PERRIS UNION HIGH SCHOOL DISTRICT

General Obligation Bond Program

Bond Extension Guidance

A Plain-Language Guide for Community Members & Taxpayers

***Guide for* BOARD MEMBER**

Comprehensive Report

February 2026

PERRIS UNION HIGH SCHOOL DISTRICT

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A Plain-Language Guide for Community Members & Taxpayers

> *This report explains how school bonds work, where Perris Union High School District stands today, and what a potential bond extension could mean for you as a property owner — written in plain language, without jargon.*

PART 1: What Is a General Obligation Bond?

The Simple Explanation

A General Obligation (GO) Bond is essentially a way for a school district to borrow money from investors to fund construction, renovation, or upgrades to school facilities — things like new classrooms, science labs, updated technology, or safety improvements.

Think of it like a home mortgage: instead of a family taking out a loan to buy a house and paying it back over time, the school district borrows money and pays it back over many years using a small tax collected from property owners in the district.

How Does the District Get Permission to Borrow?

The district cannot simply decide to borrow money on its own. Under California law (Proposition 39), a school district must ask voters for permission. If at least 55% of voters approve, the district is authorized to issue bonds up to a specified maximum dollar amount. This is called the "authorization."

Once voters approve a bond measure, the district doesn't have to issue (borrow) all the money at once. It can issue the bonds in multiple "series" over several years — spending the money as projects are ready to move forward.

Who Pays for It?

Property owners within the school district pay a small annual tax — added to their property tax bill — based on the assessed value of their property. For example, if the tax rate is $20 per $100,000 of assessed value, and your home is assessed at $400,000, you would pay $80 per year toward the bond.

This tax continues until all the bonds are fully paid off. The district is required by state law to spend bond money only on approved school construction and improvement projects — not salaries, supplies, or operating expenses.

Key Terms Defined Simply

Term	What It Means in Plain Language
Authorization	The maximum total amount voters approved the district to borrow
Issued / Sold	The amount actually borrowed so far
Outstanding Principal	The remaining loan balance the district still owes

Debt Service	The annual payment (principal + interest) the district makes on the bonds
Assessed Value (AV)	The value assigned to a property for tax purposes — often different from market value
Tax Rate	Amount paid per $100,000 of assessed value per year
Maturity Date	The date when the last bond payment is due and the bond is fully paid off
Refunding / Refinancing	Replacing older bonds at a lower interest rate to save money — just like refinancing a home mortgage
CAB (Capital Appreciation Bond)	A bond where interest builds up over time rather than being paid annually
CIB (Current Interest Bond)	A standard bond where interest is paid regularly — most of PUHSD's bonds are CIBs

PART 2: The District's Existing Bond Measures

Overview: Four Bond Measures Approved by Voters

Since 1999, Perris Union High School District voters have approved four separate bond measures to fund school improvements. Here is a summary of each:

Bond Measure	Year Approved	Amount Authorized	Amount Borrowed	Paid Off By
Measure T (1999)	November 1999	$16,000,000	$16,000,000	September 2027
Measure Z (2004)	November 2004	$46,000,000	$46,000,000	March 2030
Measure T (2012)	November 2012	$153,420,000	$153,420,000	September 2045
Measure W (2018)	November 2018	$148,000,000	$148,000,000	September 2048

Total Outstanding Balance: As of today, the district still owes approximately $277,441,779 across all four bond measures combined.

What Were the Bonds Used For?

Each bond measure was approved by local voters to fund specific facility improvements at district schools. Bond proceeds must legally be used only for capital projects — buildings, infrastructure, and equipment — and cannot be used for teacher salaries, textbooks, or day-to-day operating expenses. An independent citizens' oversight committee monitors how bond funds are spent.

Interest Rates on Current Bonds

The interest rates on the district's bonds vary depending on when they were issued. Here is a snapshot:

Bond Series	Interest Rate Range
1999 Election, Series B	5.51%

2004 Election, Series A	5.18% – 5.27%
2014 GO Refunding Bonds	3.10%
2012 Election, Series B	4.00%
2018 Election, Series A	1.34% – 2.86%
2012 Election, Series C	0.35% – 2.26%
2021 GO Refunding	1.094% – 2.835%
2026 GO Refunding	1.89% – 2.89%

> *The older bonds from 1999 and 2004 carry higher interest rates (over 5%), which is why the district has been refinancing — or "refunding" — some of its bonds when interest rates fall, just like homeowners refinance their mortgages to save money.*

Recent Refinancing (Good News for Taxpayers)

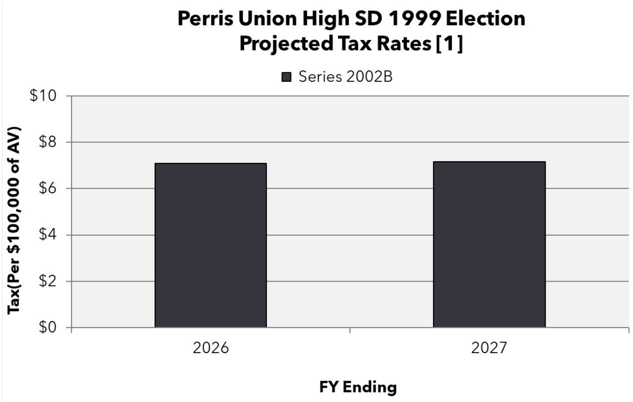
In February 2026, the district took advantage of lower interest rates and refinanced a portion of its 2012 Election bonds. This reduced the interest rate from 4.72% down to an average of 2.69%, saving taxpayers over $2.4 million through the year 2039. The next potential refinancing opportunity is September 1, 2029.

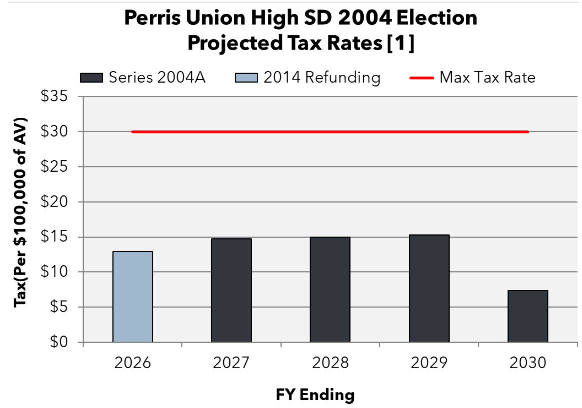
Annual Payment Schedule by Bond Measure

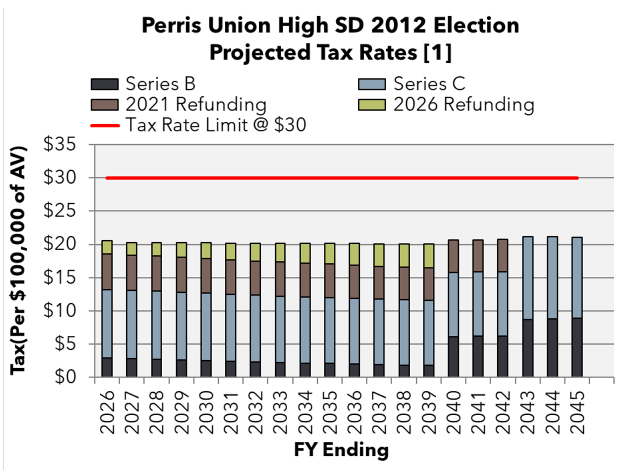
The table below shows how much the district pays each year toward each bond measure. Notice how the older 1999 and 2004 measures fall off first, freeing up tax capacity:

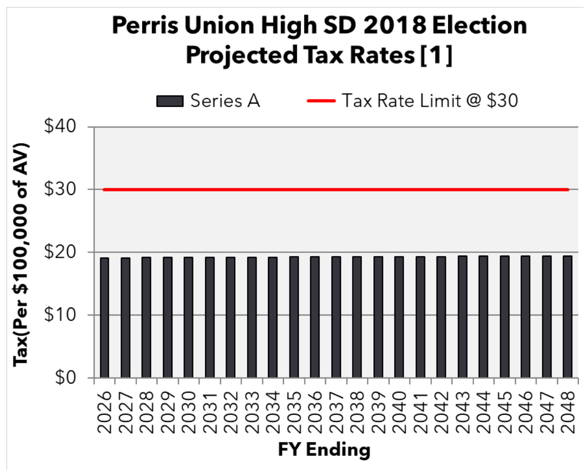
Year	1999 Measure T	2004 Measure Z	2012 Measure T	2018 Measure W
2026	$2,235,000	$4,071,600	$6,482,499	$6,038,650
2027	$2,345,000	$4,835,000	$6,658,404	$6,283,250
2028	PAID OFF	$5,115,000	$6,917,000	$6,537,050
2029	—	$5,410,000	$7,191,452	$6,797,300
2030	—	$2,700,000	$7,450,292	$7,071,550
2031	—	PAID OFF	$7,714,489	$7,358,300
2035	—	—	$9,007,316	$8,611,650
2040	—	—	$11,208,479	$10,482,250
2045	—	—	$13,827,150	$12,758,200
2048	—	—	—	$14,357,200
TOTAL	$4,580,000	$22,131,600	$191,117,989	$221,575,850

A visual timeline illustrating when each bond measure “falls off.”









PART 3: The Current Interest Rate Environment

Where Do Interest Rates Stand Today?

As of early 2026, interest rates for school bonds are considered average from a historical perspective. While rates are higher than the unusually low levels seen over the past decade, they are approximately in line with long-term averages when looking at 20+ years of history.

Importantly, rates have been gradually improving in the first few months of 2026, which is positive news for any future borrowing.

The District's Credit Rating Matters

Perris Union High School District has earned a credit rating of Aa3 from Moody's — one of the major credit rating agencies — with a "positive outlook." This is considered an above-average rating.

Think of this like a personal credit score. A higher credit rating means lenders view the district as a trustworthy borrower, so they charge lower interest rates. This saves taxpayers money compared to districts with lower credit ratings.

> *The Aa3 rating with a positive outlook means the district may be eligible for a rating upgrade in the future, which could lower borrowing costs even further.*

How Do Today's Rates Compare to When the District Previously Borrowed?

The district has issued bonds seven separate times between 2002 and 2026. Many of the recent bond sales occurred during historically low interest rate periods (particularly around 2014–2021). Today's rates are higher than those historic lows but are considered normal or slightly below average when viewed over a 20+ year timeframe.

When planning for any new bonds, the district used conservative interest rate assumptions of 4.70%–5.00% per bond series — which is approximately 0.50%–0.75% higher than current rates. This conservative approach helps ensure that taxes do not exceed what was projected to voters.

PART 4: What Is a Bond Extension and How Does It Work?

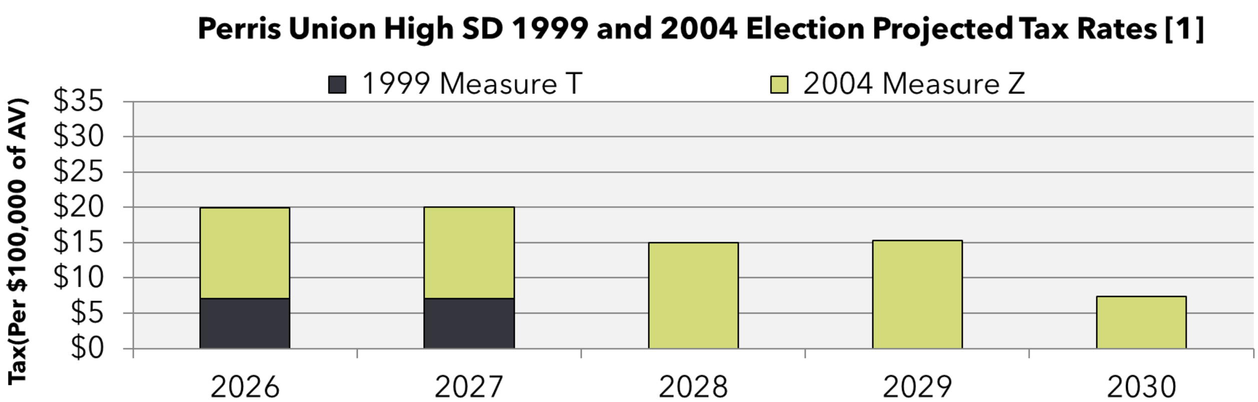
The Basic Concept

A bond extension is a way for the district to propose a new bond measure to voters that is specifically structured to "step into" the space left by older bonds as they are paid off — keeping property tax rates stable rather than letting them drop and then rise again later.

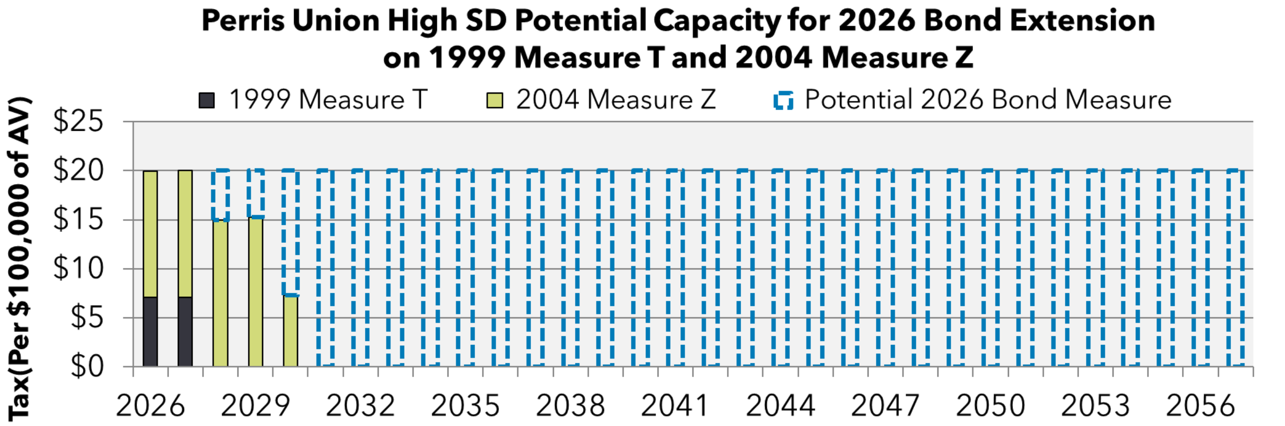
It is important to understand: a bond extension still requires voter approval. It is not automatic. The district would need to put the question to voters, and at least 55% would need to approve under Proposition 39 rules.

Why Does Paying Off Old Bonds Create Opportunity?

The 1999 Measure T bonds will be fully paid off in 2027, and the 2004 Measure Z bonds will be fully paid off in 2030. Currently, these two older measures together cost taxpayers about $20 per $100,000 of assessed value each year. Below is the tax rate projection of 1999 Measure T and 2004 Measure Z together.



When those bonds are paid off, that $20 per $100,000 in annual tax capacity simply disappears — taxpayers get a small reduction in their bill. A bond extension would use that freed-up capacity to fund new school improvements, so taxpayers pay roughly the same amount, but now toward new projects instead of old ones.



> *Analogy: It's similar to finishing paying off your car loan, then deciding to use that same monthly payment amount to take out a loan for a home improvement — your total monthly payment stays the same, but now you're building something new.*

How Is This Different from a Tax Increase?

In a traditional new bond measure, the district simply adds a brand-new tax on top of whatever property owners are already paying. With a bond extension approach, the new payments are carefully timed to begin only as the old bond payments end — so the total tax burden stays relatively flat.

The extension approach results in slightly less total funding ($187 million vs. $202 million under a direct increase approach at the same $20 tax rate) because the new bonds cannot start collecting the freed-up tax capacity until the old ones actually fall off. However, the benefit is that taxpayers experience no increase — their bills remain stable.

Proposed Bond Extension Structure

If voters were to approve a 2026 bond election, the district is modeling a four-series structure as follows:

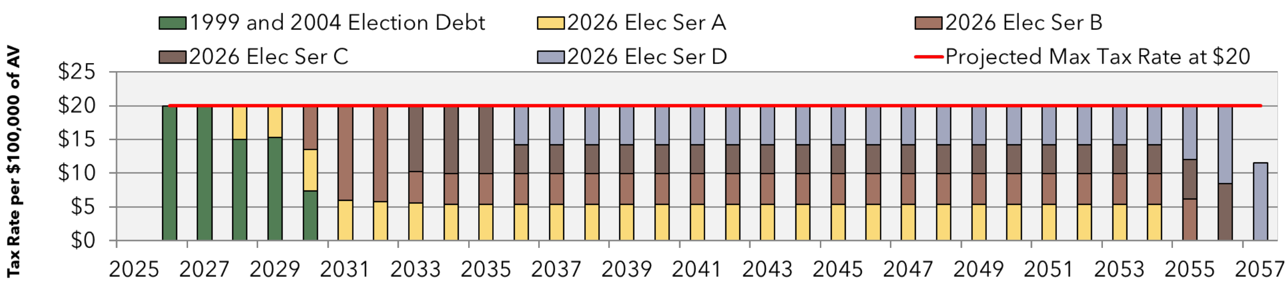
Series	Planned Issue Date	Bond Amount	Final Maturity	Repayment Ratio
Series A	March 1, 2027	$40,000,000	September 2054	2.17x

Series B	September 1, 2029	$45,000,000	September 2055	1.85x
Series C	September 1, 2032	$45,000,000	September 2056	1.80x
Series D	September 1, 2035	$57,000,000	September 2057	1.86x
TOTAL	—	$187,000,000	September 2057	1.91x avg

The "repayment ratio" shows how much total money (principal + interest) is paid back for every $1 borrowed. A ratio of 1.91x means that for every $1 borrowed, the district pays back approximately $1.91 over the life of the bond — similar to how a 30-year home mortgage involves paying back significantly more than the original loan amount due to interest.

All bonds in this proposal are structured as Current Interest Bonds (CIBs) — meaning interest is paid regularly over time, with no "balloon" payments or interest that compounds invisibly in the background. This is the most straightforward and taxpayer-friendly structure.

2026 GO Bond Election $20 Extension Projected Tax Rates (1)



	Series A	Series B	Series C	Series D	Total
Issue Date	3/1/2027	9/1/2029	9/1/2032	9/1/2035	-
Par Amount	$40,000,000	$45,000,000	$45,000,000	$57,000,000	$187,000,000
Project Amount	39,600,000	44,575,000	44,575,000	56,515,000	185,265,000
Final Maturity Date	9/1/2054	9/1/2055	9/1/2056	9/1/2057	9/1/2057
Percentage of CIBs	100%	100%	100%	100%	100%
Percentage of CABs	0%	0%	0%	0%	0%
Repayment Ratio	2.17	1.85	1.80	1.86	1.91

Legal and Statutory Limits

There are two important legal limits the district must stay within:

1. Tax Rate Limit: Under Proposition 39, a high school district cannot project a tax rate of more than $30 per $100,000 of assessed value for any single bond measure. The district is modeling an even more conservative limit of $20 per $100,000 for this potential extension.

2. Statutory Bond Capacity: Non-unified school districts are limited to issuing bonds totaling no more than 1.25% of their total assessed value without seeking a state waiver.

Capacity Item	Amount
Total District Assessed Value	$32,209,852,111
Gross Bond Capacity (1.25%)	$402,623,151

Currently Outstanding Bonds	$277,441,779
Remaining Net Bond Capacity	$125,181,373

> *As assessed values grow over time (which they have historically done at an average of over 8% per year in this district), the net bond capacity increases even further — giving the district more room to issue bonds in the future if voters approve.*

Conservative Planning Assumptions

When modeling future bond series, the district used deliberately conservative assumptions to protect taxpayers:

- Assessed value growth assumed at only 4.00% per year — less than half of the district's 30-year historical average of over 8% annually.
- Interest rates assumed at 4.70%–5.00%, which is approximately 0.50%–0.75% higher than current market rates.

These conservative estimates help ensure the district does not overpromise. If actual conditions are better (which they often are), taxes will come in at or below what was projected.

PART 5: What This Means for Taxpayers

Your Tax Bill — Two Scenarios

Scenario A: Bond Extension (Stable Tax Rate)

If voters approve a bond extension structured at $20 per $100,000 of assessed value, your property tax for PUHSD bonds would remain approximately flat through the life of the new bonds (out to around 2057). The new bond payments would step in as the old ones step out.

Scenario B: No New Bond Measure

If no new bond measure is approved, your PUHSD bond-related taxes will gradually decrease as the older measures are paid off. The 1999 Measure T falls off in 2027 and the 2004 Measure Z falls off in 2030. However, the 2012 and 2018 bond payments continue through 2045 and 2048 respectively.

Scenario C: Direct Tax Increase (Traditional New Bond)

A traditional new bond measure — without the extension structure — would authorize a similar amount (~$202 million) but would layer new taxes on top of existing payments rather than stepping in as old ones expire. This approach generates about $15 million more in project funding but results in higher total taxes during the overlap period.

Sample Tax Impact

If Your Home's Assessed Value Is...	Current Annual PUHSD Bond Tax on 1999 Measure T and 2004 Measure Z (approx.)	With $20 Extension (approx.)
$200,000	$240/year	~$240/year (stable)
$350,000	$420/year	~$420/year (stable)
$500,000	$600/year	~$600/year (stable)
$750,000	$900/year	~$900/year (stable)

> *Note: Assessed value is not the same as market value. Your assessed value appears on your annual property tax bill. The actual tax rate will depend on the final bond structure approved by voters and assessed value growth over time.*

Oversight and Accountability

If a new bond measure passes, California law requires:

- An independent Citizens' Oversight Committee to monitor how all bond money is spent
- Annual independent financial audits
- Annual performance audits to verify funds are being spent as promised
- Public reporting of audit results
- Bond funds may only be used for approved capital improvement projects — not salaries or operating expenses

PART 6: Frequently Asked Questions (FAQ) for Taxpayers

Below are plain-language answers to the most common questions taxpayers have about this bond program.

Q: What exactly is a General Obligation Bond?

A: It is a loan that the school district takes out — with voter permission — to pay for building and improving school facilities. Instead of one lender, thousands of investors purchase the bonds. The district pays them back over time using a small annual property tax collected from homeowners and businesses in the district.

Q: Do I have to vote to approve these bonds?

A: Yes. Any new bond measure requires voter approval. Under California's Proposition 39, at least 55% of voters must approve the measure. The district cannot issue new bonds or extend an existing tax without this voter authorization.

Q: Will my property taxes go up if a bond extension is approved?

A: Under the extension model being discussed, the goal is to keep your property tax bill roughly the same — not increase it. The new bond payments would be timed to start as the older bond payments end, so the tax rate currently paid on 1999 Measure T and 2004 Measure Z stays stable at approximately $20 per $100,000 of assessed value. There would be no net increase from where taxes stand today.

Q: What is the difference between a bond extension and a regular new bond?

A: A regular new bond measure adds a new tax on top of what you already pay. A bond extension is structured to match the tax rate that was already being charged by the older, expiring bonds — so instead of your taxes dropping when old bonds are paid off and then rising again later when new ones pass, they simply stay flat. You pay roughly the same amount, but now toward new school improvements.

Q: Why does the district want to do a bond extension rather than just let the old bonds expire?

A: When the older bonds are paid off, that freed-up tax capacity could be used to fund needed school improvements without raising taxes above current levels. Many districts across California are exploring this approach. Without new voter-approved bonds, the district would need to find other ways to fund facility improvements — or defer them entirely.

Q: How do I know the district will spend the money as promised?

A: California law requires strict accountability measures for bond funds, including an independent Citizens' Oversight Committee made up of community members, annual independent financial audits, and annual performance audits. All results must be reported publicly. Bond money is legally prohibited from being used for teacher salaries, administrative costs, or any operating expenses.

Q: What has the district built or improved with previous bond money?

A: The district has used four bond measures (approved in 1999, 2004, 2012, and 2018) totaling over $363 million authorized to fund construction and renovation of school facilities throughout the district. Specific project lists are available through the district's Citizens' Oversight Committee reports.

Q: What is a "repayment ratio" and is 1.91x a lot?

A: The repayment ratio shows total dollars paid back (including interest) for every dollar borrowed. A ratio of 1.91x means for every $1 borrowed, about $1.91 is repaid over the life of the bond — so approximately 91 cents of interest per dollar. This is similar to a 30-year home mortgage, where you pay significantly more than the original loan amount in total interest. For a 30-year term, this ratio is reasonable and in line with market expectations.

Q: What is the district's credit rating and why does it matter to me?

A: The district has an Aa3 rating from Moody's with a positive outlook — which is above average. A higher credit rating means the district is seen as a reliable borrower, so investors charge lower interest rates. Lower interest rates mean less of your tax money goes toward interest payments, and more goes toward actual school projects.

Q: What happens if interest rates rise sharply before the district issues new bonds?

A: The district has already built in conservative assumptions — modeling interest rates 0.50%–0.75% higher than today's market rates. This cushion is designed to ensure the tax rate does not exceed what was projected to voters, even if rates rise somewhat. If rates rise dramatically, the district would need to revisit its plans.

Q: I rent — does this affect me?

A: The bond tax is assessed directly to property owners. Renters do not pay it directly. However, landlords may factor property tax costs into rental pricing decisions, so there can be indirect effects. This is the case for virtually all property taxes.

Q: When would I vote on this?

A: No election date has been set. The information in this report reflects planning and modeling that the district is conducting in preparation for a potential future ballot measure. If the district's governing board decides to move forward, a measure would need to be placed on a future election ballot for voters to decide.

Q: What if I have more questions?

A: You can contact the Perris Union High School District directly, attend a board meeting where these topics are discussed, or review official documents published by the district. The Citizens' Oversight Committee also holds public meetings and welcomes community participation.

This document was prepared to provide factual, plain-language information to community members and taxpayers. It does not constitute legal, financial, or investment advice. All projections are based on conservative assumptions and are subject to change based on actual market conditions.