Advances from grantors	-	97,334	-	-
Due to other funds	-	132,865	-	-
Total liabilities	684,023	340,688	2,000	1,049,375
Deferred inflows of resources:				
Unavailable revenue - property tax	304,972	-	-	100,103
Unavailable revenue - time restrictions	29,063	656,575	-	-
Total deferred inflows of resources	334,035	656,575	-	100,103
Total liabilities and deferred inflows of resources	1,018,058	997,263	2,000	1,149,478
Fund balances (deficits):				
Restricted	-	369,929	2,915,407	332,588
Unassigned	5,650,024	(665,223)	-	-
Total fund balances (deficits)	5,650,024	(295,294)	2,915,407	332,588
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 6,668,082	$ 701,969	$ 2,917,407	$ 1,482,066

The accompanying notes are an integral part of these statements.

Other Governmental Funds	Total Governmental Funds
$ 2,629,792	$ 12,839,860
-	18,058
-	458,605
350,507	1,300,435
-	132,865
$ 2,980,299	$ 14,749,823

$ 167,462	$ 347,017
27,441	644,398
-	269,375
-	780,000
-	97,334
-	132,865
194,903	2,270,989
-	405,075
-	685,638
-	1,090,713
194,903	3,361,702
2,785,396	6,403,320
-	4,984,801
2,785,396	11,388,121
$ 2,980,299	$ 14,749,823

The accompanying notes are an integral part of these statements.

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WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2025

Fund balances - total governmental funds	**$ 11,388,121**
Amounts reported for governmental activities in the *Statement of Net Position* are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund statements.	25,030,542
Revenues reported in the *Statement of Activities* that will be collected beyond the 60 day recognition period do not provide current financial resources and are deferred in the governmental fund statements.	
Property taxes	405,075
Receipts	685,638
Other Post Employment Benefit (OPEB) assets can only be used to provide OPEB benefits and therefore are not reported within the governmental funds.	
Net OPEB asset - HBS	302,175
Deferred outflows and inflows of resources and other postemployment benefits (OPEB) are applicable to future reporting periods and, therefore, are not reported in the governmental fund statements.	
Deferred outflows of resources related to pensions	1,394,121
Deferred outflows of resources related to OPEB - HBS	20,702
Deferred outflows of resources related to OPEB - LTD	19,939
Deferred inflows of resources related to pensions	(974,423)
Deferred inflows of resources related to OPEB - HBS	(102,251)
Deferred inflows of resources related to OPEB - LTD	(15,402)
Deferred items related to the refunding of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.	(39,460)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund statements.	
Bonds payable	(10,535,000)
Bond premium	(566,919)
Net pension liability	(8,418,392)
OPEB - LTD	(1,330)
Financed purchases	(60,719)
Compensated absences	(505,182)
Net position of governmental activities	**$ 18,027,235**

The accompanying notes are an integral part of these statements.

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Government Grants and Assistance	Bond Building Fund	Debt Service Funds
Revenues:				
Property taxes	$ 3,410,558	$ -	$ -	$ 1,313,135
State aid and grants	6,834,127	234,566	-	-
Federal aid and grants	84,982	1,065,278	-	-
Other local revenue	340,770	19,999	-	21,811
Total revenues	10,670,437	1,319,843	-	1,334,946
Expenditures:				
Current:				
Instruction	5,192,548	870,248	3,832	-
Support services - students and staff	840,566	477,303	-	-
Support services - administration	1,707,586	39,218	-	500
Operation and maintenance of plant	1,342,626	8,843	112,911	-
Student transportation services	566,365	65,339	-	-
Operation of non-instructional services	51,260	-	-	-
Capital outlay	140,918	-	3,754,425	-
Debt service:				
Principal	27,591	-	-	780,000
Interest	5,836	-	-	577,969
Total expenditures	9,875,296	1,460,951	3,871,168	1,358,469
Excess (deficiency) of revenues over expenditures	795,141	(141,108)	(3,871,168)	(23,523)
Other financing sources (uses):				
Sale of capital assets	1,000	-	-	-
Transfers in	72,917	-	-	-
Transfers out	-	(72,917)	-	-
Total other financing sources (uses)	73,917	(72,917)	-	-
Net change in fund balances (deficits)	869,058	(214,025)	(3,871,168)	(23,523)
Fund balances (deficits), July 1, 2024	4,546,272	(63,590)	6,786,575	356,111
Aggregate amount of adjustments to and restatements of beginning fund balances	450,526	(17,679)	-	-
Fund balances (deficits), July 1, 2024, restated	4,996,798	(81,269)	6,786,575	356,111
Changes in nonspendable resources:				
Prepaid items	(215,832)	-	-	-
Fund balances (deficits), June 30, 2025	$ 5,650,024	$ (295,294)	$ 2,915,407	$ 332,588

The accompanying notes are an integral part of these statements.

Other Capital Projects	Other Governmental Funds	Total Governmental Funds
$ -	$ 8,906	$ 4,732,599
-	1,689,602	8,758,295
-	331,676	1,481,936
-	767,720	1,150,300
-	2,797,904	16,123,130
-	1,547,755	7,614,383
-	141,039	1,458,908
-	41,017	1,788,321
-	112,248	1,576,628
-	-	631,704
-	454,508	505,768
-	232,959	4,128,302
-	-	807,591
-	-	583,805
-	2,529,526	19,095,410
-	268,378	(2,972,280)
-	-	1,000
-	-	72,917
-	-	(72,917)
-	-	1,000
-	268,378	(2,971,280)
(180,296)	3,130,161	14,575,233
180,296	(613,143)	-
-	2,517,018	14,575,233
-	-	(215,832)
$ -	$ 2,785,396	$ 11,388,121

The accompanying notes are an integral part of these statements.

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds	**$**	**(2,971,280)**
Amounts reported for the governmental activities in the *Statement of Activities* are different because:		
Governmental funds report capital outlays as expenditures. However, in the *Statement of Activities*, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		5,143,972
Depreciation		(1,503,651)
Net book value of disposed capital assets		(35,371)
Property taxes and other receipts in the *Statement of Activities* that do not provide current financial resources are not reported as revenues in the governmental funds.		
Prior year unavailable property tax		(307,206)
Prior year receipts recognition period		(453,924)
Current year unavailable property tax		405,075
Current year receipts after recognition period		685,638
District pension and other postemployment benefits (OPEB) contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the *Statement of Net Position* because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the *Statement of Activities*.		
Contribution - pension		903,556
Contribution - OPEB - HBS		4,917
Contribution - OPEB - LTD		10,820
Expense - pension		(927,779)
Expense - OPEB - HBS		215,709
Expense - OPEB - LTD		(7,613)
Repayments of principal on long-term liabilities are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the *Statement of Net Position.* Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.		
Bonds payable		780,000
Amortization of deferred bond related items		51,395
Amortization of deferred charge/credit on bond refunding		4,385
Financed purchases		27,591
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the S*tatement of Activities*, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.		
Compensated absences		(29,065)
Some cash outlays are reported as expenditures in the governmental funds when purchased. In the S*tatement of Activities*, however, they are reported as expenses when consumed.		
Prepaid items using purchases method		(215,832)
Change in net position of governmental activities	**$**	**1,781,337**

The accompanying notes are an integral part of these statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Willcox Unified School District No. 13 (District) has prepared the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a special-purpose government that a separately elected governing body governs. It is legally separate from and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District’s financial statements present only the activities of those organizational entities for which its elected governing board is financially accountable.

B. Basis of Presentation

The basic financial statements include both government-wide financial statements and fund financial statements. The government-wide financial statements focus on the District as a whole, while the fund financial statements focus on fund reporting. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide Financial Statements - Provide information about the primary government (the District). The statements include a *Statement of Net Position* and a *Statement of Activities*. These statements report the overall government's financial activities, except for fiduciary activities. They also distinguish between the District's governmental and any business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not have any business type activities.

A *Statement of Activities* presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and segments of any business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses to programs or functions. Program revenues include:

- Charges to customers for goods, services, or privileges provided
- Operating grants and contributions
- Capital grants and contributions

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund Financial Statements - Provide information about the District's funds. Separate statements are presented for the governmental funds. 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 other governmental funds. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District reports the following major governmental funds:

General Fund - to account for all resources used to finance District operations except those required to be accounted for in other funds. The General Fund as presented includes the District's Maintenance and Operation Fund and other special revenue funds that do not have a substantial restriction on expenditures.

Government Grants and Assistance - a special revenue fund that accounts for financial assistance received from other governments for specified projects.

Bond Building Fund - a capital projects fund that accounts for proceeds from district bond issues that are used for acquiring or leasing school sites; constructing or renovating school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; purchasing pupil transportation vehicles; or paying existing bonded indebtedness in accordance with A.R.S. §15-491(A)(3).

Debt Service Funds - to account for the accumulation of resources from proprty taxes to be used for the payment of principal and interest on outstanding bonds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the District funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The District applies grant resources to such programs before using general revenues.

Governmental Fund Financial Statements - Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Major revenue sources that are susceptible to accrual are property taxes, tuition, intergovernmental grants and aids, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. As permitted by generally accepted accounting principles it is the District's policy to apply the “early recognition” option for debt service payments. Property tax resources are provided in the Debt Service Fund during the current year for the payment of any debt service principal and interest due early in the following year (usually one to several days, up to one month). Therefore, the expenditures and related liabilities have been recognized in the current period. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Cash and Investments

The District's considers cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's local government investment pool, and only those highly liquid investments with a maturity of 3 months or less when purchased to be cash and cash equivalents.

Arizona Revised Statutes require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes, except for cash in the bond building and debt service funds, which may be invested separately.

Statute authorizes the District to separately invest monies of the bond building and debt service funds in the State Treasurer's investment pool, obligations issued or guaranteed by the United States or any of its agencies or instrumentalities, specified state and local government bonds and notes, and interest-bearing savings accounts or certificates of deposit.

Statute authorizes the District to deposit monies of the auxiliary operations and student activities funds in bank accounts. The District may also invest these monies. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer, revolving accounts to pay minor disbursements, and withholdings accounts for taxes and employee insurance programs. Some of these bank accounts may be interest bearing.

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

E. Property Taxes

The County Treasurer is responsible for collecting property taxes for all governmental entities within the County. The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

The District does not report a reserve for uncollectible property taxes as they are considered 100 percent collectible due to the County attaching a lien against all amounts past due as noted above.

F. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Capital Assets

Capital assets are reported in the government-wide financial statements. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts) are $5,000 for all assets.

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

Land improvements	10 - 30 years
Buildings and improvements	5 - 50 years
Vehicles, furniture, and equipment	1 - 20 years

H. Deferred Outflows and Inflows of Resources

The *Statement of Net Position* and *Balance Sheet* include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods. Delinquent property taxes that will not be collected within the 60 day availability period are reported as deferred inflows of resources in the governmental fund financial statements.

I. Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) asset and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Advances from Grantors

Advances from grantors arise when assets are received before revenue recognition criteria have been satisfied. Advances from grantors generally comprise of federal and state entitlement revenues received before eligibility requirements are met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Compensated Absences

The District's employees earn leave benefits on the basis of length of service time and role within the District (classified, non-classified, etc.). Subject to certain restrictions, District employees are compensated (historically from the fund and function that the employee is assigned) for unused sick and vacation time upon leaving the District's employment. All sick pay and vacation leave is accrued, along with associated payroll related costs, when incurred in the government-wide and proprietary Funds financial statements. In governmental funds, a liability for these amounts is reported only as payments come due each period upon the occurrence of relevant events such as employee resignations and retirements.

L. Federal Revenue Sources

The District receives federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

M. Investment Income

Investment earnings is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the fund financial statements. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances.

N. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the *Statement of Activities*. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O. Net Position

In the government-wide financial statements, net position is reported in three components:

Net investment in capital assets - Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by any outstanding debt used to acquire, construct, or improve these assets.

Restricted - Restricted net position is reported when constraints placed on the net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or by state legislation.

Unrestricted - Unrestricted net position is used to account for the net position balance that does not meet the definition of either of the first two categories of net position.

P. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable fund balance - Amounts which cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. This would include items not expected to be converted to cash including inventories and prepaid items.

Restricted fund balance - Amounts with constraints placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or state legislation.

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the Governing Board. These amounts cannot be used for any other purposes unless the Governing Board removes or changes the specific purpose by taking the same kind of formal action previously used to commit these amounts. Adoption of the annual budget does not constitute a commitment as appropriations lapse at year end without Governing Board action. This also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by the Governing Board or body or official to which the Governing Board has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balance in governmental funds, other than the General Fund, includes all spendable amounts that are not restricted or committed, if that amount is positive. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Fund Balance Classifications

Unassigned fund balance - Spendable amounts in the General Fund that are not restricted, committed or assigned. The General Fund is the only fund that may report a positive unassigned fund balance amount. For governmental funds other than the General Fund, negative fund balances are reported here if restricted, committed, or assigned amounts exceed total spendable fund balance.

Hierarchy for use of fund balances - When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, the District uses restricted fund balance first. For the disbursement of unrestricted fund balances, the District uses committed amounts first, followed by assigned amounts, and, lastly, unassigned amounts.

Minimum fund balance policy - The District has not adopted a policy regarding maintenance of minimum fund balances.

Q. 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.

NOTE 2 - EFFECTS OF NEW PRONOUNCEMENTS

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board Statement 101 *Compensated Absences* and Statement 102 *Certain Risk Disclosures*.

GASB 101 - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This implementation is a significant change as is expected to provide material changes to balances recognized.

GASB 102 - The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The impact of this statements is expected to be minimal.

NOTE 3 - ACCOUNTING CHANGES AND ERROR CORRECTIONS

Change in Accounting Principle

A) Implementation for GASB 101, See note 2.

Change to or Within the Reporting Entity

B) Change in a fund's presentation as major or nonmajor - Changes to and from major fund presentation based on the criteria to be reported as major funds.

C) Change in major fund groupings - The District periodically evaluates operations and will revise funds groupings as required by GASB Statement 54 *Fund Balance Reporting and Governmental Fund Type Definitions* and the Uniform System of Financial Records for Arizona School Districts as published by the Arizona Auditor General. In addition, presentation of funds will be adjusted if it is believed to provide more useful information to the District's stakeholders.

	Net position/ fund balance as previously reported at June 30, 2024	Change in accounting principle See A above	Change to or within the reporting entity See B above	Change to or within the reporting entity See C above	Net position/ fund balance as restated July 1, 2024
Government-wide					
Governmental activities	$ 16,424,598	$ (178,700)	$ -	$ -	$ 16,245,898
Total Primary Government	$ 16,424,598	$ (178,700)	$ -	$ -	$ 16,245,898
Governmental funds					
Major funds:					
General Fund	$ 4,546,272	$ -	$ -	$ 450,526	$ 4,996,798
Government Grants and Assistance	(63,590)	-	-	(17,679)	(81,269)
Bond Building Fund	6,786,575	-	-	-	6,786,575
Debt Service Funds	356,111	-	-	-	356,111
Other Capital Projects	(180,296)	-	180,296	-	-
Other Governmental Funds	3,130,161	-	(180,296)	(432,847)	2,517,018
Total governmental funds	$ 14,575,233	$ -	$ -	$ -	$ 14,575,233

NOTE 4 - CASH AND INVESTMENTS

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

Cash on hand	100
Cash in bank	$ 418,375
Cash on deposit with County Treasurer	12,421,385
Total cash	$ 12,839,860

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the District's cash deposits may not be returned. The District does not have an adopted policy for custodial credit risk. As of June 30, 2025, the total bank balance was $501,886, which was fully insured by the Federal Deposit Insurance Corporation (FDIC) and the collateral described in the paragraph below. The FDIC protects deposits in each bank the District uses against loss for the first $250,000 of demand deposits and $250,000 of time deposits. Any deposits of cash deposits in excess of $250,000 are covered by collateral held by the pledging financial institution's trust department in the District's name.

Arizona statute requires eligible depositories that accept public monies to participate in the pooled collateral program for public deposits. The Statewide Collateral Pool Administrator (Administrator) is responsible for ensuring that eligible depositories have posted 102% collateral for each public depositor in excess of any federally insured deposits. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured against loss. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

External Investment Pool - A.R.S. §15-996, authorizes the County Treasurer to receive and hold all District monies and pool the monies with other school districts for investment purposes. The County Treasurer Investment Pool is an external investment pool with no regulatory oversight. The County Treasurer Investment Pool is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2025, the County Treasurer Investment Pool did not receive a credit quality rating from a national rating agency. The County Treasurer invests the cash in a pool under policy guidelines established by the County. The County Treasurer accounts for the investment pool in their Fiduciary Investment Trust Fund. Interest rate risk, credit risk, custodial credit risk and concentration of credit risk regarding the County Treasurer Investment Pool are included in the Comprehensive Annual Financial Report of the County. The fair value of each participant's position in the County Treasurer Investment Pool approximates the value of the participant's shares in the pool and the District's shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

NOTE 4 - CASH AND INVESTMENTS

Interest Rate Risk - Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The District does not have an adopted investment policy that limits investment maturities to one year or less as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an insurer or other counterparty to an investment in a debt security will not fulfill its obligations. The District has no investment policy that would further limit its investment choices than what is allowable per A.R.S.

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Receivable balances have been disaggregated by type and presented separately in the financial statements with the exception of the amounts due from other governments. as of June 30, 2025, the District's due from other governments are as follows:

	General Fund	Government Grants and Assistance	Other Governmental Funds	Totals
Due from local governments:				
Due from other districts	$ -	$ -	$ 146,883	$ 146,883
Due from state government:				
State aid	282,321	-	-	282,321
Instructional improvement	-	-	39,184	39,184
State grants	-	113,720	-	113,720
School Facilities Division	-	-	157,219	157,219
Due from federal government:				
Federal grants	-	553,887	7,221	561,108
Total due from other governments	$ 282,321	$ 667,607	$ 350,507	$ 1,300,435

NOTE 6 - ADVANCES FROM GRANTORS

Governmental funds report advances from grantors for assets that are transferred to the District prior to the District fulfilling all program requirements that would entitle them to recognize the revenue. As of June 30, 2025, the advances from grantors reported in the governmental funds were as follows:

	Government Grants and Assistance
Advances from state grants	$ 65,093
Advances from federal grants	32,241
Total due from other governments	$ 97,334

NOTE 7 - CAPITAL ASSETS

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

Governmental activities:	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:				
Land	$ 1,201,463	$ -	$ -	$ 1,201,463
Construction in progress	4,930,557	4,167,948	(4,941,219)	4,157,286
Total capital assets not being depreciated	6,132,020	4,167,948	(4,941,219)	5,358,749
Capital assets being depreciated:				
Land improvements	2,764,175	74,966	-	2,839,141
Buildings and improvements	25,240,042	5,123,956	-	30,363,998
Vehicles, furniture, and equipment	3,911,163	718,321	(132,683)	4,496,801
Total capital assets being depreciated	31,915,380	5,917,243	(132,683)	37,699,940
Less accumulated depreciation for:				
Land improvements	(1,689,395)	(127,108)	-	(1,816,503)
Buildings and improvements	(12,546,013)	(892,610)	-	(13,438,623)
Vehicles, furniture, and equipment	(2,386,400)	(483,933)	97,312	(2,773,021)
Total accumulated depreciation	(16,621,808)	(1,503,651)	97,312	(18,028,147)
Total capital assets being depreciated, net	15,293,572	4,413,592	(35,371)	19,671,793
Total capital assets, net	$ 21,425,592	$ 8,581,540	$ (4,976,590)	$ 25,030,542

NOTE 7 - CAPITAL ASSETS

Depreciation was charged to governmental functions as follows:

Instruction	$ 314,162
Support services - students and staff	203,198
Support services - administration	4,499
Operation and maintenance of plant	814,454
Student transportation services	161,211
Operations of non-instructional services	6,127
Total depreciation expense	$ 1,503,651

NOTE 8 - CONSTRUCTION AND OTHER COMMITMENTS

As of June 30, 2025, the District had the following construction contract commitments:

Project	Contract Amount	Amount Paid as of June 30, 2025	Contract Balance
Elementary classroom remodels	$ 505,310	$ 421,093	$ 84,217
Middle school classroom remodels	456,000	380,000	76,000
Totals	$ 961,310	$ 801,093	$ 160,217

NOTE 9 - INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables - The following is a summary of interfund receivables and payables reported as of June 30, 2025:

	Interfund	
Funds	Due From	Due To
General Fund	$ 132,865	$ -
Government Grants and Assistance	-	(132,865)
Total	$ 132,865	$ (132,865)

These interfund amounts primarily represent loans to cover temporary cash deficits in pooled accounts due to delayed revenues and grant expenditures that were incurred prior to reimbursements from outside parties. These amounts are expected to be repaid within one year.

Interfund transfers - The following is a summary of interfund transfers during the year ended June 30, 2025:

	Interfund	
Funds	Transfers In	Transfers Out
General Fund	$ 72,917	$ -
Government Grants and Assistance	-	(72,917)
Total	$ 72,917	$ (72,917)

The transfer was made to move indirect costs from federal grant funds to the Indirect Costs Fund, which is grouped within the General Fund.

NOTE 10 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the District for the year ended June 30, 2025:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Bonds payable	$ 11,793,175	$ -	$ (478,175)	$ 11,315,000	$ 780,000
Bond premium	618,314	-	(51,395)	566,919	-
Net pension liability	9,170,025	1,746,449	(2,498,082)	8,418,392	-
Other postemployment benefits - LTD	-	39,485	(38,155)	1,330	-
Financed purchases	88,310	-	(27,591)	60,719	-
Compensated absences*	476,117	29,065	-	505,182	51,000
Total	$ 22,145,941	$1,814,999	$ (3,093,398)	$ 20,867,542	$ 831,000

*The change in the compensated absences liability is presented as a net change.

NOTE 11 - BONDS PAYABLE

The District's bonded debt consists of various issues of bonds which are generally noncallable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

As of June 30, 2025, bonds payable are as follows:

Governmental activities:	Original Issue Date	Original Issue Amount	Interest Rates	Final Maturity	Principal Outstanding	Due Within One Year
General obligation bonds:						
School improvement bonds:						
Project 2023, Series A (2024)	4/24/2024	$ 6,815,000	5.0%	7/1/43	$ 6,815,000	$ 125,000
Refunding bonds:						
Series 2023	4/25/2023	$ 4,550,000	5.0%	7/1/33	4,500,000	$ 655,000
Total bonds payable					$ 11,315,000	$ 780,000

Annual requirements to amortize all bonded debt outstanding as of June 30, 2025, are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2026	$ 780,000	$ 519,250	$ 1,299,250
2027	900,000	477,250	1,377,250
2028	1,000,000	429,750	1,429,750
2029	660,000	388,250	1,048,250
2030	325,000	363,625	688,625
2031-2035	2,360,000	1,518,250	3,878,250
2036-2040	2,680,000	868,450	3,548,450
2036-2040	2,610,000	227,038	2,837,038
Total	$ 11,315,000	$ 4,791,863	$ 16,106,863

In prior years, the District defeased certain general obligation bonds by placing amounts in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's government activities of the *Statement of Net Position*. As of June 30, 2025, $4,500,000 of general obligation bonds were considered defeased.

NOTE 12 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Plan description - District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits provided - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement initial membership date:	
	Before July 1, 2011	**On or after July 1, 2011**
Years of service and age required to receive benefit	Sum of years and ages equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years after age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from $100 per month to $260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

NOTE 12 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, statute required active ASRS members to contribute at the actuarially determined rate of 12.27 percent (12.12 percent for retirement and 0.15 percent for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.27 percent (12.05 percent for retirement, 0.07 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. In addition, the District is required by statute to contribute at the actuarially determined rate of 10.19 percent (10.14 percent for retirement and 0.05 percent for long-term disability) of annual covered payroll of retired members who may have worked for the District in positions an employee who contributes to the ASRS would typically fill. The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2025, and for the two preceding years, all of which were equal to the required contributions, were as follows:

Year ended June 30	Retirement Fund	Health Insurance Premium Benefit	Long-Term Disability Fund	Total Contributions
2025	$ 903,556	$ 4,917	$ 10,820	$ 919,293
2024	881,823	7,496	10,553	899,872

During fiscal year ending June 30, 2025, the District paid for pension and OPEB contributions as follows:

Fund:	Pension and OPEB Contribution	Percentage by Fund
General Fund	$ 691,987	75.27 %
Government Grants and Assistance	100,440	10.93 %
Other Governmental Funds	126,866	13.80 %
Total	$ 919,293	100.00 %

NOTE 12 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Liability - At June 30, 2025, the District reported the following asset and liabilities for its proportionate share of the ASRS' net pension and OPEB asset or liability.

	Net Pension /OPEB (Asset) Liability
Pension	$ 8,418,392
OPEB	
Health insurance premium benefit	(302,175)
Long-term disability	1,330
Total OPEB	$ (300,845)

The net asset and net liabilities was measured as of June 30, 2024. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024.

The District's proportion of the net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024, and the change from its proportions measured as of June 30, 2023, were:

	Proportion June 30, 2024	Increase (Decrease) From June 30, 2023
Pension	0.0526 %	(0.0041)%
Health Insurance premium benefit	0.0500 %	(0.0017)%
Long-term disability	0.0510 %	(0.0035)%

NOTE 12 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Expense - For the year ended June 30, 2025, the District recognized the following pension and OPEB expense.

	Pension /OPEB Expense
Pension	$ 927,779
Health Insurance premium benefit	(43,365)
Long-term disability	6,052

Deferred outflows/inflows of resources - At June 30, 2025, the District reported deferred outflows and deferred inflows of resources related to the pension and OPEB from the following sources:

Pension -

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 469,907	$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	537,606
Changes in proportion and differences between District contributions and proportionate share of contributions	20,658	436,817
District contributions subsequent to the measurement date	903,556	-
Total	$ 1,394,121	$ 974,423

NOTE 12 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

OPEB -

	Health insurance premium benefit		Long-term disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,744	$ 72,963	$ 4,891	$ 3,543
Changes in assumptions or other inputs	-	3,134	963	7,964
Net difference between projected and actual earnings on pension plan investments	-	20,772	-	1,453
Changes in proportion and differences between District contributions and proportionate share of contributions	7,041	5,382	3,265	2,442
District contributions subsequent to the measurement date	4,917	-	10,820	-
Total	$ 20,702	$ 102,251	$ 19,939	$ 15,402

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to ASRS pensions will be recognized in expenses as follows:

Year ending June 30	Deferred Outflows (Inflows)	Health Insurance Premium Benefit	Long-Term Disability
2026	$ (454,008)	$ (56,319)	$ (2,279)
2027	204,893	(13,242)	(116)
2028	136,086	(11,862)	(1,997)
2029	(98,657)	(4,408)	(1,855)
2030	-	(635)	(503)
Thereafter	-	-	467
Total	$ (211,686)	$ (86,466)	$ (6,283)

NOTE 12 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension and OPEB liability are as follows:

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increase	2.9 - 8.4% for pensions /not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions /not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLTD for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Geometric Real Rate of Return
Public Equity	44.00 %	4.48 %
Credit	23.00 %	4.40 %
Real estate	17.00 %	6.05 %
Private equity	10.00 %	6.11 %
Interest rate sensitive	6.00 %	(0.45)%
Total	100.00 %	

Discount rate - At June 30, 2024, the discount rate used to measure the ASRS total pension and OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liability.

NOTE 12 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Sensitivity of the District's proportionate share of the ASRS net pension and OPEB liability to changes in the discount rate - The following table presents the District's proportionate share of the net pension and OPEB liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension and OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

District's proportionate share of the:	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	$ 12,890,279	$ 8,418,392	$ 4,691,464
Net health insurance premium benefit liability (asset)	(219,679)	(302,175)	(372,312)
Net long-term disability liability	4,577	1,330	(1,864)

Plan fiduciary net position - Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

NOTE 13 - FINANCED PURCHASES

The District has acquired a bus under contract agreements at a total purchase price of $146,342. Contract provisions require periodic payments of principal and interest as specified in the individual agreements.

The following schedule details debt service requirements to maturity for the District's financed purchases at June 30, 2025:

Year Ending June 30:	Principal	Interest
2026	$ 29,425	$ 4,002
2027	31,294	2,062
Total	$ 60,719	$ 6,064

NOTE 14 - FUND BALANCE CLASSIFICATIONS

The District's fund balance classifications at June 30, 2025, were as follows:

	General Fund	Government Grants and Assistance	Bond Building Fund	Debt Service Funds	Other Governmental Funds	Total Governmental Funds
Fund balances (deficits):						
Restricted:						
Debt service	$ -	$ -	$ -	$ 332,588	$ -	$ 332,588
Capital projects	-	-	2,915,407	-	816,277	3,731,684
Food service	-	-	-	-	7,681	7,681
Career technical education	-	-	-	-	1,065,097	1,065,097
Teacher compensation and other qualified purposes	-	339,930	-	-	610,167	950,097
Community programs	-	-	-	-	35,662	35,662
Extracurricular activities	-	-	-	-	104,352	104,352
Student activities	-	-	-	-	128,691	128,691
Specialized instruction	-	29,999	-	-	-	29,999
Curriculum supplies	-	-	-	-	17,469	17,469
Unassigned	5,650,024	(665,223)	-	-	-	4,984,801
Total fund balances (deficits)	$ 5,650,024	$ (295,294)	$ 2,915,407	$ 332,588	$ 2,785,396	$ 11,388,121

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Arizona School Risk Retention Trust, Inc (ASRRT), together with other school districts in the state. ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District is a member of the Arizona School Alliance for Workers' Compensation, Inc. (the Alliance). The Alliance was established in 1996 and is structured as a self-insurance pool that is owned and governed by its members. The agreement provides that the Alliance will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior fiscal years.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Federal grants - In the normal course of operations, the District receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grant funds is not believed by District officials to be material.

Litigation - Each year the District receives notices of claims for damages occurring generally from negligence, bodily injury, breach of contract, and other legal matters. The filing of such claims commences a statutory period for initiating a lawsuit against the District arising there from. The District has comprehensive general liability insurance with the ASRRT. The District is not aware of any litigation that might result in a materially adverse outcome.

REQUIRED SUPPLEMENTARY INFORMATION

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		(Non-GAAP) Actual Amounts	Variance
	Adopted	Final		
Revenues:				
Property taxes	$ -	$ -	$ 3,078,573	$ 3,078,573
State aid and grants	-	-	6,450,664	6,450,664
Other local revenue	-	-	173,687	173,687
Total revenues	-	-	9,702,924	9,702,924
Expenditures:				
Regular education:				
Instruction	6,002,254	5,750,369	3,361,971	2,388,398
Support services - students and staff	389,500	401,200	318,329	82,871
Support services - administration	1,648,500	1,723,500	1,518,910	204,590
Operation and maintenance of plant	1,525,000	1,600,000	1,558,641	41,359
Operation of non-instructional services	44,250	45,000	48,166	(3,166)
School-sponsored cocurricular activities	89,000	45,000	91,561	(46,561)
School-sponsored athletics	208,000	226,500	231,765	(5,265)
Total regular education	9,906,504	9,791,569	7,129,343	2,662,226
Special education:				
Instruction	601,941	757,267	994,846	(237,579)
Support services - students and staff	467,450	442,500	459,484	(16,984)
Support services - administration	4,800	4,800	-	4,800
Total special education	1,074,191	1,204,567	1,454,330	(249,763)
Student transportation services:				
Student transportation services	375,100	374,100	429,865	(55,765)
K-3 reading program:				
Instruction	53,398	53,138	42,571	10,567
Total expenditures	11,409,193	11,423,374	9,056,109	2,367,265
Net changes in fund balances	11,409,193)	11,423,374)	646,815	12,070,189
Fund balance, July 1, 2024	3,334,666	3,334,666	3,334,666	-
Changes in nonspendable resources:				
Change in prepaid items	-	-	(215,832)	(215,832)
Fund balance(Non-GAAP), June 30, 2025	$ (8,074,527)	$ (8,088,708)	$ 3,765,649	$ 11,854,357

See notes accompanying this schedule.

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
BUDGETARY COMPARISON SCHEDULE - GOVERNMENT GRANTS AND ASSISTANCE
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Adopted and Final	Actual Amounts	Variance
Revenues:			
State aid and grants	-	234,566	234,566
Federal aid and grants	-	1,065,278	1,065,278
Other local revenue	-	19,999	19,999
Total revenues	-	1,319,843	1,319,843
Expenditures:			
Instruction	953,076	870,248	82,828
Support services - students and staff	522,731	477,303	45,428
Support services - administration	42,951	39,218	3,733
Operation and maintenance of plant	9,685	8,843	842
Student transportation services	71,558	65,339	6,219
Total expenditures	1,600,001	1,460,951	139,050
Excess (deficiency) of revenues over expenditures	(1,600,001)	(141,108)	1,458,893
Other financing uses:			
Transfers out	-	(72,917)	(72,917)
Net change in fund balances	(1,600,001)	(214,025)	1,385,976
Fund balance, July 1, 2024	(81,269)	(81,269)	-
Fund balance, June 30, 2025	$ (1,681,270)	$ (295,294)	$ 1,385,976

See notes accompanying this schedule.

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
JUNE 30, 2025

Schedule of the District's Proportionate Share of the Net Pension Liability

	Reporting Fiscal Year			
	2025	2024	2023	2022
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
District's proportion of the net pension liability	0.05 %	0.06 %	0.05 %	0.05 %
District's proportionate share of the net pension liability	$ 8,418,392	$ 9,170,025	$ 9,174,720	$ 6,325,382
District's covered payroll	$ 7,972,744	$ 7,175,696	$ 6,794,921	$ 5,412,378
District's proportionate share of the net pension liability as a percentage of its covered payroll	105.59 %	127.79 %	135.02 %	116.87 %
Plan fiduciary net position as a percentage of the total pension liability	76.93 %	75.47 %	74.26 %	78.58 %

Schedule of District Pension Contributions

ASRS - Pension	Reporting Fiscal Year			
	2025	2024	2023	2022
Statutorily required contribution	$ 903,556	$ 881,823	$ 855,343	$ 816,070
District's contributions in relation to the statutorily required contribution	903,556	881,823	855,343	816,070
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 8,056,130	$ 7,972,744	$ 7,175,696	$ 6,794,921
District's contributions as a percentage of covered payroll	11.22 %	11.06 %	11.92 %	12.01 %

Reporting Fiscal Year						
2021	2020	2019	2018	2017	2016
June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	0.06 %
$ 8,772,417	$ 7,454,561	$ 7,008,107	$ 8,366,971	$ 8,503,081	$ 8,837,393
$ 5,895,554	$ 5,747,219	$ 4,816,183	$ 5,230,761	$ 4,931,244	$ 5,212,084
148.80 %	129.71 %	145.51 %	159.96 %	172.43 %	169.56 %
69.33 %	73.24 %	73.40 %	69.92 %	67.06 %	68.35 %

Reporting Fiscal Year					
2021	2020	2019	2018	2017	2016
$ 630,542	$ 632,460	$ 603,522	$ 524,964	$ 563,876	$ 535,040
630,542	632,460	603,522	524,964	563,876	535,040
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,412,378	$ 5,895,554	$ 5,747,219	$ 4,816,183	$ 5,230,761	$ 4,931,244
11.65 %	10.73 %	10.50 %	10.90 %	10.78 %	10.85 %

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
HEALTH BENEFIT SUPPLEMENT LIABILITY
AND
SCHEDULE OF DISTRICT HEALTH BENEFIT SUPPLEMENT CONTRIBUTIONS
JUNE 30, 2025

Schedule of the District's Proportionate Share of the Health Benefit Supplement Liability

	Reporting Fiscal Year			Reporting Fiscal Year
	2025	2024	2023	2022 Thru 2016
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	
District's proportion of the net pension liability	0.05 %	0.06 %	0.05 %	Information is not available; additional information will be presented as it becomes available.
District's proportionate share of the net pension liability	$ (302,175)	$ (279,088)	$ (296,629)	
District's covered payroll	$ 7,972,744	$ 7,175,696	$ 6,794,921	
District's proportionate share of the net pension liability as a percentage of its covered payroll	(3.79)%	(3.89)%	(4.37)%	
Plan fiduciary net position as a percentage of the total pension liability	137.51 %	134.37 %	137.79 %	

Schedule of District Health Benefit Supplement Contributions

ASRS - Pension	Reporting Fiscal Year			Reporting Fiscal Year
	2025	2024	2023	2022 Thru 2016
Statutorily required contribution	$ 4,917	$ 7,496	$ 7,246	Information is not available; additional information will be presented as it becomes available.
District's contributions in relation to the statutorily required contribution	4,917	7,496	7,246	
District's contribution deficiency (excess)	$ -	$ -	$ -	
District's covered payroll	$ 8,056,130	$ 7,972,744	$ 7,175,696	
District's contributions as a percentage of covered payroll	0.06 %	0.09 %	0.10 %	

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE LONG TERM DISABILITY LIABILITY
AND
SCHEDULE OF DISTRICT LONG TERM DISABILITY CONTRIBUTIONS
JUNE 30, 2025

Schedule of the District's Proportionate Share of the Long Term Disability Liability

	Reporting Fiscal Year			Reporting Fiscal Year
	2025	2024	2023	2022 Thru 2016
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	
District's proportion of the net pension liability	0.05 %	0.06 %	0.05 %	Information is not available; additional information will be presented as it becomes available.
District's proportionate share of the net pension liability	$ 1,330	$ 7,148	$ 5,058	
District's covered payroll	$ 7,972,744	$ 7,175,696	$ 6,794,921	
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.02 %	0.10 %	0.07 %	
Plan fiduciary net position as a percentage of the total pension liability	98.77 %	93.70 %	95.40 %	

Schedule of District Long Term Liability Contributions

ASRS - Pension	Reporting Fiscal Year			Reporting Fiscal Year
	2025	2024	2023	2022 Thru 2016
Statutorily required contribution	$ 10,820	$ 10,553	$ 9,869	Information is not available; additional information will be presented as it becomes available.
District's contributions in relation to the statutorily required contribution	10,820	10,553	9,869	
District's contribution deficiency (excess)	$ -	$ -	$ -	
District's covered payroll	$ 8,056,130	$ 7,972,744	$ 7,175,696	
District's contributions as a percentage of covered payroll	0.13 %	0.13 %	0.14 %	

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 - BUDGETING AND BUDGETARY CONTROL

The District adopts an annual operating budget for expenditures for all governmental fund types. The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted, the budget can be increased or decreased only for specific reasons set forth in Arizona Revised Statutes.

NOTE 2 - BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The District's budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following items:

- The General Fund, as reported in the budgetary comparison schedule, includes the District's Maintenance and Operation Fund (M&O) in addition to several other District funds consistent with accounting principles generally accepted in the United States of America. In accordance with Arizona Revised Statutes, the District is required to budget expenditures at the individual fund level.
- Prepaid items are budgeted in the year prepaid.
- Net changes in the fair value of investments is not budgeted.
- Present value of net minimum lease or subscription-based information technology arrangement (SBITA) payments is not budgeted at the inception of the agreement.
- USDA-donated commodities are not budgeted as an expenditure.

Expenditures that are allowable for budget reporting but not allowable as expenditures within the scope of generally accepted accounting standards are detailed and reconciled at the bottom of the following table.

NOTE 2 - BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The following schedule presents financial statement details of the District's M&O Fund, the main budgetary fund for the District per Arizona Revised Statutes, separately for analysis.

	General Fund				
	Revenues	Expenditures	Other Financing Sources	Beginning Fund Balance	Ending Fund Balance
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds - General Fund - GAAP	$ 10,670,437	$ 9,875,296	$ 73,917	$ 4,996,798	$ 5,650,024
Less: non Maintenance and Operation funds budgeted within General Fund	967,513	1,080,801	73,917	1,662,132	1,622,761
Maintenance and Operation - GAAP	$ 9,702,924	$ 8,794,495	$ -	$ 3,334,666	$ 4,027,263
Future cash outlays utilizing current fiscal years' budget capacity		261,164			(261,164)
Maintenance and Operation - Non-GAAP	$ 9,702,924	$ 9,055,659	$ -	$ 3,334,666	$ 3,766,099

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COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS AND SCHEDULES

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Special Revenue Funds

Classroom Site - a special revenue fund that accounts for the portion of State sales tax collections and permanent State school fund earnings districts receive. Districts can use monies for class size reduction; teacher compensation increases and other allowable expenditures.

Instructional Improvement - a special revenue fund that accounts for monies received from State gaming revenue. Districts may use up to 50 percent of the monies received for teacher compensation increases and class size reduction and remaining can be used for other allowable expenditures.

Food Service - a special revenue fund that accounts for monies received from State gaming revenue. Districts may use up to 50 percent of the monies received for teacher compensation increases and class size reduction and remaining can be used for other allowable expenditures.

Other Special Revenue - a special revenue fund to account for governmental and private revenue streams with legal or grantor restrictions on the use of proceeds.

Capital Project Funds

Adjacent Ways - to account for transactions relating to special assessments to finance the improvement of public ways adjacent to school property, in accordance with A.R.S. §15-995.

Building Renewal - a capital projects fund that accounts for building renewal grant monies that districts may request from ADOA's School Facilities Division.

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds			
	Classroom Site Funds	Instructional Improvement Funds	Food Service Funds	Other Special Revenue
ASSETS				
Cash and investments	$ 540,396	$ 41,116	$ 7,299	$ 1,221,300
Due from other governments	-	39,184	7,221	146,883
Total assets	$ 540,396	$ 80,300	$ 14,520	$ 1,368,183
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$ -	$ -	$ 6,839	$ -
Accrued payroll and benefits	6,917	3,612	-	16,912
Total liabilities	6,917	3,612	6,839	16,912
Fund balances:				
Restricted	533,479	76,688	7,681	1,351,271
Total fund balances	533,479	76,688	7,681	1,351,271
Total liabilities and fund balances	$ 540,396	$ 80,300	$ 14,520	$ 1,368,183

Capital Project Funds		
Adjacent Ways	Building Renewal	Total Governmental Funds
$ 813,681	$ 6,000	$ 2,629,792
-	157,219	350,507
$ 813,681	$ 163,219	$ 2,980,299
$ -	$ 160,623	$ 167,462
-	-	27,441
-	160,623	194,903
813,681	2,596	2,785,396
813,681	2,596	2,785,396
$ 813,681	$ 163,219	$ 2,980,299

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds			
	Classroom Site Funds	Instructional Improvement Funds	Food Service Funds	Other Special Revenue
Revenues:				
Property taxes	$ -	$ -	$ -	$ -
State aid and grants	1,079,297	82,206	-	-
Federal aid and grants	-	-	331,676	-
Other local revenue	20,846	1,352	-	718,467
Total revenues	1,100,143	83,558	331,676	718,467
Expenditures:				
Current:				
Instruction	1,053,515	44,477	-	449,763
Support services - students and staff	107,188	744	-	33,107
Support services - administration	-	-	-	41,017
Operation and maintenance of plant	-	-	-	-
Operation of non-instructional services	-	-	454,508	-
Capital outlay	-	-	-	-
Total expenditures	1,160,703	45,221	454,508	523,887
Net change in fund balances	(60,560)	38,337	(122,832)	194,580
Fund balances, July 1, 2024	594,039	38,351	130,513	1,589,538
Aggregate amount of adjustments to and restatements of beginning fund balances	-	-	-	(432,847)
Fund balances, July 1, 2024, restated	594,039	38,351	130,513	1,156,691
Fund balances, June 30, 2025	$ 533,479	$ 76,688	$ 7,681	$ 1,351,271

Capital Project Funds		
Adjacent Ways	Building Renewal	Total Governmental Funds
$ 8,906	$ -	$ 8,906
-	528,099	1,689,602
-	-	331,676
27,055	-	767,720
35,961	528,099	2,797,904
-	-	1,547,755
-	-	141,039
-	-	41,017
-	112,248	112,248
-	-	454,508
-	232,959	232,959
-	345,207	2,529,526
35,961	182,892	268,378
777,720	-	3,130,161
-	(180,296)	(613,143)
777,720	(180,296)	2,517,018
$ 813,681	$ 2,596	$ 2,785,396

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - CLASSROOM SITE FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance
	Adopted	Final		
Revenues:				
State aid and grants	$ -	$ -	$ 1,079,297	$ 1,079,297
Other local revenue	-	-	20,846	20,846
Total revenues	-	-	1,100,143	1,100,143
Expenditures:				
Instruction	1,363,680	1,526,109	1,053,515	472,594
Support services - students and staff	138,745	155,271	107,188	48,083
Total expenditures	1,502,425	1,681,380	1,160,703	520,677
Net change in fund balances	(1,502,425)	(1,681,380)	(60,560)	1,620,820
Fund balance, July 1, 2024	-	-	594,039	-
Fund balance, June 30, 2025	$ (1,502,425)	$ (1,681,380)	$ 533,479	$ 1,620,820

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - INSTRUCTIONAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance
	Adopted	Final		
Revenues:				
State aid and grants	$ -	$ -	$ 82,206	$ 82,206
Other local revenue	-	-	1,352	1,352
Total revenues	-	-	83,558	83,558
Expenditures:				
Instruction	132,779	78,684	44,477	34,207
Support services - students and staff	2,221	1,316	744	572
Total expenditures	135,000	80,000	45,221	34,779
Net change in fund balances	(135,000)	(80,000)	38,337	118,337
Fund balance, July 1, 2024	-	-	38,351	-
Fund balance, June 30, 2025	$ (135,000)	$ (80,000)	$ 76,688	$ 118,337

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - FOOD SERVICE FUNDS
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Adopted and Final	Actual Amounts	Variance
Revenues:			
Federal aid and grants	-	331,676	331,676
Total revenues	-	331,676	331,676
Expenditures:			
Operation of non-instructional services	550,000	454,508	95,492
Total expenditures	550,000	454,508	95,492
Net change in fund balances	(550,000)	(122,832)	427,168
Fund balance, July 1, 2024	-	130,513	-
Fund balance, June 30, 2025	$ (550,000)	$ 7,681	$ 427,168

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - OTHER SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance
	Adopted	Final		
Revenues:				
Other local revenue	$ -	$ -	$ 718,467	$ 718,467
Total revenues	-	-	718,467	718,467
Expenditures:				
Instruction	568,335	509,956	449,763	60,193
Support services - students and staff	41,835	37,538	33,107	4,431
Support services - administration	51,830	46,506	41,017	5,489
Total expenditures	662,000	594,000	523,887	70,113
Net change in fund balances	(662,000)	(594,000)	194,580	788,580
Fund balance, July 1, 2024, restated	-	-	1,589,538	-
Aggregate amount of adjustments to and restatements of beginning fund balances	-	-	(432,847)	-
Fund balance, July 1, 2024, restated	-	-	1,156,691	-
Fund balance, June 30, 2025	$ (662,000)	$ (594,000)	$ 1,351,271	$ 788,580

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - ADJACENT WAYS
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		
	Adopted and Final	Actual Amounts	Variance
Revenues:			
Property taxes	$ -	$ 8,906	$ 8,906
Other local revenue	-	27,055	27,055
Total revenues	-	35,961	35,961
Expenditures:			
Instruction	750,000	-	750,000
Total expenditures	750,000	-	750,000
Net change in fund balances	(750,000)	35,961	785,961
Fund balance, July 1, 2024	-	777,720	-
Fund balance, June 30, 2025	$ (750,000)	$ 813,681	$ 785,961

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUILDING RENEWAL GRANT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance
	Adopted	Final		
Revenues:				
State aid and grants	$ -	$ -	$ 528,099	$ 528,099
Other local revenue	-	-	-	-
Total revenues	-	-	528,099	528,099
Expenditures:				
Current:				
Operation and maintenance of plant	1,300,646	1,625,807	112,248	1,513,559
Capital outlay	2,699,354	3,374,193	232,959	3,141,234
Total expenditures	4,000,000	5,000,000	345,207	4,654,793
Net change in fund balances	(4,000,000)	(5,000,000)	182,892	5,182,892
Fund balance, July 1, 2024	-	-	-	-
Aggregate amount of adjustments to and restatements of beginning fund balances	-	-	(180,296)	-
Fund balance, July 1, 2024, restated	-	-	(180,296)	-
Fund balance, June 30, 2025	$ (4,000,000)	$ (5,000,000)	$ 2,596	$ 5,182,892

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BOND BUILDING FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance
	Adopted	Final		
Revenues:				
Other local revenue	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
Instruction	6,815,000	-	-	6,815,000
Total expenditures	6,815,000	-	-	6,815,000
Net change in fund balances	(6,815,000)	-	-	-
Fund balance, July 1, 2024	-	-	-	-
Fund balance, June 30, 2025	$ (6,815,000)	$ -	$ -	$ -

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance
	Adopted	Final		
Revenues:				
Property taxes	$ -	$ -	$ 1,313,135	$ 1,313,135
Other local revenue	-	-	21,811	21,811
Total revenues	-	-	1,334,946	1,334,946
Current:				
Support services - administration	501	460	500	(40)
Debt service:				
Principal	780,879	717,720	780,000	(62,280)
Interest	578,620	531,820	577,969	(46,149)
Total expenditures	1,360,000	1,250,000	1,358,469	(108,469)
Net change in fund balances	(1,360,000)	(1,250,000)	(23,523)	1,226,477
Fund balance, July 1, 2024	-	-	356,111	-
Fund balance, June 30, 2025	$ (1,360,000)	$ (1,250,000)	$ 332,588	$ 1,226,477

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APPENDIX D

CITY OF WILLCOX, ARIZONA

The following information regarding the City is provided for background information only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District; consequently, no representation is made as to the relevance of the data to the District or the Bonds. THE BONDS WILL NOT BE OBLIGATIONS OF THE CITY. The Bonds will be direct obligations of the District, payable solely from ad valorem taxes levied against all taxable property in the District as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."

General

The City was founded in 1880 and incorporated in 1915. The City's location on I-10 halfway between Phoenix and El Paso, Texas makes it a trade and service center for agriculture and tourism within the County. The City is situated at an elevation of 4,182 feet.

The following table illustrates the population statistics for the City.

POPULATION STATISTICS

	City of Willcox
2025 Estimate *(a)*	3,255
2020 Census	3,213
2010 Census	3,757
2000 Census	3,733
1990 Census	3,122

(a) Estimate as of July 2025 (data released in December 2025).

Source: Arizona Office of Economic Opportunity and the U.S. Census Bureau.

Municipal Government and Organization

The City operates under a Council/Manager form of government. The City Council consists of a mayor, vice mayor and six council members who serve staggered terms. The City Council is responsible for establishing City policies and the City manager is responsible for carrying out Council policies and administering City operations.

Economy

Cattle still remains important to the economy of the City, which was once referred to as the "Cattle Capital" of the nation. A large livestock auction is still held in the City to this day. Agricultural diversification in the surrounding area has expanded the focus on cotton and small grains towards apple orchards, pistachio and pecan groves, grape vineyards and two hydroponic tomato green houses. Several support industries also add to the City's economy, as well as tourism.

MAJOR EMPLOYERS
City of Willcox and Surrounding Area

Employer	Description	Approximate Number of Employees
United States Department of the Army	Government	11,720
Aegis Communications Group LLC	Technology	1,130
Bureau of Customs and Border Protection	Government	1,070
Cochise County	Government	880
Wal-Mart Stores, Inc.	Retail	820
State of Arizona	Government	720
RCHP-Sierra Vista Inc	Healthcare	650
Sierra Vista Public Schools Unified District No. 68	Government	580
Advanced Call Center Technologies	Technology	500
Joyson Safety Systems Acquisitions LLC	Technology	500

Source: The District's Audited Annual Financial Statements for the Fiscal Year ended June 30, 2025.

The following table illustrates the unemployment rate averages for Willcox.

UNEMPLOYMENT RATE AVERAGES

Calendar Year	City of Willcox *(a)*
2026 *(b)*	11.0%
2025	9.3
2024	7.9
2023	8.0
2022	8.1
2021	9.3

(a) Each year, historical estimates from the Local Area Unemployment Statistics ("LAUS") program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.

(b) Data through September 2026.

Source: Arizona Department of Commerce, Research Administration and the U.S. Department of Labor, Bureau of Labor Statistics.

APPENDIX E

COCHISE COUNTY, ARIZONA

The following information regarding the County is provided for background information only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District; consequently, no representation is made as to the relevance of the data to the District or the Bonds. THE BONDS WILL NOT BE OBLIGATIONS OF THE COUNTY. The Bonds will be direct obligations of the District, payable solely from ad valorem taxes levied against all taxable property in the District as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."

General

The County is situated in the southeast corner of Arizona and forms the southeast border of the State with New Mexico bordering in the East and the Republic of Mexico bordering on the South. The County encompasses approximately 6,219 square miles. The County is the seventh largest county in Arizona in terms of population.

The following table illustrates land ownership in the County.

Control/Ownership	Percent of Land in County
U.S. Forest Service and Bureau of Land Management	22.0%
State of Arizona	35.0
Individual or Corporate	40.0
Other Public Lands	3.0
Total	100.0%

Source: *Arizona County Profiles*, Arizona Commerce Authority.

Located within the County are the cities of Benson, Bisbee, Douglas, Sierra Vista, Tombstone, Willcox and the Town of Huachuca City. The City of Bisbee is the County seat. The following table illustrates respective population statistics for certain cities located in the County, the County as a whole and the State.

POPULATION STATISTICS

Year	City of Benson	City of Bisbee	City of Douglas	Town of Huachuca City	City of Sierra Vista	City of Tombstone	City of Willcox	Cochise County	State of Arizona
2025 Estimate *(a)*	5,589	4,954	16,347	1,616	45,838	1,408	3,255	129,042	7,718,747
2020 Census	5,355	4,923	16,534	1,626	45,308	1,308	3,213	125,447	7,151,502
2010 Census	5,105	5,575	17,378	1,853	43,888	1,380	3,757	131,346	6,392,017
2000 Census	4,711	6,090	14,312	1,751	37,775	1,504	3,733	117,755	5,130,632
1990 Census	3,824	6,288	13,137	1,782	32,983	1,220	3,122	97,624	3,665,339
1980 Census	4,190	7,154	13,058	1,661	24,937	1,632	3,243	85,656	2,716,546

(a) Estimate as of July 2025 (data released in December 2025).

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Economy

The economy of the County is based on farming, ranching, tourism and military operations. The tables below illustrate the employment structure of the County.

NON-AGRICULTURAL EMPLOYMENT STRUCTURE
Cochise County, Arizona

	2026 Percent of Total *(a)*
Mining and construction	6.3%
Manufacturing	1.8
Trade, transportation and utilities	19.6
Information	2.1
Financial activities	3.0
Professional and Business Services	10.5
Educational and Health Services	14.1
Leisure and Hospitality	10.2
Services and miscellaneous	2.4
Government	30.0
Total	100.0%

(a) Data through September 2026.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

LABOR FORCE AND NONFARM EMPLOYMENT AVERAGES
Cochise County, Arizona

	2026 *(a)*	2025	2024	2023	2022	2021
Mining and construction	2,100	2,100	2,100	2,000	2,000	2,000
Manufacturing	600	600	800	800	700	700
Trade, transportation, and utilities	6,500	6,400	6,500	6,500	6,300	6,200
Information	700	900	900	400	400	400
Financial activities	1,000	1,000	1,000	1,000	1,000	900
Professional and business services	3,500	3,600	4,000	3,800	4,000	4,500
Educational and health services	4,700	4,700	4,800	4,800	4,600	4,400
Leisure and hospitality	3,400	3,500	3,600	4,000	3,900	3,500
Other Services	800	700	800	700	700	700
Government	10,000	10,500	10,700	10,700	10,500	10,600
	33,300	34,000	35,200	34,700	34,100	33,900

(a) Data through September 2026.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor Bureau of Labor Statistics.

The following table illustrates the unemployment rate averages for the County, the State and the United States of America.

UNEMPLOYMENT RATE AVERAGES

Calendar Year	Cochise County *(a)*	State of Arizona *(a)*	United States of America
2026 *(b)*	6.2%	4.9%	4.3%
2025	5.2	4.3	4.3
2024	4.4	3.7	4.0
2023	4.5	3.7	3.6
2022	4.5	3.8	3.6
2021	5.2	5.0	5.3

(a) Each year, historical estimates from the LAUS program are revised to reflect new population controls from the Census Bureau, updated input data, and reestimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Substate area data subsequently are revised to incorporate updated inputs, reestimation, and controlling to new statewide totals.

(b) Data through September 2026.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Retail Sales

The following table illustrates retail sales for the County.

TAXABLE RETAIL SALES
Cochise County, Arizona
($000s omitted)

Calendar Year	Taxable Retail Sales *(a)*
2026 *(b)*	$ 903,367
2025	1,197,323
2024	1,180,194
2023	1,219,094
2022	1,183,352
2021	1,104,659

(a) The statutory definition of "Retail Sales" is the business of selling tangible personal property at retail. Therefore, this class does not include services or hotels, restaurants or food sales.

(b) Data through September 2026.

Source: Arizona Department of Revenue, Office of Economic Research and Analysis.

APPENDIX F

FORM OF APPROVING LEGAL OPINION

[Closing Date]

GOVERNING BOARD
WILLCOX UNIFIED SCHOOL DISTRICT
NO. 13 OF COCHISE COUNTY, ARIZONA

We have acted as bond counsel to the Willcox Unified School District No. 13 (the "*District*") of Cochise County, Arizona (the "*County*") in connection with the issuance of its $8,000,000* aggregate principal amount of School Improvement Bonds, Project of 2023, Series B (2026) (Bank Qualified) (the "*Bonds*"). The Bonds are dated [Closing Date], and bear interest payable January 1 and July 1 of each year to maturity or [prior redemption], commencing July 1, 2027*. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to give the opinions below.

As to questions of fact material to the opinions below, we have relied upon, and assumed due and continuing compliance with the provisions of, the certified proceedings and other certifications, covenants, and representations furnished to us without undertaking to verify them by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The Bonds have been duly authorized and executed by the District and are valid and binding general obligations of the District.

2. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds without limit as to rate or amount. It is required by law that the Board of Supervisors of the County levy, at the time of making the levy of taxes for County purposes, an annual tax upon the taxable property in the District sufficient to pay the principal of and interest on the Bonds when due.

3. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*") and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. For purposes of this opinion, we have assumed continuing compliance by the District with such restrictions, conditions, and requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

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* *Subject to change.*

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated as of [_____, 2026], relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Respectfully submitted,

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$8,000,000*
WILLCOX UNIFIED SCHOOL DISTRICT NO. 13
OF COCHISE COUNTY, ARIZONA
SCHOOL IMPROVEMENT BONDS,
PROJECT OF 2023, SERIES B (2026)
(BANK QUALIFIED)

CONTINUING DISCLOSURE CERTIFICATE
(CUSIP Base No. 191399)

This Continuing Disclosure Certificate (this "Disclosure Certificate") is undertaken by Willcox Unified School District No. 13 of Cochise County, Arizona (the "District") in connection with the issuance of its $8,000,000* School Improvement Bonds, Project of 2023, Series B (2026) (the "Bonds"). In consideration of the initial sale and delivery of the Bonds, the District covenants as follows:

Section 1. **Purpose of the Disclosure Certificate**. This Disclosure Certificate is for the benefit of the Bondholders (as defined herein) and in order to assist the Participating Underwriter (as defined herein) in complying with the Rule (as defined herein).

Section 2. **Definitions**. Any capitalized term used herein shall have the following meanings, unless otherwise defined herein:

"Annual Report" shall mean the annual report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" shall mean the District's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the District intends to continue to prepare in substantially the same form.

"Bond Counsel" shall mean Gust Rosenfeld P.L.C. or such other nationally recognized bond counsel as may be selected by the District.

"Bondholder" shall mean any registered owner or beneficial owner of the Bonds.

"Dissemination Agent" shall mean the District, or any person designated in writing by the District as the Dissemination Agent.

"EMMA" shall mean the Electronic Municipal Market Access system of MSRB, or any successor thereto approved by the Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

"Financial Obligation" shall mean (i) a debt obligation; (ii) a 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) a guarantee of (i) or (ii), except that "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

---

* *Subject to change.*

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"Official Statement" shall mean the final official statement dated [_____, 2026] relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. **Provision of Annual Reports**.

(a) Commencing April 1, 2027, and by no later than April 1 of each year thereafter (the "Filing Date"), the District shall, either directly or by directing the Dissemination Agent to do so, provide an Annual Report to MSRB. The Annual Report shall be provided electronically and in a format prescribed by MSRB. The Annual Report shall be consistent with the requirements of Section 4 of this Disclosure Certificate and shall include information from the fiscal year ending on the preceding June 30. All documents provided to MSRB shall be accompanied by identifying information prescribed by MSRB. Currently, filings are required to be made with EMMA. Not later than fifteen (15) business days prior to such Filing Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District).

(b) If the District is unable or for any reason fails to provide electronically to EMMA an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the District shall, in a timely manner, send a notice to EMMA in substantially the form attached as Exhibit A not later than the Filing Date.

(c) If the District's Audited Financial Statements are not submitted with the Annual Report and the District fails to provide to EMMA a copy of its Audited Financial Statements within thirty (30) days of receipt thereof by the District, then the District shall, in a timely manner, send a notice to EMMA in substantially the form attached as Exhibit B.

(d) The Dissemination Agent shall:

(i) Determine the proper electronic filing address of EMMA each year prior to the date(s) for providing the Annual Report and Audited Financial Statements; and

(ii) If the Dissemination Agent is other than the District, file a report or reports with the District certifying that the Annual Report and Audited Financial Statements, if applicable, have been provided pursuant to this Disclosure Certificate, stating the date such information was provided and listing where it was provided.

Section 4. **Content of Annual Reports**.

(a) The Annual Report may be submitted as a single document or as separate documents comprising an electronic package, and may incorporate by reference other information as provided in this Section, including the Audited Financial Statements of the District; provided, however, that if the Audited Financial Statements of the District are not available at the time of the filing of the Annual Report, the District shall file unaudited financial statements of the District with the Annual Report and, when the Audited Financial Statements of the District are available, the same shall be submitted to EMMA within thirty (30) days of receipt thereof by the District.

(b) The District's Annual Report shall contain or incorporate by reference the following:

(i) Type of Financial and Operating Data to be Provided:

(A) Subject to the provisions of Sections 3 and 4(a) hereof, Audited Financial Statements for the District.

(B) Annually updated financial information and operating data of the type contained in the following tables in APPENDIX A – "THE DISTRICT – DISTRICT INFORMATION" and APPENDIX B – "THE DISTRICT – FINANCIAL INFORMATION" of the Official Statement:

(1) Table 2 – Average Daily Membership;
(2) Table 7 – Property Taxes Levied and Collected;
(3) Table 9 – Net Limited Assessed Property Value by Property Classification;
(4) Table 10 – Net Limited Assessed Property Value of Major Taxpayers; and
(5) Tables 15 and 16 – Constitutional/Statutory Debt Limit/Unused Borrowing Capacity after Bond Issuance.

(C) In the event of an amendment pursuant to Section 8 of this Disclosure Certificate not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

(ii) Accounting Principles Pursuant to Which Audited Financial Statements Shall Be Prepared: The Audited Financial Statements shall be prepared in accordance with generally accepted accounting principles and state law requirements as are in effect from time to time. A more complete description of the accounting principles currently followed in the preparation of the District's Audited Financial Statements is contained in Note 1 of the Audited Financial Statements included within the Official Statement.

Notice of amendment to the accounting principles shall be sent within thirty (30) days to EMMA.

(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 EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The District shall clearly identify each such other document so incorporated by reference.

Section 5. **Reporting of Listed Events**.

(a) This Section shall govern the giving of notices by the District, either directly or by directing the Dissemination Agent to do so, of the occurrence of any of the following events with respect to the Bonds. The District shall in a timely manner, not in excess of ten (10) business days after the occurrence of the event, provide notice of the following events with EMMA:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults, if material;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers, or their failure to perform;
(vi) Adverse tax opinions, the issuance by the Internal Revenue Service (the "IRS") of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(vii) Modifications to rights of Bondholders, if material;
(viii) Bond calls, if material, and tender offers;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
(xi) Rating changes;
(xii) Bankruptcy, insolvency, receivership or similar event of the District;
(xiii) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bondholders, if material; and

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) "Materiality" will be determined in accordance with the applicable federal securities laws.

Note to Section 5(a)(xii): For the purposes of the event identified in subsection (a)(xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District 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 District, or if such jurisdiction has been assumed by leaving the existing governing 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 District.

Section 6. **Termination of Reporting Obligation**. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Such termination shall not terminate the obligation of the District to give notice of such defeasance or prior redemption.

Section 7. **Dissemination Agent**. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. **Amendment**. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature or status of the District, or the type of business conducted;

(b) This Disclosure Certificate, as amended, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Bondholders, as determined by Bond Counsel.

Section 9. **Filing with EMMA**. The District shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with EMMA.

Section 10. **Additional Information**. The District may, at the District's election, include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate. If the District chooses to include such information, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. **Default**. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder may seek specific performance by court order to cause the District to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance and such failure shall not constitute a default under the Bonds or the resolution authorizing the Bonds.

Section 12. **Compliance by District**. The District hereby covenants to comply with the terms of this Disclosure Certificate. The District expressly acknowledges and agrees that compliance with the undertaking contained in this Disclosure Certificate is its sole responsibility and the responsibility of the Dissemination Agent, if any, and that such compliance, or monitoring thereof, is not the responsibility of, and no duty is present with respect thereto for, the Participating Underwriter or Bond Counsel.

Section 13. **Subject to Appropriation**. Pursuant to Arizona law, the District's undertaking to provide information under this Disclosure Certificate is subject to appropriation to cover the costs of preparing and sending the Annual Report and notices of Listed Events to EMMA. Should funds that would enable the District to provide the information required to be disclosed hereunder not be appropriated, then notice of such fact shall, in a timely manner, be sent to EMMA in substantially the form attached as Exhibit C.

Section 14. **Beneficiaries**. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the Bondholders, and shall create no rights in any other person or entity.

Section 15. **Governing Law and Interpretation of Terms**. This Disclosure Certificate shall be governed by the law of the State of Arizona and any action to enforce this Disclosure Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities law.

Dated: [Closing Date].

WILLCOX UNIFIED SCHOOL DISTRICT NO. 13 OF COCHISE COUNTY, ARIZONA

By _____
Superintendent/Business Manager

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Willcox Unified School District No. 13 of Cochise County, Arizona
Name of Bond Issue: $8,000,000* School Improvement Bonds, Project of 2023, Series B (2026) (Bank Qualified)
Dated Date of Bonds: [Closing Date] Base CUSIP: 191399

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated [Closing Date]. The District anticipates that the Annual Report for fiscal year ended June 30, _____ will be filed by _____.

Dated: _____

Willcox Unified School District No. 13 of Cochise County, Arizona
By_____
Its _____

EXHIBIT B

NOTICE OF FAILURE TO FILE AUDITED FINANCIAL STATEMENTS

Name of Issuer: Willcox Unified School District No. 13 of Cochise County, Arizona
Name of Bond Issue: $8,000,000* School Improvement Bonds, Project of 2023, Series B (2026) (Bank Qualified)
Dated Date of Bonds: [Closing Date] Base CUSIP: 191399

NOTICE IS HEREBY GIVEN that the District failed to provide its Audited Financial Statements with its Annual Report or, if not then available, within 30 days of receipt as required by Section 4(a) of the Continuing Disclosure Certificate dated [Closing Date], with respect to the above-named Bonds. The District anticipates that the Audited Financial Statements for the fiscal year ended June 30, ____ will be filed by _____.

Dated: _____

Willcox Unified School District No. 13 of Cochise County, Arizona
By_____
Its _____

EXHIBIT C

NOTICE OF FAILURE TO APPROPRIATE FUNDS

Name of Issuer: Willcox Unified School District No. 13 of Cochise County, Arizona
Name of Bond Issue: $8,000,000* School Improvement Bonds, Project of 2023, Series B (2026) (Bank Qualified)
Dated Date of Bonds: [Closing Date] Base CUSIP: 191399

NOTICE IS HEREBY GIVEN that the District failed to appropriate funds necessary to perform the undertaking required by the Continuing Disclosure Certificate dated [Closing Date].

Dated: _____

Willcox Unified School District No. 13 of Cochise County, Arizona
By_____
Its _____

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* *Subject to change.*

APPENDIX H

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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" and together with the Direct Participants, the "Participants"). DTC has Standard & Poor's rating of: "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds and the redemption price of any Bond 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 Bond Registrar and 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 Bond Registrar and Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the redemption price of any Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.