NEW ISSUE -- FULL BOOK-ENTRY **RATING:**
Moody's: "Aa2"
See "Rating"

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, based upon an analysis of existing statutes, regulations, rulings, and court decisions and assuming, among other things, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes and is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

$15,205,000
FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
(Counties of Napa and Solano, California)
2020 GENERAL OBLIGATION REFUNDING BONDS
(Forward Delivery)

Dated: Date of Delivery **Due: August 1, as set forth on inside cover**

The Fairfield-Suisun Unified School District (the "District") is issuing its 2020 General Obligation Refunding Bonds (the "Bonds") to: (i) provide funds to refund the District's outstanding 2011 General Obligation Refunding Bonds (the "Prior Bonds"), and (ii) pay costs of issuance of the Bonds. See "Plan of Refunding."

The Bonds are general obligations of the District, payable from the proceeds of *ad valorem* property taxes levied within the territory of the District, which the Board of Supervisors of the County of Solano and the Board of Supervisors of the County of Napa are empowered and obligated to levy, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except upon certain personal property that is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. See "Security and Sources of Payment for the Bonds."

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See Appendix F - "Book-Entry-Only System."

Interest on the Bonds accrues from their date of delivery and is payable on August 1, 2020, and semiannually thereafter on February 1 and August 1 of each year. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, San Francisco, California, as Paying Agent, to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are not subject to redemption prior to their respective stated maturities.

This cover page contains information for quick reference only. It is not a summary of all the provisions of the Bonds. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision.

MATURITY SCHEDULE
(on inside front cover)

The Bonds will be offered when, as and if executed and delivered and received by the Underwriter, subject to the approval as to their legality by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel to the District. Certain matters will also be passed upon for the District by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, as Disclosure Counsel to the District. Norton Rose Fulbright US LLP, Los Angeles, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company on or about May 5, 2020, in accordance with the Forward Delivery Bond Purchase Agreement between the Underwriter and the District. See "Forward Delivery of the Bonds."

RAYMOND JAMES®

This Official Statement is dated February 28, 2019

$15,205,000
FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
(Counties of Napa and Solano, California)
2020 GENERAL OBLIGATION REFUNDING BONDS
(Forward Delivery)

MATURITY SCHEDULE

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP®†
2021	$1,955,000	5.000%	2.140%	304747 HJ0
2022	2,055,000	5.000	2.150	304747 HK7
2023	2,030,000	5.000	2.190	304747 HL5
2024	2,125,000	5.000	2.240	304747 HM3
2025	2,235,000	5.000	2.310	304747 HN1
2026	2,345,000	5.000	2.380	304747 HP6
2027	2,460,000	5.000	2.470	304747 HQ4

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® numbers are provided for convenience of reference only. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the District, the Counties, Bond Counsel, Disclosure Counsel, or the Municipal Advisor are responsible for the selection or correctness of the CUSIP® numbers set forth above.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated above, and those public offering prices may be changed from time to time by the Underwriter.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or 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 representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any press release and in any oral statement made with the approval of an authorized officer of the District, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend' and similar expressions identify "forward-looking statements." Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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

Document Summaries. All summaries of documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents and do not purport to be complete statements of any or all of such provisions. Copies of documents referred to herein and information concerning the Bonds are available from the District, 2490 Hilborn Road, Fairfield, CA 94534. The District may impose a charge for copying, mailing and handling.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the Counties of Napa and Solano, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Website. The District maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
Counties of Napa and Solano, State of California

DISTRICT GOVERNING BOARD

David C. Isom, President
Judi Honeychurch, Vice President
Bethany Smith, Board Clerk
Joan Gaut, Board Member
Jonathan Richardson, Board Member
John Silva, Board Member
Craig Wilson, Board Member

DISTRICT ADMINISTRATION

Kris Corey, Superintendent
Michelle Henson, Assistant Superintendent, Business Services
Laneia Grindle, CPA, Director of Fiscal Services

MUNICIPAL ADVISOR

Isom Advisors, A Division of Urban Futures, Inc.
Walnut Creek, California

BOND COUNSEL AND DISCLOSURE COUNSEL

Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation
Sacramento, California

PAYING AGENT, REGISTRAR, AND TRANSFER AGENT
and ESCROW AGENT

U.S. Bank National Association
San Francisco, California

VERIFICATION AGENT

Causey, Demgen & Moore, P.C.
Denver, Colorado

TABLE OF CONTENTS

Page

OFFICIAL STATEMENT

$15,205,000
FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
(Counties of Napa and Solano, California)
2020 GENERAL OBLIGATION REFUNDING BONDS
(Forward Delivery)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and attached appendices, is to set forth certain information concerning the issuance, sale, and delivery of the Fairfield-Suisun Unified School District 2020 General Obligation Refunding Bonds (the "Bonds"), to be issued by the Fairfield-Suisun Unified School District (the "District") in the aggregate principal amount specified above.

The Bonds are being issued pursuant to the Paying Agent Agreement dated March 1, 2019 (the "Paying Agent Agreement"), between the District and U.S. Bank National Association, as paying agent (the "Paying Agent"). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Paying Agent Agreement.

The Bonds are general obligations of the District. The Board of Supervisors of the County of Napa and the Board of Supervisors of the County of Solano have the power and are obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount (except certain personal property that is taxable at limited rates), upon all property within the District for the payment of the principal of and interest on the Bonds. See "Security and Sources of Payment for the Bonds."

General information about the District is included in Appendix A. While the Bonds are general obligations of the District, the general fund of the District is not expected to be used to pay any of the debt service on the Bonds.

THE BONDS

Authority for Issuance

The Bonds are general obligation bonds to be issued under provisions of the Constitution of the State of California, the laws of the State of California, including Article 9 (Sections 53550 and following) and Article 11 (Sections 53580 and following) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and other applicable law, and pursuant to the Paying Agent Agreement. The Government Code permits the issuance of bonds payable from *ad valorem* property taxes without a vote of the electors solely in order to refund other outstanding bonds that were originally approved by such a vote, provided that the total debt service to maturity on the refunding bonds not exceed the total debt service to maturity on the bonds being refunded.

Purpose of the Bonds

The Bonds are being issued to provide funds to (i) refund (in a current refunding) the District's outstanding 2011 General Obligation Refunding Bonds (the "Prior Bonds") that mature on and after August 1, 2021, and (ii) pay costs of issuance of the Bonds. See "Plan of Refunding."

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued and received by the Underwriter, subject to approval as to their legality by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California ("Bond Counsel"). It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about May 5, 2020 (the "Settlement Date") in accordance with the Forward Delivery Bond Purchase Agreement between the Underwriter and the District. See "Forward Delivery of the Bonds."

Description of the Bonds

The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of DTC. Beneficial Owners of the Bonds will not receive physical certificates representing their interests in the Bonds but will receive a credit balance on the books of the nominees for such Beneficial Owners.

The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1 in the years and amounts set forth on the inside cover page hereof. The Bonds are dated their date of delivery and will bear interest from such date. Interest on the Bonds is payable on August 1, 2020, and semiannually thereafter on February 1 and August 1 of each year.

The principal of and interest on the Bonds will be paid by the Paying Agent to DTC, which will in turn remit such payments to its DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds as described herein. As long as Cede & Co. is the registered owner of the Bonds, the principal and interest on the Bonds is payable by wire transfer with same-day funds transferred by the Paying Agent to Cede & Co., as nominee for DTC.

As long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the registered owners mean Cede & Co. rather than the Beneficial Owners of the Bonds. See Appendix F – "Book-Entry- Only System" for more information about DTC. If the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered as described under the caption "Registration, Transfer and Exchange of Bonds."

The Paying Agent, the District, the County of Solano and the County of Napa (together, the "Counties"), and the Underwriter of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

No Redemption

The Bonds are not subject to redemption prior to their respective stated maturities.

Registration, Transfer and Exchange of Bonds

If the book-entry system is discontinued, the provisions in the Paying Agent Agreement summarized below will govern the registration, exchange and transfer of the Bonds.

The Paying Agent will keep or cause to be kept, at the Paying Agent's Office, the Bond Register to provide for the registration and transfer of the Bonds.

Upon surrender of a Bond for transfer at the Paying Agent's Office, the District will execute and, if required, the Paying Agent will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same tenor and maturity and for an equivalent aggregate principal amount.

Bonds may be exchanged for an equivalent aggregate principal amount of Bonds of other authorized denominations of the same tenor and maturity, upon surrender of the Bonds for exchange at the Paying

Agent's Office. Upon surrender of Bonds for exchange, the District will execute and, if required, the Paying Agent will authenticate and deliver the Bonds that the Bondholder making the exchange is entitled to receive.

Every Bond presented or surrendered for transfer or exchange must be accompanied by a written instrument of transfer, in a form satisfactory to the Paying Agent, that is duly executed by the Owner or by his attorney duly authorized in writing. All fees and costs of any transfer or exchange of Bonds must be paid by the Bondholder requesting such transfer or exchange.

Defeasance of Bonds

The District may pay and discharge any of the Bonds by depositing with the Paying Agent or other fiduciary at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount that will, together with the interest to accrue thereon, be fully sufficient in the opinion of a certified public accountant to pay and discharge the indebtedness on such Bonds (including all principal and interest and premium) at their respective maturity dates.

If the District pays or causes to be paid all of the principal of, interest and premium, if any, on all of the Outstanding Bonds, then the Owners will cease to be entitled to the obligation to levy taxes for payment of the Bonds, and that obligation and all agreements and covenants of the District to such Owners under the Paying Agent Agreement and under the Bonds will terminate and be satisfied and discharged, except only that the District will remain liable for payment of all principal of and interest on the Bonds from moneys deposited with the Paying Agent or other security.

FORWARD DELIVERY OF THE BONDS

Delayed Delivery. The District expects to deliver the Bonds, in book-entry form, to DTC on or about the Settlement Date for the account of the Underwriter pursuant to the Forward Delivery Bond Purchase Agreement.

Certain Terms Concerning the Delayed Delivery. The Underwriter will require investors purchasing the Bonds to execute the delayed delivery contract in substantially the form of Appendix G attached hereto (the "Delayed Delivery Contract"). The Delayed Delivery Contract restricts the ability of the purchasers of the Bonds to transfer their interests in the Bonds prior to the Settlement Date and no representation is made that any such transfer will be permitted. The proposed form of Delayed Delivery Contract is attached as Appendix G at the request of the Underwriter. The District will not be a party to any Delayed Delivery Contracts and is not in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Forward Delivery Bond Purchase Agreement are not conditioned or dependent upon the performance of any Delayed Delivery Contract.

Certain Considerations. The delivery of the Bonds is subject to certain conditions, including, but not limited to, receipt by the District of an opinion of Bond Counsel in substantially the form set for in Appendix D hereto, the delivery of other documents specified in the Forward Delivery Bond Purchase Agreement and payment of the purchase price by the Underwriter in accordance with the Forward Delivery Bond Purchase Agreement. Changes or proposed changes in federal or State laws, court decisions, regulations or proposed regulations, or rulings of administrative agencies occurring or in effect prior to the delivery of the Bonds or failure of the District to provide closing certificates customarily required in connection with the issuance of tax-exempt bonds could prevent those conditions from being satisfied. None of the Bonds will be issued on the Settlement Date unless all of the Bonds are issued on the Settlement Date. See "Underwriting" herein for a description of the Underwriter's obligations under the Forward Delivery Bond Purchase Agreement.

During the period between the date hereof and the Settlement Date (the "Delayed Delivery Period"), certain information contained in the Official Statement may change materially. The District has agreed to update this Official Statement, if it is necessary, so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they were made, not misleading as of the Settlement Date. Except for any such update, neither the District nor the Underwriter is obligated to update the Official Statement during the Delayed Delivery Period.

Rating. It is anticipated that, upon the issuance of the Bonds, the existing rating on the Bonds will be confirmed by Moody's. However, no assurance can be given that, at the Settlement Date, such rating will continue to be in effect. Additionally, so long as any Moody's rating on the Bonds is published, purchasers are obligated to accept delivery of the Bonds. See "Rating" herein.

Market Value. The market value of the Bonds at the Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the rating then assigned to the Bonds, the financial condition and business operations of the District and federal, state, and local income tax and other laws. The market value of the Bonds as of the Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Bonds, and that difference could be substantial. None of the District, the Underwriter, or the Municipal Advisor make any representation as to the expected market price of the Bonds as of the Settlement Date.

Secondary Market. The Underwriter is not obligated to make a secondary market in the Bonds and no assurance can be given that a secondary market will exist for the Bonds, including during the Delayed Delivery Period. Prospective purchasers of the Bonds should assume that there will be no secondary market during the Delayed Delivery Period.

Federal Tax Proposals. The Forward Delivery Bond Purchase Agreement obligates the District to deliver and the Underwriter to acquire the Bonds if the District delivers an opinion of Bond Counsel substantially in the form set forth in Appendix D to the effect that the interest on the Bonds is not subject to inclusion in gross income for federal income tax purposes. It is possible that certain bills could be introduced (or that bills previously introduced could be amended) in Congress that, if adopted, would reform the system of federal taxation. Those bills could (i) eliminate the tax exemption granted to interest payable on "state or local bonds" such as the Bonds, or (ii) diminish the value of the federal tax exemption granted interest on such bonds under the current system of federal income taxation. Notwithstanding that the enactment of certain of those bills could diminish the value of such federal exemption only upon the complete elimination thereof, would the Underwriter not be obligated to purchase the Bonds from the District and the purchasers not be required to accept delivery of the Bonds from the Underwriter. In such event, the purchasers would be required to accept delivery of the Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood that such bills would be introduced or amended or enacted and the consequences of such enactment to the purchasers.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:			
	Principal amount of Bonds		$15,205,000.00
	Original issue premium		1,667,647.55
		Total Sources:	$16,872,647.55
Uses:			
	Deposit to Escrow Fund		$16,599,859.38
	Underwriter's Discount		98,832.50
	Costs of issuance [1]		173,955.67
		Total Uses:	$16,872,647.55

[1] Includes the fees of the Municipal Advisor, costs of printing, Paying Agent fees, legal fees, rating agency fees, and miscellaneous other costs of issuance.

DEBT SERVICE SCHEDULES

Bond Debt Service

Annual debt service on the Bonds is shown in the following table.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
2020 GENERAL OBLIGATION REFUNDING BONDS
Annual Debt Service Schedule

Year Ending August 1	Principal	Interest	Total
2020	-	$ 181,615.28	$ 181,615.28
2021	$1,955,000.00	760,250.00	2,715,250.00
2022	2,055,000.00	662,500.00	2,717,500.00
2023	2,030,000.00	559,750.00	2,589,750.00
2024	2,125,000.00	458,250.00	2,583,250.00
2025	2,235,000.00	352,000.00	2,587,000.00
2026	2,345,000.00	240,250.00	2,585,250.00
2027	2,460,000.00	123,000.00	2,583,000.00
Total:	$15,205,000.00	$3,337,615.28	$18,542,615.28

Combined General Obligation Bonds Debt Service

The District has previously issued and currently has outstanding the following general obligation bonds: (i) the 2012 General Obligation Refunding Bonds (the "2012 Refunding Bonds"), (ii) the General Obligation Bonds, Election of 2016, Series 2016 (the "2016 Bonds"), and (iii) the General Obligation Bonds, Election of 2016, Series 2018 (the "2018 Bonds"). See Appendix A – "The District -- General and Financial Information – District Financial Information – Long-Term Debt" for additional information concerning the general obligation bonds described in this paragraph.

The following table shows the combined debt service schedule of the general obligation bonds of the District that will be outstanding following the issuance of the Bonds. The bonds identified below are secured by taxes levied on all of the taxable property within the District.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
Combined Annual Debt Service Schedule

Year Ending August 1	2012 Refunding Bonds	2016 Bonds	2018 Bonds	Unrefunded Prior Bonds, and 2020 Refunding Bonds	Aggregate Debt Service
2019	$4,022,725.00	$3,468,762.50	$9,170,591.11	$2,742,318.76	$19,404,397.37
2020	4,137,925.00	3,598,262.50	6,262,650.00	2,564,274.66[1]	16,563.112.16
2021	4,259,325.00	3,738,012.50	3,321,650.00	2,715,250.00	14,034,237.50
2022	4,376,325.00	2,187,012.50	3,439,400.00	2,717,500.00	12,720,237.50
2023	4,493,725.00	2,299,262.50	3,559,900.00	2,589,750.00	12,942,637.50
2024	4,611,125.00	2,415,262.50	3,687,650.00	2,583,250.00	13,297,287.50
2025	4,720,500.00	2,529,512.50	3,816,900.00	2,587,000.00	13,653,912.50
2026	4,829,300.00	2,646,762.50	3,952,150.00	2,585,250.00	14,013,462.50
2027	4,937,300.00	2,766,512.50	4,072,650.00	2,583,000.00	14,359,462.50
2028	7,549,900.00	2,897,912.50	4,188,650.00	--	14,636,462.50
2029	--	3,032,512.50	4,352,650.00	--	7,385,162.50
2030	--	3,196,212.50	4,532,250.00	--	7,728,462.50
2031	--	3,364,231.26	4,676,450.00	--	8,040,681.26
2032	--	3,506,031.26	4,826,250.00	--	8,332,281.26
2033	--	3,677,943.76	5,003,600.00	--	8,681,543.76
2034	--	3,849,693.76	5,158,000.00	--	9,007,693.76
2035	--	4,030,818.76	5,326,400.00	--	9,357,218.76
2036	--	4,220,943.76	5,552,800.00	--	9,773,743.76
2037	--	4,411,131.26	5,749,100.00	--	10,160,231.26
2038	--	4,614,362.50	5,922,700.00	--	10,537,062.50
2039	--	4,815,862.50	6,102,500.00	--	10,918,362.50
2040	--	5,029,250.00	6,282,700.00	--	11,311,950.00
2041	--	5,238,950.00	6,477,700.00	--	11,716,650.00
2042	--	5,453,750.00	6,771,300.00	--	12,225,050.00
2043	--	5,678,200.00	7,110,450.00	--	12,788,650.00
2044	--	5,916,700.00	--	--	5,916,700.00
2045	--	5,468,500.00	--	--	5,468,500.00
2046	--	5,453,850.00	--	--	5,453,850.00
Total	$47,938,150.00	$109,506,218.82	$129,317,041.11	$23,667,593.42	$310,429,003.35

(1) Includes $398,759.38 interest on the Prior Bonds due on February 1, 2020, $1,983,900.00 debt service on the unrefunded Prior Bonds (the 2020 maturity) due on August 1, 2020, and $181,615.28 interest on the Bonds.

PLAN OF REFUNDING

A portion of the proceeds from the sale of the Bonds will be used to refund the District's outstanding 2011 General Obligation Refunding Bonds, that mature on and after August 1, 2021 (the "Refunded Bonds"), as identified in the following table.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
2011 GENERAL OBLIGATION REFUNDING BONDS
Identification of Refunded Bonds
Redemption Date: August 1, 2020 at 100%

Maturity Date August 1	Principal Amount Redeemed	CUSIP No.
2021	$2,020,000	304747 EK0
2022	2,125,000	304747 EL8
2023	2,200,000	304747 EM6
2024	2,305,000	304747 EN4
2025	2,420,000	304747 EP9
2026	2,535,000	304747 EQ7
2027	2,635,000	304747 ER5

The proceeds used for refunding will be deposited in an irrevocable escrow (the "Escrow Fund") established pursuant to an escrow agreement between the District and U.S. Bank National Association, as escrow agent. Causey, Demgen & Moore, P.C., will deliver a report stating that it has reviewed and confirmed the mathematical accuracy of certain computations relating to the sufficiency of the escrowed funds to pay the interest accruing on the Refunded Bonds to their redemption date and the redemption price of the Refunded Bonds on that date. As a result of the deposit of funds in the Escrow Fund, the Refunded Bonds will be defeased and the obligation of the Counties to levy *ad valorem* property taxes for payment of the Refunded Bonds will terminate.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Ad Valorem Property Taxes

The Board of Supervisors of the County of Napa and the Board of Supervisors of the County of Solano have the power and are obligated to annually levy *ad valorem* property taxes, without limitation as to rate or amount (except certain personal property that is taxable at limited rates), upon all property within the District subject to taxation by the District for the payment of principal of and interest on the Bonds. Such taxes are required to be levied annually, in addition to all other taxes, during the period that any Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due.

When collected, the tax revenues will be deposited into a debt service fund (the "Tax Collection Fund") that is maintained by Solano County (the "County"). The County will transfer moneys from the taxes collected to the Paying Agent in the amounts necessary to pay debt service on the Bonds.

Although the Counties are obligated to levy *ad valorem* property taxes for the payment of the Bonds, and the County will maintain the Tax Collection Fund used for repayment of the Bonds, the Bonds are not a debt of the Counties.

Lien on and Pledge of Taxes

Pursuant to California Government Code section 53515, the Bonds and all of the District's other general obligation bonds are secured by a statutory lien on all revenues received from the levy and collection of taxes for the payment of debt service. The lien attaches immediately and automatically, is valid and binding from the time the bonds are executed and delivered, and is enforceable against the local agency, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

In addition, in the Paying Agent Agreement, the District has pledged all revenues from the collection of *ad valorem* property taxes levied to pay debt service on the District's general obligation bonds and the amounts on deposit in the Tax Collection Fund maintained by the County to secure the District's general obligation bonds, including the Bonds. See "Legal Matters – Secured Status in Bankruptcy" for a discussion of the significance of the statutory lien and the pledge of tax revenues.

Property Tax Collection Procedures

Taxes are levied by the Counties for each fiscal year on taxable real and personal property that is situated in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien that is sufficient, in the opinion of the county assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county treasurer-tax collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county clerk and county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Alternative Method of Tax Apportionment – "Teeter Plan"

The Board of Supervisors of Solano County and the Board of Supervisors of Napa County have both adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code, "to accomplish a simplification of the tax levying and tax apportioning process and an increased flexibility in the use of available cash resources."

Each of the Counties is responsible for determining the amount of the *ad valorem* property tax levy on each parcel in the District that is entered onto the secured real property tax roll. Upon completion of the secured real property tax roll, each County auditor determines the total amount of taxes and assessments actually extended on the secured roll for each fund for which a tax levy has been included, and apportions 100% of the tax and assessment levies to that fund's credit. Such monies may thereafter be drawn against by the taxing agency in the same manner as if the amount credited had been collected.

The Teeter Plan is to remain in effect in a county unless the board of supervisors of that county orders its discontinuance or unless, prior to the commencement of any fiscal year of the county (which commences on July 1), the board of supervisors receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the county, in which event the board of supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Teeter Plan in one of the Counties were terminated, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes from property on the secured roll in that County would depend upon the collections of the general purpose *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District situated in that County.

Assessed Valuations

The assessed valuation of property in the District is established by the county assessor, except for public utility property, which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners.

State law affords an appeal procedure to taxpayers who disagree with the assessed value of their taxable property. Taxpayers may informally request a reduction in assessment directly from the county assessor, who may grant or refuse the request, and may appeal an assessment directly to the county board of equalization, which rules on appealed assessments whether or not settled by the county assessor. The county assessor is also authorized to reduce the assessed value of any taxable property upon a determination that the market value has declined below the then-current assessment, whether or not appealed by the taxpayer.

The District can make no predictions as to the changes in assessed values that might result from pending or future appeals by taxpayers or reductions in assessed valuations initiated by the county assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly so that the fixed debt service on the Bonds may be paid. Any refund of paid taxes triggered by a successful assessment appeal will be debited by the county treasurer against all taxing agencies who received tax revenues, including the District.

A portion of property tax revenue of the District is derived from utility property subject to assessment by the State Board of Equalization ("SBE"). State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions assessed collectively as part of a "going concern" rather than as individual parcels of real or personal property. Unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

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

Property within the District had a total assessed valuation for fiscal year 2018-19 of $16,734,346,930. Shown in the following tables are the assessed valuations for the District since fiscal year 2007-08.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Year 2007-08 through Fiscal Year 2018-19

Solano County Portion

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2007-08	$13,516,289,216	$19,884,851	$431,662,275	$13,967,836,342	--
2008-09	13,143,245,283	19,040,387	460,600,707	13,622,886,377	-2.47%
2009-10	11,450,964,238	20,905,627	517,640,626	11,989,510,491	-11.99
2010-11	11,087,495,936	16,967,749	525,986,162	11,630,449,847	-2.99
2011-12	10,896,335,452	32,854,449	487,763,127	11,416,953,028	-1.84
2012-13	10,555,120,638	27,899,329	489,112,484	11,072,132,451	-3.02
2013-14	11,443,427,746	26,071,306	487,797,207	11,957,296,259	7.99
2014-15	12,369,973,363	24,718,067	496,760,073	12,891,451,503	7.81
2015-16	13,145,283,808	26,335,304	516,091,384	13,687,710,496	6.18
2016-17	14,009,052,848	24,037,434	521,102,266	14,554,192,548	6.33
2017-18	14,996,934,894	23,583,922	536,528,319	15,557,047,135	6.89
2018-19	16,042,105,771	22,636,081	547,678,359	16,612,420,211	6.78

Source: California Municipal Statistics, Inc.

Napa County Portion

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2007-08	$82,895,548	$0	$1,407,178	$84,302,726	--
2008-09	92,209,460	0	1,477,068	93,686,528	11.13%
2009-10	93,221,475	0	1,668,745	94,890,220	1.28
2010-11	93,290,424	0	2,021,541	95,311,965	0.44
2011-12	93,762,273	0	2,043,938	95,806,211	0.52
2012-13	95,221,431	0	2,023,786	97,245,217	1.50
2013-14	98,495,214	0	3,124,532	101,619,746	4.50
2014-15	100,830,856	0	3,062,120	103,892,976	2.24
2015-16	104,329,799	0	2,957,917	107,287,716	3.27
2016-17	107,810,496	0	3,211,339	111,021,835	3.48
2017-18	121,743,880	0	4,089,628	125,833,508	13.34
2018-19	118,157,595	0	3,769,124	121,926,719	-3.10

Source: California Municipal Statistics, Inc.

Total District

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2007-08	$13,599,184,764	$19,884,851	$433,069,453	$14,052,139,068	--
2008-09	13,235,454,743	19,040,387	462,077,775	13,716,572,905	-2.39%
2009-10	11,544,185,713	20,905,627	519,309,371	12,084,400,711	-11.90
2010-11	11,180,786,360	16,967,749	528,007,703	11,725,761,812	-2.97
2011-12	10,990,097,725	32,854,449	489,807,065	11,512,759,239	-1.82
2012-13	10,650,342,069	27,899,329	491,136,270	11,169,377,668	-2.98
2013-14	11,541,922,960	26,071,306	490,921,739	12,058,916,005	7.96
2014-15	12,470,804,219	24,718,067	499,822,193	12,995,344,479	7.77
2015-16	13,249,613,607	26,335,304	519,049,301	13,794,998,212	6.15
2016-17	14,116,863,344	24,037,434	524,313,605	14,665,214,383	6.31
2017-18	15,118,678,774	23,583,922	540,617,947	15,682,880,643	6.94
2018-19	16,160,263,366	22,636,081	551,447,483	16,734,346,930	6.70

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use

The land use of property in the District as of fiscal year 2018-19 is shown below, as measured by local secured assessed valuation and number of parcels.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use
Fiscal Year 2018-19

Non-Residential:	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural	$ 332,107,132	2.06%	889	2.09%
Commercial	1,836,482,508	11.36	836	1.97
Vacant Commercial	110,367,960	0.68	214	0.50
Industrial	1,380,788,501	8.54	339	0.80
Vacant Industrial	69,050,599	0.43	123	0.29
Government/Social/Institutional	65,011,317	0.40	2,310	5.43
Subtotal Non-Residential	$3,793,808,017	23.48%	4,711	11.08%
Residential:				
Single Family Residence	$10,964,652,188	67.85%	34,469	81.08%
Condominium/Townhouse	223,216,288	1.38	1,415	3.33
Mobile Home	11,861,419	0.07	361	0.85
Mobile Home Park	20,821,301	0.13	12	0.03
2+ Residential Units/Apartments	1,053,252,806	6.52	864	2.03
Vacant Residential	92,651,347	0.57	682	1.60
Subtotal Residential	$12,366,455,349	76.52%	37,803	88.92%
Total	$16,160,263,366	100.00%	42,514	100.00%

[1] Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes

Set forth in the following table is the per-parcel assessed valuation of single family homes in the District for fiscal year 2018-19.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
Per-Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2018-19

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	34,469	$10,964,652,188	$318,102	$288,948

2018-19 Assessed Valuation	No. of Parcels(1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$ 0 - $24,999	70	0.203%	0.203%	$ 906,630	0.008%	0.008%
25,000 - $49,999	413	1.198	1.401	17,476,722	0.159	0.168
50,000 - $74,999	1,058	3.069	4.471	66,260,149	0.604	0.772
75,000 - $99,999	909	2.637	7.108	80,373,101	0.733	1.505
100,000 - $124,999	1,144	3.319	10.427	129,536,702	1.181	2.686
125,000 - $149,999	1,665	4.830	15.257	230,172,703	2.099	4.786
150,000 - $174,999	2,199	6.380	21.637	357,681,209	3.262	8.048
175,000 - $199,999	2,167	6.287	27.924	406,683,896	3.709	11.757
200,000 - $224,999	2,134	6.191	34.115	452,628,987	4.128	15.885
225,000 - $249,999	2,238	6.493	40.608	531,309,456	4.846	20.731
250,000 - $274,999	2,045	5.933	46.540	537,167,761	4.899	25.630
275,000 - $299,999	2,049	5.944	52.485	588,183,771	5.364	30.994
300,000 - $324,999	2,025	5.875	58.360	633,634,155	5.779	36.773
325,000 - $349,999	2,014	5.843	64.203	678,962,224	6.192	42.965
350,000 - $374,999	1,785	5.179	69.381	645,362,031	5.886	48.851
375,000 - $399,999	1,489	4.320	73.701	576,683,720	5.259	54.110
400,000 - $424,999	1,318	3.824	77.525	543,732,737	4.959	59.069
425,000 - $449,999	1,337	3.879	81.404	584,487,247	5.331	64.400
450,000 - $474,999	1,119	3.246	84.650	516,555,894	4.711	69.111
475,000 - $499,999	881	2.556	87.206	429,381,880	3.916	73.027
500,000 and greater	4,410	12.794	100.000	2,957,471.213	26.973	100.000
Total	34,469	100.000%		$10,964,652,188	100.000%	

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

Typical Tax Rates

The rate of the annual *ad valorem* property tax levied by the Counties to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. A reduction in the assessed valuation of taxable property in the District caused by economic factors beyond the District's control, such as economic recession, slower growth, or deflation of land values, a relocation out of the District by one or more major property owners, or the complete or partial destruction of such property caused by, among other eventualities, an earthquake, flood or other natural disaster, could cause a reduction in the assessed value of the District and necessitate an unanticipated increase in tax rates.

The table below shows the tax rates on the secured roll during the past five fiscal years for Tax Rate Area No. 3-000, which is entirely within the District.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
Typical Tax Rates per $100 of Assessed Valuation (TRA 3-000)[1]
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Fairfield-Suisun Joint Unified School District	.051764	.041852	.102954	.095832	.113773
Solano County Community College District	.036716	.034918	.035043	.024425	.038889
City of Fairfield	.004500	.004500	.004500	.004500	.004500
State Water Project Benefit Zone No. 2	.020000	.020000	.020000	.020000	.020000
Total	$1.112980	$1.101270	$1.162497	$1.144757	$1.177162

(1) 2018-19 assessed valuation of TRA 3-000 is $1,828,610,043 which is 10.93% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

Largest Property Owners

The following table shows the twenty largest owners of taxable property in the District as determined by secured assessed valuation in fiscal year 2018-19.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers
Fiscal Year 2018-19

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total[1]
1.	Anheuser-Busch Inc.	Industrial	$ 323,630,234	2.00%
2.	Star-West Solano LLC	Shopping Center	187,347,022	1.16
3.	AMFP III Verdant LLC	Apartments	85,924,000	0.53
4.	Gateway 80 Owner LP	Industrial	75,928,123	0.47
5.	Mayer Cookware Industries Inc.	Industrial	75,695,736	0.47
6.	Invitation Homes Inc.	Residential Development	67,525,530	0.42
7.	PW Fund A LP	Industrial	63,106,322	0.39
8.	Wal-mart Real Estate Bus Trust	Shopping Center	60,444,581	0.37
9.	N/A Rolling Oaks – 88 LP	Apartments	57,453,000	0.36
10.	GPT Fermi Drive Owner LP	Industrial	55,080,000	0.34
11.	Tilden-Park Crossing LLC	Apartments	49,032,300	0.30
12.	Cordelia Winery LLC	Industrial	46,982,541	0.29
13.	MNCVAD II – SP Henley Owner LLC	Apartments	42,550,250	0.26
14.	Colony Starwood Homes	Residential Development	38,772,240	0.24
15.	Guittard Chocolate Company	Industrial	37,017,507	0.23
16.	B&L Properties II LLC	Shopping Center	33,038,574	0.20
17.	The Pointe LP	Apartments	32,867,957	0.20
18.	Kaiser Foundation Hospitals	Medical Buildings	32,822,649	0.20
19.	Merced Bar LLC	Shopping Center	30,876,677	0.19
20.	BMEF Bridgeport LLC	Apartments	30,641,137	0.19
	Total		$1,426,736,380	8.83%

(1) 2018-19 local secured assessed valuation: $16,160,263,366

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth on the following page is a statement of direct and overlapping bonded debt (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated February 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. Self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations are excluded from the Debt Report.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of February 1, 2019

2018-19 Assessed Valuation: $16,734,346,930

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 2/1/2019	
Napa County Joint Community College District	0.308%	$ 304,580	
San Joaquin Delta Community College District	0.073	144,887	
Solano Community College District	31.141	86,093,705	
Fairfield-Suisun Joint Unified School District	100.000	209,335,000	(1)
Fairfield-Suisun Joint Unified School District Community Facilities District No. 5	100.000	19,920,205	
Fairfield-Suisun Joint Unified School District Community Facilities District No. 6	100.000	1,347,959	
City of Fairfield	90.853	7,043,849	
City of Suisun	100.000	1,373,775	
Fairfield Municipal Park District Improvement District No. 1	99.294	2,189,433	
City of Fairfield Community Facilities District No. 3	100.000	12,020,000	
City of Fairfield Community Facilities District No. 2007-1	100.000	15,145,000	
City of Fairfield 1915 Act Bonds	100.000	1,315,000	
City of Suisun 1915 Act Bonds	100.000	50,000	
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$356,283,393	
Less: Fairfield Municipal Park District Improvement District No. 1 supported obligation		2,189,433	
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$354,093,960	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Solano County Certificates of Participation and Pension Obligation Bonds	30.180%	$27,370,242	
Napa County and Board of Education Certificates of Participation	0.310	72,928	
Solano Community College District General Fund Obligations	31.141	2,733,269	
Fairfield-Suisun Joint Unified School District Certificates of Participation	100.000	1,016,574	
City of Fairfield Pension Obligation Bonds	90.853	31,130,780	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$62,323,793	
OVERLAPPING TAX INCREMENT DEBT			
Successor Agency to Fairfield Redevelopment Agency	100.000%	$22,395,000	
Successor Agency to Suisun Redevelopment Agency	100.000	35,345,000	
TOTAL OVERLAPPING TAX INCREMENT DEBT		$57,740,000	
GROSS COMBINED TOTAL DEBT:		$476,347,186	(2)
NET COMBINED TOTAL DEBT:		$474,157,753	

(1) Excludes the Bonds described in this Official Statement.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($209,335,000).. 1.25%
Combined Direct Debt ($210,351,574) 1.26
Total Direct and Overlapping Tax and Assessment Debt.................. 2.85
Combined Total Debt 2.83

Ratio to Redevelopment Incremental Valuation ($6,910,351,291)
Overlapping Tax Increment Debt 0.84

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* property tax levied by the Counties for the payment thereof. (See "Security and Sources of Payment for the Bonds.") Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the Counties for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Article XIIIA of the California Constitution

Basic Property Tax Levy. Article XIIIA of the State Constitution limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* property taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness approved by two-thirds of the voters on or after July 1, 1978, for the acquisition or improvement of real property, and (iii) bonded indebtedness approved by 55% of the voters of a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities. Both the Bonds, which are issued pursuant to the 2016 Authorization (as described under "The Bonds – Authority for Issuance") and the District's other outstanding general obligation bonds were authorized in accordance with the provisions of Article XIIIA described in clause (iii) of the preceding sentence.

Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA permits reduction of the full cash value base in the event of a decline in property value caused by damage, destruction, or other factors. The full cash value base is not increased upon reconstruction of property damaged or destroyed in a disaster, if the fair market value of the property as reconstructed is comparable to its fair market value before the disaster. If the full cash value has been reduced owing to a decline in market value, the full cash value is restored to the full cash value base as quickly as the market price increases (without regard to the 2% limit on increases that otherwise applies).

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

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

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

Article XIIIB of the California Constitution

Under Article XIIIB of the California Constitution, state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain monies that are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIIIB does not affect the appropriation of moneys that are excluded from the definition of “appropriations subject to limitation,” such as appropriations for voter-approved debt service, appropriations required to comply with certain mandates of the courts or the federal government, and appropriations for qualified capital outlay projects (as defined by the State Legislature).

The appropriations limit for each agency in each year is based on the agency’s limit for the prior year, adjusted annually for changes in the cost of living and changes in population, and adjusted where applicable for transfer to or from another governmental entity of financial responsibility for providing services. With respect to school districts, “change in cost of living” is defined as the change in percentage change in California per capita income from the preceding year and “change in population” means the percentage change in average daily attendance for the preceding year.

The appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate “proceeds of taxes” received by an agency over such two-year period above the combined appropriations limit for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years. Under current statutory law, a school district that receives any proceeds of taxes in excess of the allowable limit need only notify the State Director of Finance and the District’s appropriations limit is increased and the State’s limit is correspondingly decreased by the amount of the excess.

Article XIIIC and Article XIIID of the California Constitution

Articles XIIIC and XIIID of the California Constitution, adopted by Proposition 218 in November 1996, impose certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. The District does not impose any such taxes, assessments, fees or charges; and, with the exception of *ad valorem* property taxes levied and collected by the Counties under Article XIIIA of the California Constitution and allocated to the District, no such taxes, assessments, fees or charges are imposed on behalf of the District. Accordingly, while the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The initiative power is, however, limited by the United States Constitution’s prohibition against state or local laws “impairing the obligation of contracts.” The District’s general obligation bonds represent a contract between the District and the bondholder secured by the collection of *ad valorem* property taxes. While not free from doubt, it is likely that, once issued, the taxes needed to pay debt service on general obligation bonds would not be subject to reduction or repeal. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

The interpretation and application of Proposition 218 and the U.S. Constitution’s Contracts Clause will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and the propositions discussed above were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

LEGAL MATTERS

Secured Status in Bankruptcy

California school districts are not authorized to file a petition in bankruptcy, and they are not subject to involuntary bankruptcy, but the State Superintendent of Public Instruction (the "State Superintendent"), operating through an administrator appointed by the State Superintendent, is authorized by State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") for the adjustment of an insolvent school district's debts.

Adjustment of the debts of a municipality under Chapter 9 is typically accomplished either by extending debt maturities, reducing the amount of principal or interest, or refinancing the debt by obtaining a new loan. Different types of debt receive different treatment in municipal bankruptcy cases.

In particular, obligations secured by a "statutory lien" will be paid to the extent of the pledged revenue collected, although the operation of the automatic stay under section 362 of the Bankruptcy Code, which stops all collection actions against the debtor and its property upon the filing of the petition, may delay payments (unless the stay is lifted).

Obligations secured by a pledge of "special revenues" will continue to be secured and serviced during the pendency of the Chapter 9 case through continuing application and payment of ongoing special revenues, to the extent they are available. The application of pledged special revenues to indebtedness secured by such revenues is not subject to the automatic stay.

Statutory Lien. The Bonds are secured by a statutory lien on the *ad valorem* property taxes levied to pay their debt service. The lien is described in California Government Code section 53515, which provides as follows:

> (a) General obligation bonds issued and sold by or on behalf of a local agency shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. The lien shall automatically arise without the need for any action or authorization by the local agency or its governing body. The lien shall be valid and binding from the time the bonds are executed and delivered. The revenues received pursuant to the levy and collection of the tax shall be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the local agency, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.
>
> (b) This section is not intended to supplement or limit a local agency's power to issue general obligation bonds conferred by any other law.
>
> (c) For purposes of this section, both of the following shall apply:
>
> (1) "Local agency" means any city, county, city and county, school district, community college district, authority, or special district.

> (2) "General obligation bonds" means bonds, warrants, notes, or other evidence of indebtedness of a local agency payable, both principal and interest, from the proceeds of *ad valorem* taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

Because subsection (a) provides that the lien becomes effective upon delivery of bonds and is perfected immediately, the lien is not avoidable in bankruptcy under Section 545 of the United States Bankruptcy Code.

The *ad valorem* property tax revenues that secure the Bonds are not commingled with other revenues of the District. California Education Code section 15251(a) provides as follows:

> (a) When collected, all taxes levied shall be paid into the county treasury of the county whose superintendent of schools has jurisdiction over the school district on behalf of which the tax was levied, to the credit of the interest and sinking fund of the school district, or community college district as designated by the California Community Colleges Budget and Accounting Manual, and shall be used for the payment of the principal and interest of the bonds and for no other purpose.

While, in general, legislation is prospective in effect, and the enacting legislation does not include a statement that it is declaratory of existing law, the legislative history indicates that the intent of the legislation was to make explicit a lien implicit in then-existing law (e.g., the restriction on use of collected taxes to the payment of debt service that is contained in Education Code section 15251 quoted above). Accordingly, the statutory lien likely applies to general obligation bonds issued prior to the January 1, 2016, effective date of Government Code section 53515.

Special Revenues. The term 'special revenues' includes "taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes (other than tax-increment financing) levied to finance the general purposes of the debtor." Education Code section 15100 requires a district's governing board to specify the purposes for which bonds are proposed to be issued; and Section 15146 provides that the proceeds of general obligation bonds shall not be applied to any purposes other than those for which the bonds were issued.

Based on the foregoing, *ad valorem* property taxes collected to pay debt service on California school district bonds may be special revenues, but there is no binding judicial precedent holding that they are. On the assumption that they are special revenues, the District has pledged all revenues from the collection of *ad valorem* property taxes levied to pay debt service on the Bonds and the amounts on deposit in the Tax Collection Fund held by the County to secure the Bonds.

Qualification of Bond Counsel's Opinion. The proposed form of opinion of Bond Counsel, attached hereto as Appendix D, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Legal Opinion

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Bond Counsel. The opinion of Bond Counsel with respect to the Bonds will be delivered in substantially the form attached hereto as Appendix D. Certain legal matters will also be passed upon for the District by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, as Disclosure Counsel.

TAX MATTERS

In the opinion of Bond Counsel, based upon the analysis of existing statutes, regulations, ruling and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes and is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. A complete copy of the proposed form of Opinion of Bond Counsel is set forth in Appendix D.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Owner thereof, is treated as interest on the Bonds that is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds and accrues on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as having "amortizable bond premium." A purchaser of a Bond (either at original issuance or later) must amortize any premium over the Bond's term using constant yield principles based on the purchaser's yield to maturity (or, in some cases, over the period to call date based on the purchaser's yield to call date). As premium is amortized, the purchaser's basis in the Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of the Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Under Treasury Regulations, the amount of tax-exempt interest received will be reduced by the amount of amortizable bond premium properly allocable to the purchaser. Purchasers of any Bonds at a premium should consult their own tax advisors with respect to the determination and treatment of amortizable bond premium for federal and state income tax purposes and with respect to state and local tax consequences of owning such Bonds.

The Internal Revenue Code of 1986, as amended, (the "Code") imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and has covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in federal gross income, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after that date of issuance of the Bonds may adversely affect the tax status of interest on the Bonds.

Although Bond Counsel expects to render an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes and exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal and/or state income taxation, or otherwise prevent Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal and/or state tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service ("IRS"), including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds, or obligations that present similar tax issues, will not affect the market price or liquidity of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditor's rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") not later than March 31 of each year, commencing with the report for the 2019-20 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Report and event notices will be filed by the District with the MSRB through its EMMA website. The specific nature of the information to be contained in the Annual Report and in the event notices is described in Appendix E – "Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

In the past five years, the District has not timely filed a significant event notice under its previous undertakings regarding the special tax bonds issued by the Fairfield-Suisun Unified School District Public Financing Authority (the "Authority"). In particular, notice of the June 14, 2014, Standard & Poor's upgrade of the rating of the Authority's Special Tax Revenue Refunding Bonds, 2006 Series A, was not posted until October 27, 2014.

The District has engaged Government Financial Strategies inc. to act as dissemination agent for its continuing disclosure undertakings. In 2015, the District revised the terms of the dissemination agent engagement with Government Financial Strategies inc. in order to address delays in providing information under its previous undertakings.

LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* property taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

RATING

Moody's Investors Service ("Moody's"), has assigned its rating of "Aa2" to the Bonds. Such rating reflects only the views of the rating agency. An explanation of the significance of such rating may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, NY 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by a rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

PROFESSIONALS INVOLVED IN THE OFFERING

Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, is serving as Bond Counsel and Disclosure Counsel to the District for the issuance of the Bonds. Isom Advisors, A Division of Urban Futures, Inc., Walnut Creek, California, is serving as Municipal Advisor to the District in connection with the sale of the Bonds. Bond Counsel, Disclosure Counsel, and the Municipal Advisor will receive compensation contingent upon the sale and delivery of the Bonds. U.S. Bank National Association, San Francisco, California, will serve as Paying Agent with respect to the Bonds.

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds on the Settlement Date, pursuant to the Forward Delivery Bond Purchase Agreement, at the purchase price of $16,773,815.05 (representing the aggregate principal amount of the Bonds of $15,205,000, plus original issue premium in the amount of $1,667,647.55, less an Underwriter's discount of $98,832.50). The Forward Delivery Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Forward Delivery Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. See "Forward Delivery of the Bonds."

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page. The offering prices may be changed from time to time by the Underwriter.

AUTHORIZATION

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

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT

By: /s/ Kris Corey
Superintendent

APPENDIX A

THE DISTRICT
GENERAL AND FINANCIAL INFORMATION

The information in this section concerning the operations of the District and its finances is provided as supplementary information. Debt service on the Bonds is payable from the proceeds of an ad valorem *property tax, approved by the voters of the District pursuant to applicable laws and State Constitutional requirements, and required to be levied by the Counties on all taxable property in the District in an amount sufficient for the timely payment of such debt service. See "Security and Sources of Payment for the Bonds" in the front portion of this Official Statement. While the Bonds are general obligations of the District, the general fund of the District is not expected to be used to pay any of the debt service on the Bonds.*

Introduction

The Fairfield-Suisun Unified School District (the "District") is a political subdivision of the State of California (the "State") and provides educational services primarily to residents of the City of Fairfield, the City of Suisun, certain adjacent unincorporated portions of Solano County (the "County"), and a small portion of Napa County. The District is located approximately 50 miles northeast of San Francisco and 30 miles west of Sacramento, and encompasses approximately 270 square miles. The District operates 33 schools, consisting of three comprehensive high schools, three middle schools, 18 elementary schools, six specialty schools, one continuation high school, and one adult school, serving a total of approximately 21,450 students in fiscal year 2018-19. There are no charter schools operating within the District.

The Governing Board

The Governing Board of the District (the "Board") governs all activities related to public education within the jurisdiction of the District. The Board consists of seven members. Each Board member is elected by the public for a four-year term of office and elections for the Board are staggered every two years. The Board has decision-making authority, the power to designate management, the responsibility to significantly influence operations and is accountable for all fiscal matters relating to the District. The current members of the Board and positions held are set forth below.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
Governing Board

Name	Office	Term Expires
David C. Isom	President	December 2022
Judi Honeychurch	Vice President	December 2020
Bethany Smith	Clerk	December 2020
Joan Gaut	Member	December 2020
Jonathan Richardson	Member	December 2022
John Silva	Member	December 2020
Craig Wilson	Member	December 2022

Superintendent

The Superintendent of the District is appointed by and reports to the Governing Board. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other District administrators. Information concerning the Superintendent is set forth below.

Superintendent, Kris Corey. Ms. Corey has served as the Superintendent of the District since July 1, 2013. Ms. Corey was first employed by the District in 1986 as an elementary school teacher and later as an assistant principal and interim principal. She left the district for seven years and was employed as an multi-track elementary school principal in the Travis Unified School District. Ms. Corey returned to Fairfield-Suisun Unified in 2006 to serve as Director of Elementary Education and was subsequently promoted to Assistant Superintendent of Educational Services. Ms. Corey received a Bachelor of Arts degree with a double major in Elementary Education and Early Childhood Education from Augustana College, Sioux Falls, South Dakota. She achieved her Master of Arts degree in Educational Leadership and Administrative Credential from St. Mary's College, Moraga, California.

Employees

The District currently employs 2,041.46 full-time equivalent faculty and staff. The following table sets forth the District's full-time equivalent employees for fiscal years 2013-14 through 2018-19, as well as the projection for fiscal year 2019-20.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
District Employees (full-time equivalent)

Year	Certificated	Classified	Total
2013-14	1,116.03	634.59	1,750.62
2014-15	1,153.58	679.74	1,833.32
2015-16	1,186.26	723.24	1,909.50
2016-17	1,228.33	863.46	2,091.79
2017-18	1,235.36	817.76	2,053.12
2018-19	1,224.19	816.97	2,041.16
2019-20*	1,224.19	816.97	2,041.16

* Projected
Source: Fairfield-Suisun Unified School District.

Employee Relations

California law provides that employees of public school districts of the State are to be divided into appropriate bargaining units, which then are to be represented by an exclusive bargaining agent.

The District has three recognized bargaining agents for its employees. The Fairfield-Suisun Unified Teachers Association ("FSUTA") is the exclusive bargaining unit for the non-management, certificated personnel (credentialed teaching staff) of the District, excluding school psychologists and per diem substitute employees. The Ancillary Professions Association ("APA") represents school psychologists.

The District's other bargaining unit, the California School Employees' Association ("CSEA") Local #302, represents the remainder of the District's non-management, classified (non-teaching) employees, such as custodial, clerical and instructional aide personnel.

Set forth in the following table are the District's bargaining units, number of members and salary and benefits contract status.

	Bargaining Unit	Number of Members	Status of Contract
Certificated	FSUTA	1,125	Settled for fiscal year 2018-19
Certificated	APA	28	Settled for fiscal year 2018-19
Classified	CSEA	851	Settled for fiscal year 2017-18*

* The District and the CSEA operate pursuant to the terms of the expired agreement until new terms are settled.
Source: Fairfield-Suisun Unified School District.

The District has 162.85 full-time equivalent management and confidential employees not represented by a bargaining unit for fiscal year 2018-19.

Retirement System

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

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

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teacher’s Retirement Law. Both active plan members and the District are required to contribute at a statutorily established rate.

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The District is part of the School Employer Pool, a “cost-sharing” pool for school employers within PERS. Active plan members are required to contribute 7.0% (or, for members added after 2012, at least half the “normal cost” of benefits, which is currently 6.0%) and the District is required to contribute an actuarially determined rate. One actuarial valuation is performed for those employers participating in the pool, and the same contribution rate applies to each participant.

District Contributions. The District’s estimated retirement contributions for the fiscal year ending June 30, 2019, are as follows:

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
Retirement Contributions for Fiscal Year 2018-19 (estimated)

	Actual Number of Employees Covered	Total Employer Contributions	District’s Fiscal Year 2018-19 Covered Payroll	Employer Contribution as a Percentage of Covered Payroll
STRS	1,571	$15,315,108	$95,073,146	16.28%
PERS	1,420	7,479,197	41,321,528	18.10

Source: Fairfield-Suisun Unified School District

For the 2019-20 fiscal year the estimated STRS contribution rate is 18.13% of annual payroll and the estimated PERS contribution rate is 20.70% of annual payroll.

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

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS from their most recently released reports.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Plan)
(Dollar Amounts in Millions)

Plan	Accrued Liability	Value of Trust Assets	Unfunded Liability[1]
State Teachers' Retirement Fund (STRS) Defined Benefit Program	$286,950[2]	$179,689[3]	$107,261
Public Employees' Retirement Fund (PERS) Schools Plan	$77,544[4]	$55,784[5]	$21,759

[1] Amounts may not add due to rounding.
[2] June 30, 2017 valuation date.
[3] Reflects actuarial value of assets as of June 30, 2017.
[4] June 30, 2016, valuation date
[5] Reflects market value of assets as of June 30, 2016.

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

Unlike PERS, STRS contribution rates for participant employers, employees and the State are set by statute and do not vary from year-to-year based on actuarial valuations. Moreover, the employee and employer contributions rates prior to fiscal year 2014-15 had been long fixed at 8% and 8.25% of salaries. In recent years, the combined employer, employee and State contributions to STRS have been significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. Legislation adopted in June 2014 requires increased contributions phased in over the next several years. Employee contributions were increased to 8.15% of salary in 2014-15 and increased to 10.25% in 2016-17 and thereafter. District contributions increased to 8.88% of payroll in 2014-15 and will increase in steps to 19.1% in 2020-21 and thereafter. The State's contribution rate increased to 3.454% of payroll in 2014-15 and to 6.328% in 2016-17 and thereafter, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 8.828%. In addition, the legislation provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for Fiscal Year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

On February 1, 2017, the State Teachers Retirement Board voted to adopt revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016, actuarial valuation, a decrease from 7.25% to a 7.00% investment rate of return for the June 30, 2017, actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.00% to a 2.75% price inflation factor.

In April 2013, the PERS Board of Administration adopted a new employer rate-smoothing methodology for local governments and school employer rates. The new methodology uses a five-year direct rate-smoothing period and amortizes gains and losses over a fixed, 30-year period with a five-year ramp-up period at the beginning and a five-year ramp-down at the end of the amortization period. The related PERS staff report states that the new methodology is expected to result in higher volatility in employer contribution rates in normal years but much less volatility in years where extreme events occur. It further states that the methodology will result in an increased likelihood of higher peak employer contribution levels in the future but not significantly increase average contribution levels. The changes affected employer contribution rates for the schools plans in fiscal year 2014-15 and thereafter. In February 2014, the PERS Board adopted new assumptions as part of a regular review of demographic trends. Key assumption changes included longer post-retirement life expectancy and earlier retirement ages. These assumptions are expected to increase costs for public agency employers, which costs will be amortized over 20 years and phased in over five years beginning in Fiscal Year 2016-17. In December 2016, the PERS Board voted to lower its expected investment rate of return from 7.5% to 7.35% in Fiscal Year 2017-18, 7.25% in 2018-19, and 7.0% in 2019-20. The new discount rates will take effect beginning July 1, 2018, for school districts. The reductions in the assumed rate of return are expected to further increase employer contribution rates.

PERS' actuaries have estimated that recently adopted pension reform legislation may produce savings of between $8.6 and $10.8 million over the next 30 years for the schools plans; STRS' actuaries estimate savings of about $22.7 million over that same period. The District cannot predict whether any of those projected savings will be realized by the District.

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

As of June 30, 2018, the District reported that its share of the net pension liabilities of STRS was $159,072,000 and its share of the net pension liabilities of PERS was $72,260,000. For additional information, see "Appendix B – Audited Financial Statements of the District for Fiscal Year Ended June 30, 2018 – Note 7 – Net Pension Liability – State Teachers' Retirement Plan," Note 8 – Net Pension Liability – Public Employer's Retirement Fund B," and "– Required Supplementary Information" attached hereto.

Other Post-Employment Benefit Obligations

The District provides post-employment healthcare benefits to age 65 for all employees who retire from the District on or after attaining age 55 with at least 15 years of service for certificated and management employees and 10 years of service for classified employees. Additional eligibility requirements relating to the combined age at retirement plus length of service are described in Note 5 in Appendix B. Currently, 525 retirees meet those eligibility requirements. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis as premiums are paid. During the 2016-17 fiscal year, expenditures of $2,622,597 were recognized for retirees' health care benefits.

As of July 1, 2016, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits, and the unfunded actuarial accrued liability (UAAL), was $64.6 million.

For additional information related to the District's post-employment healthcare benefits plan, see Note 5 in the audited financial statements attached as Appendix B.

Insurance Risk Pooling

The District is a member with other school districts of a Joint Powers Authority (JPA), North Bay Schools Insurance Authority, for the operation of a common risk management and insurance program for property and liability coverage. Each member of the JPA has an ongoing financial responsibility in the event of the JPA's total liabilities exceed its total assets. Historically, settled claims resulting from these risks have not exceeded commercial insurance coverage.

DISTRICT FINANCIAL INFORMATION

District Financial Statements

The District's Audited Financial Statements with supplemental information for the fiscal year ended June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the report dated November 28, 2018, of Crowe LLP (the "Auditor") are included in this Official Statement as Appendix B. The financial statements should be read in their entirety. The information set forth herein does not purport to be a summary of the District's financial statements.

In connection with the inclusion of the financial statements and the report of the Auditor thereon in Appendix B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts.

The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund, which accounts for all financial resources not required to be accounted for in another fund. The District's fiscal year begins on July 1 and ends on June 30. All governmental funds are accounted for using the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes measurable and available for the current period; and expenditures are recognized in the period in which the liability is incurred, although debt service expenditures are recorded only when payment is due. For more information on the District's accounting method, see Appendix B – "Audited Financial Statements of the District for Fiscal Year Ended June 30, 2018," Note 1 – "Summary of Significant Accounting Policies."

District Budget

The District is required by provisions of the California Education Code to maintain each year a balanced budget in which the sum of expenditures plus the ending fund balance for each year cannot exceed the revenues plus the carry-over fund balance from the previous year. The California State Department of Education imposes a uniform budgeting format for each school district in the State. The budget is subject to review and approval by the County Superintendent of Schools (the "County Superintendent'). The County Superintendent examines the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identifies technical corrections necessary to bring the budget into compliance, determines if the budget allows the district to meet its current obligations and determines if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. The County Superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. Over the past ten years, the District has not had an adopted budget disapproved by the County Superintendent.

Pursuant to State law, the District adopted on June 14, 2018, a fiscal line-item budget setting forth revenues and expenditures so that appropriations during fiscal year 2018-19 will not exceed the sum of revenues plus beginning fund balance.

Interim Reports on Financial and Budgetary Status

Every school district is required to file two interim certifications with the county superintendent (the first on December 15 for the period ended October 31 and the second by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certifications and issues either a positive, negative, or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A school district that receives a qualified or negative certification may not issue tax and revenue anticipation notes or certificates of participation without approval by the county superintendent in that fiscal year or in the next succeeding year.

During the past five years, the District's interim certifications were positive for each of the Interim Reports during that period.

Comparative Financial Statements

The following table shows the District's Statement of General Fund Revenues, Expenditures and Changes in Fund Balance for fiscal years 2014-15 through 2017-18.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balances for Fiscal Years 2014-15 through 2017-18 (Audited)

	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
REVENUES				
Revenue limit sources/Local Control Funding Formula (LCFF):				
State apportionment	$110,789,789	$124,324,907	$130,661,407	$130,268,565
Local Sources	40,673,665	47,027,315	49,936,724	51,915,319
Total Revenue Limit/LCFF	151,463,454	171,352,222	180,598,131	182,183,884
Federal Sources:	9,131,201	9,996,354	9,299,977	9,395,819
Other State sources	11,991,842	23,222,651	16,910,082	17,711,143
Other Local sources	7,970,498	7,277,770	6,606,261	6,168,307
Total Revenues	180,556,995	211,848,997	213,414,451	215,459,153
EXPENDITURES				
Certificated salaries	81,800,639	93,082,251	92,363,946	95,305,069
Classified salaries	29,990,280	33,248,245	37,032,025	38,356,841
Employee benefits	37,461,244	42,518,774	46,271,634	52,411,166
Books and supplies	9,463,581	12,095,614	11.980,269	7,342,439
Contract services and operating expenditures	14,764,677	17,590,629	19,067,126	17,681,474
Other outgo	3,274,037	3,477,283	3,536,993	3,209,049
Capital outlay	129,094	3,889,515	297,455	626,175
Debt Service:				
Principal retirement	95,198	163,367	197,455	199,533
Interest and other charges	66,306	83,729	24,156	23,093
Total Expenditures	177,045,056	206,149,407	213,397,098	215,154,839
Excess (Deficiency) of Revenues Over (under) Expenditures	3,511,939	5,699,590	17,353	304,314
Other Financing Sources (Uses):				
Operating/Interfund Transfers In	425,880	489,761	664,087	576,514
Operating/Interfund Transfers Out	(1,335,500)	(850,000)	(1,863,347)	(1,350,002)
Proceeds from issuance of debt	110,848	--	--	--
Total Other Financing Sources (Uses)	(798,772)	(360,239)	(1,199,260)	(773,488)
Net Change in Fund Balances	2,713,167	5,339,351	(1,181,907)	(469,174)
Fund Balances – July 1 (prior year)	26,019,348	28,732,515	34,071,866	32,889,959
Fund Balances – June 30 (current year)	$28,732,515	$34,071,866	$32,889,959	$32,420,785

Source: District's Audited Financial Statements for fiscal years 2014-15 through 2017-18.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balances for Fiscal Years 2017-18 (Estimated Actuals) and 2018-19 (Adopted Budget and First Interim Report)

	Estimated Actuals 2017-18	Adopted Budget 2018-19	First Interim 2018-19
REVENUES			
Local Control Funding Formula	$182,359,604	$193,463,451	$195,083,077
Federal Revenue	10,009,685	9,517,286	10,134,714
Other State Revenues	17,673,960	21,429,731	19,576,455
Other Local Revenues	5,379,720	3,421,782	4,818,068
Total Revenues	215,422,969	227,832,250	229,612,314
EXPENDITURES			
Certificated salaries	95,959,532	96,204,728	97,165,525
Classified salaries	40,821,471	41,627,282	42,309,720
Employee benefits	52,716,541	56,570,681	55,650,088
Books and supplies	13,016,413	8,161,865	11,806,353
Services and other operating expenditures	20,591,900	18,914,279	21,292,618
Capital outlay	941,805	25,000	2,606,446
Other outgo (excluding Transfers of Indirect Costs)	3,770,540	3,738,053	3,743,878
Other Outgo (Transfers of Indirect Costs)	(602,288)	(564,955)	(578,859)
Total Expenditures	227,215,914	224,676,933	233,995,769
Excess (Deficiency) of Revenues Over (under) Expenditures	(11,792,945)	(3,155,317)	(4,383,455))
Other Financing Sources (Uses):			
Interfund Transfers In	0	0	0
Interfund Transfers Out	1,900,002	5,900,000	11,368,546
Net Financing Sources (Uses)	(1,900,002)	(5,900,000)	(11,368,546)
Net Change in Fund Balances	(13,692,947)	(2,744,683)	(15,752,001)
Beginning Fund Balance	25,899,829	12,206,882	24,786,672
Fund Balance - Ending	$12,206,882	$9,462,199	$9,034,671

Source: District's Adopted Budget for fiscal year 2018-19 and First Interim Report for fiscal year 2018-19.

Cap on School District Reserves

State regulations require school districts to budget a reserve for economic uncertainties. The recommended minimum amounts vary from 1% to 5% of total expenditures and other financing uses, depending on the district's ADA. For the District, the recommended amount is 3%. A school district that proposes to adopt or revise a budget that includes an ending fund balance that is higher than the state's minimum recommended reserve for economic uncertainties must substantiate the need for the higher balance. In a fiscal year immediately after a fiscal year in which the amount on deposit in the Public School System Stabilization Account established in the State General Fund (see "State Funding of Education -- Propositions 98 and 111 -- Minimum Funding Guarantee," below) equals or exceeds three percent of the total of State General Fund revenues appropriated for school districts and local tax revenues (other than those that offset the State's basic aid funding requirement), a school district's adopted or revised budget may not contain an ending fund balance higher than ten percent of the district's combined assigned or unassigned ending general fund balance. A county superintendent may waive the prohibition, pursuant to specified conditions, for up to two consecutive years within a three-year period.

If the cap were triggered, unless exempted, a school district would be required to increase expenditures in order to bring its ending fund balance down to the maximum level. Since the adoption of the cap in its original form in 2014, the cap has not been triggered. The District is unable to predict what the effect of a reserve cap on its budget might be in future years.

Sources of Funding for Operations

Funding for the District's operations is provided by a mix of (1) local property taxes, (2) State apportionments of general purpose and restricted purpose funds; (3) federal government grants; (4) development impact fees; (5) lottery funds; and (6) miscellaneous other revenues.

Property Taxes. Under current law, local agencies are not permitted to levy directly any property tax (except *ad valorem* taxes to pay debt service on voter-approved bonds and voter-approved non-*ad-valorem* taxes for limited purposes). Instead, general purpose *ad valorem* property taxes are automatically levied by each county at the maximum 1% property tax rate permitted by Proposition 13, and property tax revenue is distributed by the county among all the local government taxing agencies (including school districts) within the county according to a statutory formula. See "District Financial Information – Property Taxes," below.

State Funding. General Purpose Revenue. Beginning in fiscal year 2013-14, the bulk of apportionments of State funding to school districts for general purposes has been allocated pursuant to a new system referred to as the "local control funding formula" ("LCFF"). Apportionment to school districts are made on the basis of uniform, target base rates per unit of ADA for each of four grade spans, subject to several adjustments, as described below. The annual State general purpose apportionment received by a school district amounts to the difference between such district's total general purpose allocation and its share of the general purpose local property tax distributed to it by the county.

The LCFF replaces a funding system that allocated State general purpose funds based on school-district-specific (i.e., non-uniform) "revenue limits" per unit of ADA and allocated special purpose funds for specified programs, referred to as "categorical programs." Under the LCFF, most, but not all, categorical program funding is eliminated.

For Fiscal Year 2017-18, the base rates per unit of ADA for each grade span are as follows: (i) $7,941 for grades K-3; (ii) $7,301 for grades 4-6; (iii) $7,518 for grades 7-8; and (iv) $8,939 for grades 9-12. (The base rates shown for grades K-3 and 9-12 reflect increases of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in the early grades and to support college and career readiness programs in high schools.) Under full implementation of the LCFF, as a condition of receiving the K–3 base–rate adjustment, districts must maintain a K–3 school–site average class size of 24 or fewer students, unless collectively bargained otherwise. These target base rates are to be updated each year for cost–of–living adjustments (COLAs).

The LCFF provides additional funds to school districts based on the three-year rolling average of enrollment of students of limited English proficiency, students from low income families that are eligible for free or reduced priced meals, and foster youth. Students who are in more than one category are counted only once. Under the formula, each qualifying student generates an additional 20% of the student's adjusted grade-span base rate. School districts whose qualifying student populations exceed 55% of their total enrollment will receive additional "concentration" funding equal to 50% of the applicable adjusted base rate multiplied by the percentage of such district's qualifying student enrollment above the 55% threshold.

Funds for two categorical programs — the Targeted Instructional Improvement Block Grant and the Home-to-School Transportation program — are treated as add-ons to the LCFF. Districts that received funding from these programs in 2012–13 will continue to receive that same amount of funding in addition to what the LCFF provides each year.

Had general purpose allocations under the revenue limit system been fully funded and categorical program funding been restored, the previous funding system would have generated greater levels of funding than the LCFF for approximately 230 school districts (about 20% of districts). To address this issue, the new funding system provides the Economic Recovery Target (ERT) add–on to a subset of these districts. The ERT add–on amount equals the difference between the amount a district would have received under the old system and the amount a district would receive based on the LCFF in 2020–21. Approximately 130 districts are eligible to receive the ERT add–on. The 100 remaining districts are not eligible for the add–on because of their exceptionally high per–pupil funding rates. Specifically, a provision disallows a district from receiving an ERT add–on if its funding exceeds the 90th percentile of per–pupil funding rates under the old system (estimated to be approximately $14,500 per pupil in 2020-21). The District does not qualify for the ERT add–on.

The LCFF is being implemented over a span of eight fiscal years. School districts will receive annual funding increases based on the difference between their respective prior-year funding level and the target LCFF allocation following full implementation. In each year, every school district will see the same proportion of its gap closed.

The following table shows a breakdown of the District's fiscal years 2016-17 through 2018-19 (estimated) ADA by grade span, total enrollment, and the percentage of students classified as English learners, low-income, or foster youth ("EL/LI").

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
ADA by Grade Span, Total Enrollment, and EL/LI Enrollment
Fiscal Years 2016-17 through 2018-19

	Average Daily Attendance (1) (By Grade Span)					Enrollment	
Fiscal Year	K-3	4-6	7-8	9-12	Total District	Total District Enrollment	% EL/LI (2) Enrollment
2016-17	6,456.32	5,040.60	3,198.68	5,915.14	20,608,74	21,607	57.62
2017-18	6,352.72	4,965.73	3,254.56	5,992.28	20,564.89	21,539	60.19
2018-19 (3)	6,461.32	4,721.11	3,289.19	5,957.84	20,429.46	21,450	60.33

(1) ADA is determined as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year.

(2) This percentage is calculated on the basis of the average of the current fiscal year and the prior two fiscal years.

(3) Estimated

Source: Fairfield-Suisun Unified School District

Restricted Purpose Revenue. Other State revenues allocated to school districts are restricted by the Legislature to particular uses (categorical programs). The LCFF eliminates approximately three-quarters of categorical programs. Under the LCFF system, 14 categorical programs remain, including special education, after-school safety and education programs, nutrition, and State preschool.

Federal Sources. The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Drug Free Schools. Revenues received from the federal government are restricted in their use, and are not available to pay debt service.

Other State Sources. In addition to State apportionments determined in accordance with the LCFF, the District receives substantial other State revenues ("Other State Sources"). These Other State Sources are primarily restricted revenues that fund items such as the Special Education Master Plan, home-to-school transportation, and instructional materials. Also included are funds received from the State lottery. The LCFF eliminated most categorical programs and correspondingly increased general purpose funding.

Other Local Sources. In addition to general purpose property taxes, the District receives additional local revenues from items such as the property tax levied to pay debt service on its general obligations bonds, a special parcel tax, developer fees, and interest earnings. The general obligation bond taxes are available only to pay debt service on the Bonds.

Long-Term Debt

General Obligation Bonds. At an election held on March 5, 2002, the voters of the District authorized the issuance of $100,000,000 principal amount of bonds for school facilities projects (the "2002 Authorization"). The bonds issued pursuant to the 2002 Authorization are secured by taxes levied on all of the taxable property within the District.

On August 1, 2002, the District issued its "General Obligation Bonds, Election of 2002, Series 2002" (the "Series 2002 Bonds") in the aggregate principal amount of $45,000,000. The Series 2002 Bonds were refunded by the District's 2011 General Obligation Refunding Bonds (the "Series 2011 Bonds") issued on October 26, 2011, in the aggregate principal amount of $30,995,000. After the issuance of the Bonds, the August 1, 2020 maturity of the Series 2011 Bonds will remain outstanding until paid at maturity.

On June 23, 2004, the District issued its "General Obligation Bonds, Election of 2002, Series 2004" (the "Series 2004 Bonds") in the aggregate principal amount of $55,000,000. The Series 2004 Bonds were refunded by the District's 2012 General Obligation Refunding Bonds (the "Series 2012 Bonds") issued on November 14, 2012 in the aggregate principal amount of $49,615,000. Of that amount, $39,480,000 aggregate principal amount of Series 2012 Bonds remains outstanding.

With the issuance of the Series 2002 Bonds and Series 2004 Bonds, the District issued all principal amount of the bonds authorized by the 2002 Authorization.

At an election held on June 7, 2016, the voters of the District authorized the issuance of $249,000,000 principal amount of bonds (the "2016 Authorization") for funding for improvements to school facilities. Pursuant to the 2016 Authorization, the District issued $84,000,000 principal amount of its General Obligation Bonds, Election of 2016, Series 2016, on September 28, 2016. Of that amount, $4,507,204 aggregate principal amount of Series 2012 Bonds remains outstanding. Pursuant to the 2016 Authorization, the District issued $80,000,000 principal amount of its General Obligation Bonds, Election of 2016, Series 2018, on August 9, 2018. The District has $85,000,000 in authorized but unissued bonds of the 2016 Authorization.

Special Tax Bonds. In November 2015, the Fairfield-Suisun Unified School District Public Financing Authority (the "Authority") issued $28,775,000 aggregate principal amount of its 2015 Special Tax Refunding Bonds. The District is a party to the joint exercise of powers agreement that established the Authority but is not liable for the debts of the Authority. Debt service on the Authority's bonds is secured by debt service payments on special tax bonds issued by the District for five community facilities districts formed by the District. The special tax bonds are limited obligations of the District payable only from the special taxes collected from properties within those community facilities districts.

2006 Certificates of Participation. On May 12, 2006, the District issued $2,550,000 of certificates of participation. Of that amount, $1,039,787 remains outstanding as of June 30, 2018. Debt service on the certificates of participation is paid from the District's general fund.

Other Loans. The District has an unpaid balance of $927,588 on a loan from the State of California Energy Commission.

Changes in Long-Term Debt. A schedule of changes in long-term debt of the District for the year ended June 30, 2018, is shown below:

	Balance at July 1, 2017	Additions	Deductions	Balance at June 30, 2018
General Obligation Bonds	$151,715,000	--	$11,755,000	$139,960,000
Unamortized Premiums	7,716,160	--	454,799	7,261,361
Mello-Roos Bonds	25,730,000	--	2,510,000	23,220,000
Certificates of Participation	1,163,573	--	123,786	1,039,787
California Energy Commission Loan	1,003,335	--	75,747	927,588
Total OPEB Liability	77,398,525	$ 1,362,585	--	78,761,110
Net pension Liability	203,265,000	28,067,000	--	231,332,000
Compensated Absences	1,415,047	--	128,676	1,286,371
Total	$469,406,640	$29,429,585	$15,048,008	$483,788,217

Source: Fairfield-Suisun Unified School District Audited Financial Statements for the year ended June 30, 2018

Property Taxes

See "Security and Sources of Payment of the Bonds" above for a general description of how property is assessed and how *ad valorem* property taxes are levied and collected.

STATE FUNDING OF EDUCATION

As noted above, California school districts receive a significant portion of their general purpose funding from State appropriations. Variations in the level of State funding of school districts may affect this secondary source of security for payment of the Bonds.

Propositions 98 and 111 -- Minimum Funding Guarantee

Proposition 98, a constitutional and statutory amendment adopted by California voters in 1988 and amended by Proposition 111 in 1990, guarantees a minimum level of funding for public education from kindergarten through community college (K-14).

Proposition 98 guarantees a level of funding based on the greater of two amounts determined under three different methods of calculation. The first amount is based on a percentage of General Fund revenues. This amount is defined under "Test 1" as the amount produced by applying the same percentage of General Fund revenues appropriated to K-14 education in 1986-87, or about 40%. (This percentage has been adjusted to approximately 39% to account for subsequent redirection of local property taxes, since such property tax shifts affect the share of districts' revenue limits that are to be provided by State General Fund revenues.) The second amount is determined under one of two methods, "Test 2" or "Test 3," the choice of which is determined based on the relative growth of per capita income and General Fund revenues.

In years of high or normal growth of General Fund revenues, Test 2 applies. Test 2 is designed to maintain prior-year service levels. The amount determined under Test 2 is the amount required to ensure that K-14 schools receive from State funds and local tax revenues the same amount received in the prior year, adjusted for changes in enrollment and for increases in per capita personal income. Test 3 is operative in years in which General Fund revenue growth per capita is more than 0.5% below growth in per capita personal income. The amount determined under Test 3 is the prior-year total level of funding from state and local sources, adjusted for enrollment growth and for growth in General Fund revenues per capita, plus 0.5% of the prior year level. If Test 3 is used in any year, the difference between the amount determined under

Test 3 and Test 2 will become a credit (called the "maintenance factor") to be paid to K-14 schools in future years when State General Fund growth exceeds personal income growth.

The State's estimate of the total guaranteed amount varies through the stages of the annual budgeting process, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as various factors change. The guaranteed amount will increase as enrollment and per capita personal income grow. If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount may be suspended for one year at a time by enactment of an urgency statute. In subsequent years in which State General Fund revenues are growing faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount.

In the last several decades, the State's response to fiscal difficulties has had a significant impact on Proposition 98 funding and settle-up treatment. In 1992-93, 1993-94, 2004-05, and 2005-06 the State required counties, cities, and special districts to shift property tax revenues to school districts, thereby relieving the State General Fund of some of the burden of the Proposition 98 guarantee. Proposition 1A, adopted by the voters in November 2004, prohibits the State from shifting property taxes from other local governments to school or community college districts without a two-thirds vote of both houses of the State Legislature. Proposition 22, approved by the voters in November 2010, eliminated the State's authority to shift property taxes temporarily during a severe financial hardship of the State that had been permitted by Proposition 1A. Legislation enacted in June 2011 (and upheld by the California Supreme Court in December 2011) dissolved every redevelopment agency in the State effective February 1, 2012, which has made more property tax revenues available to school districts.

The State has also sought to avoid or delay paying settle-up amounts when State revenues have lagged. The State has also sought to avoid increases in the base guaranteed amount through several devices: by treating any excess appropriations as advances (or loans) against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily or permanently deferring year-end apportionments of Proposition 98 funds from one fiscal year to the next to reduce the ending fiscal year's base; by suspending Proposition 98, as the State did in 2010-11; and by proposing to amend the Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The California Teachers' Association, the State Superintendent and others sued the State or the Governor in 1995, 2005, 2009, and 2011 to force them to fund the full settle-up amounts. In January 2018, the Legislative Analyst's Office estimated settle-up obligations to total about $440 million. While legislation adopted to implement the settlements of these suits requires the State to pay down the obligation in annual installments, the repayments have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

Proposition 2, approved at the November 4, 2014, statewide election, among other things, revises the operation of Proposition 98 in some years. The measure creates a new State budget stabilization fund known as the "Public School System Stabilization Account." In years where capital gains tax revenues exceed 8% of total General Fund revenues, if a number of conditions are satisfied (including that Test 1 is operative, all maintenance factor obligations have been satisfied, and the Proposition 98 funding level is higher than the previous year), that part of the "excess" capital gains tax revenues accruing to the Proposition 98 guarantee, instead of being appropriated, would be deposited in the Public School System Stabilization Account, provided that the amount spent on schools and community colleges grows along with the number of students and the cost of living. The State would spend money out of the reserve in order to maintain spending on schools and community colleges in budgetary years in which such spending would otherwise decline from the prior year's level (adjusted for student population and cost of living). Proposition 2 thus changes when the

State would otherwise be required to spend money on schools and community colleges but not the total amount of State spending for schools and community colleges over the long run.

State Budget Process

The State Constitution requires the Governor to propose a budget to the State Legislature no later than January 10 of each year and requires the Legislature to adopt a final budget no later than June 15. The latter deadline was frequently missed when passage of the budget required a 2/3 majority of each house of the Legislature. The State's voters approved an amendment to the State Constitution in November 2010 that lowered the vote requirement to a simple majority of each house of the State Legislature. The lower vote requirement also applies to the budget trailer bills that specifically appropriate funds. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. A two–thirds vote of each house of the State Legislature is still required to override any veto by the Governor. School district budgets must be adopted by the district's governing board by July 1 and then revised within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget.

Possible Delays in Apportionments. If the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding may be treated differently. In 2002, a California Court of Appeal held in White v. Davis (also referred to as Jarvis v. Connell) that the State Controller cannot disburse State funds after the beginning of the fiscal year until the adoption of the budget bill or an emergency appropriation, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State constitution, such as appropriations for salaries of elected State officers, or (iii) required by federal law, such as payments to State workers (but at no more than minimum wage). The court specifically held that pre-budget disbursements of Proposition 98 funding for school districts are invalid. In 2003, the California Supreme Court upheld the decision of the Court of Appeal. During the 2003-04 State budget impasse, the State Controller nonetheless treated revenue limit (i.e., general purpose) apportionments to school districts as continuous legislative appropriations under statute. The State Controller did not disburse certain categorical and other funds to school districts until the 2003-04 Budget Act was enacted.

Additional Delays in Apportionments. During the Great Recession, the Legislature authorized intra-year and inter-year deferrals of certain payments otherwise payable at earlier dates in the fiscal year to K-12 schools. The use of this cash-flow management device by the Legislature required some school districts to increase the size or frequency of their tax and revenue anticipation note borrowings.

Fiscal Year 2018-19 Budget

On June 27, 2018, the Governor approved the 2018-19 Budget Act. Starting with an estimated prior year balance of $8.483 billion, the 2018-19 State Budget includes projected general fund revenues and transfers of $133.332 billion and $138.688 billion in general fund expenditures. Based on these estimates and spending plans, and the projected balances in the several reserve funds at the end of Fiscal Year 2017-18, the State would end Fiscal Year 2018-19 with $17.095 billion in reserves, comprising an ending fund balance of $3.127 billion ($1.165 billion in the Reserve for Liquidation of Encumbrances and $1.962 billion in the Special Fund for Economic Uncertainties), $13.768 in the State's Budget Stabilization Account (sometimes referred to as the "Rainy Day Fund"), and another $200 billion in a newly-designated Safety Net Reserve.

The 2018-19 State Budget includes total funding of $97.2 billion ($56.1 billion General Fund and $41.1 billion other funds) for all K-12 education programs. The Proposition 98 K-12 funding guarantee is estimated to be $78.4 billion for 2018-19, an increase of $2.8 billion above the revised 2017-18 amount. Under the Budget, K-12 Proposition 98 spending increases from $11,227 per student in 2017-18 to $11,640 in 2018-19.

The 2018-19 State Budget includes, among others, these significant provisions relating to K 12 funding, as described by the Department of Finance:

Local Control Funding Formula: Proposition 98 General Fund funding for school districts and charter schools will increase by more than $3.7 billion in 2018-19. The Governor estimates that the increase will bring the LCFF's implementation to 100% completion.

Mandate Claims: The Budget allocates approximately $1.1 billion in one-time moneys to reduce outstanding mandate claims by K-12 local education agencies. The funds may be used for any education purpose, but the State encourages local agencies to use them for deferred maintenance, professional development, instructional materials, technology and the implementation of new educational standards.

Career Technical Programs: The Budget includes $164 million in ongoing Proposition 98 funding to establish a K-12 specific component within the Strong Workforce Program, which encourages local educational agencies to offer career technical education programs aligned with needed. In addition, the Budget includes $150 million ongoing Proposition 98 funding to make permanent the Career Technical Education Incentive Grant Program, which encourages the creation and expansion of high-quality career technical education programs.

One-time appropriation to raise achievement: The Budget also provides a $300 million one-time appropriation to fund the "Low-Performing Students Block Grant," which will provide resources in addition to LCFF funds to local educational agencies with students who: (1) perform at the lowest levels on the state's academic assessments, and (2) do not generate supplemental LCFF funds or state or federal special education resources.

Underfunding of Proposition 98 Settle up Obligations: The Budget includes $100 million to restore prior-year underfunding of the Proposition 98 guarantee.

No Proposition 98 Reserve Fund Deposit: The Budget does not include any deposit into the Public School System Stabilization Account.

Proposed Fiscal Year 2019-20 Budget

On January 10, 2019, the Governor released his proposed State budget for Fiscal Year 2019-20 (the "Proposed Budget"). The Proposed Budget projects $142.6 billion in general fund revenues and transfers, and the Governor's spending plan proposes $144.2 billion in General Fund expenditures. Based on these estimates and spending plans, and the projected balances in the several reserve funds at the end of Fiscal Year 2018-19, the State would end Fiscal Year 2019-20 with $19.869 billion in reserves, comprising an ending fund balance of $3.667 billion ($1.385 billion in the Reserve for Liquidation of Encumbrances and $2.283 billion in the Special Fund for Economic Uncertainties), $15.302 in the State's Budget Stabilization Account (sometimes referred to as the "Rainy Day Fund"), and another $900 billion in the Safety Net Reserve.

The Proposed Budget includes total Proposition 98 funding of $80.7 billion for 2019 20, an increase of $2.8 billion above the 2018-19 guarantee. Under the Proposed Budget, K-12 Proposition 98 spending increases from $16,857 per student in 2018-19 to $17,160 in 2019-20.

The Proposed Budget includes, among others, these significant provisions relating to K 12 funding, as described by the Department of Finance:

Local Control Funding Formula: Proposition 98 General Fund funding for school districts and charter schools will increase by more than $2.0 billion in 2019-20, reflecting a 3.46% cost-of-living adjustment, which brings total LFCC funding to $63 billion.

One-Time STRS Contribution: The Proposed Budget includes a $3 billion one-time non-Proposition 98 General Fund payment to STRS to reduce long-term liabilities for schools (the employers). Of this amount, a total of $700 million would be provided to buy down the employer contribution rates in Fiscal Years 2019-20 and 2020-21. Based on current assumptions, employer contributions would decrease from 18.13% to 17.1% in Fiscal Year 2019-20 and from 19.1% to 18.1% in Fiscal Year 2020-21. The remaining $2.3 billion would be paid toward the employers' long-term unfunded liability.

Underfunding of Proposition 98 Settle up Obligations: The Proposed Budget includes $686 million to restore prior-year underfunding of the Proposition 98 guarantee.

Local Property Tax Adjustments: As a result of higher offsetting property tax revenues, Proposition 98 General Fund funding for school districts and county offices of education will decrease by $283 million in 2018-19 and by $1.25 billion in 2019-20.

School District Average Daily Attendance: As a result of decreases in projected ADA, funding for school districts would be decreased by $388 million in 2018-19 and by $187 million in 2019-20.

Cost-of-Living Increases for non-LCFF: An increase of $187 million to support a 3.46% cost-of-living adjustment for categorical programs that remain outside the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, American Indian Education Centers, and the American Indian Early Childhood Education Program.

Special Education Services and School Readiness Supports: The Proposed Budget includes $576 million in Proposition 98 General Fund funding (of which $186 million is one-time) to support expanded special education services and school readiness supports at local educational agencies with high percentages of both students with disabilities and unduplicated students who are low-income, youth in foster care, and English language learners.

State Preschool: The Proposed Budget includes $125 million in non-Proposition 98 General Fund funding to increase access to subsidized full-day, full-year State preschool for four-year-old children in 2019-20 (for a total of approximately 180,000 State preschool slots), with additional increases proposed in the succeeding fiscal years to provide access for all low-income four-year olds by Fiscal Year 2021-22.

Full-Day Kindergarten Programs: The Proposed Budget includes a $750 million one-time non-Proposition 98 General Fund allocation to construct new or retrofit existing facilities for full-day kindergarten programs. In addition, participating school districts will have the ability to use project savings to fund other activities that reduce barriers to providing full-day kindergarten.

No Proposition 98 Reserve Fund Deposit: The Proposed Budget does not include any deposit into the Public School System Stabilization Account.

In addition to the foregoing, the Proposed Budget proposes changes in statutes to specify that the State may not adjust Proposition 98 funding levels for any non-certified year outside of the fiscal years commonly referred to as "current year" and "budget year" (for the Proposed Budget, this refers to Fiscal Years 2018-19 and 2019-20). The result of this proposed revised process would be that prior-year Proposition 98 levels would not change, protecting local educational agencies from unanticipated revenue drops in past fiscal years.

The 2018-19 State Budget amended the process for finalizing the Proposition 98 funding level for a given fiscal year, commonly referred to as the Proposition 98 certification process. Specifically, these changes: (1) provided a new mechanism for annual certifications; (2) increased certainty around the payment of future certification settlements; (3) provided the State with additional budgeting flexibility through a new cost allocation schedule; (4) provided a continuous appropriation of LCFF COLA; and (5) certified the guarantee for the prior Fiscal Years 2009-10 through 2016-17. All of these changes may be repealed if recently-filed litigation is ultimately successful.

To provide more certainty, the Proposed Budget also includes proposed changes to the Proposition 98 certification process to eliminate the cost allocation schedule, prohibit the State from adjusting Proposition 98 funding levels for a prior fiscal year, and create a cap on increases to LCFF related to the continuous appropriation of LCFF COLA.

Additional Information on State Finances

The full text of proposed and adopted State budgets may be found at the internet website of the California Department of Finance, www.dof.ca.gov, under the heading "California Budget." The Legislative Analyst's Office ("LAO") budget overviews and other analyses may be found at www.lao.ca.gov under the heading "Products." In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov or through the Municipal Securities Rulemaking Board's EMMA website at emma.msrb.org.

Periodic reports on revenues and/or expenditures during the fiscal year are issued by the Governor's Office, the State Controller's Office and the LAO. The Department of Finance issues a monthly Bulletin, which reports the most recent revenue receipts as reported by state departments, comparing them to Budget projections. The Governor's Office also formally updates its budget projections three times during each fiscal year, in January, May and at budget enactment. These bulletins and other reports are available on the Internet.

The information referred to above is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Future State Budgets

The District cannot predict what actions will be taken in the future by the Legislature and the Governor to deal with changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and state economic conditions and other factors over which the District will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools as budgeted.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2018**

[THIS PAGE INTENTIONALLY LEFT BLANK]

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2018

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018
(Continued)

CONTENTS

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Fairfield-Suisun Unified School District
Fairfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fairfield-Suisun Unified School District, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise Fairfield-Suisun Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Fairfield-Suisun Unified School District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". The implementation of Statement No. 75 resulted in a cumulative adjustment to the District's July 1, 2017 net position by $37,784,141 because of the recognition of the net OPEB liability. Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 9 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions on pages 49 to 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 Fairfield-Suisun Unified School District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, 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 schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018 on our consideration of Fairfield-Suisun Unified School 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 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 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 Fairfield-Suisun Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
November 28, 2018

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2018

An overview of the Fairfield-Suisun Unified School District's (the "District") financial activities for the fiscal year ended June 30, 2018, is presented in this discussion and analysis of the District's financial position.

This Management Discussion and Analysis should be read in conjunction with the District's financial statements, including the notes and supplementary information, which immediately follow this section.

Financial Highlights

- The District's General Fund balance decreased by $469,174 from the prior year balance of $32,889,959 at June 30, 2017, to $32,420,785 at June 30, 2018.
- The District's enrollment and average daily attendance (ADA) reflected a slight increase, which has a positive impact on the District's General Fund balance. The District's second period (P-2) attendance increased from 20,528 in 2015-16, to 20,925 in 2016-17, and reflected an increase in 2017-18 to 20,972. Cumulatively, there is an increase of 444 ADA, or 2.2%, over the past two years.
- The District is required to have available reserves equal to 3% of General Fund budgeted expenditures, transfers out, and other uses. The required amount is approximately $6.5 million. As of June 30, 2018, the District had $7,634,116 in its Special Reserve for Other than Capital Outlay Fund and $8,681,105 in General Fund unassigned amounts available to meet this requirement.

Overview of the Financial Statements
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference between assets and deferred outflows less liabilities and deferred inflows 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 net position of the District 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 vacation leave).

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 and outflows of expendable resource*s, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating government'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 government's near-term financing decisions. Both 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 activitie*s.

The District maintains thirteen individual governmental funds. 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 the General Fund, combined with the Special Reserve Fund for Other than Capital Projects, which together are considered to be a major fund. Other major funds are the Building Fund, and the County School Facilities Fund. Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11-15 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 16 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-47 of this report.

Financial Analysis of the District's Funds

Table 1 summarizes the District's net position as of June 30, 2018, and 2017. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $4,990,253 at the close of the most recent fiscal year.

Table 1
Net Position

	2018	2017
Current and Other Assets	$ 173,512,974	$ 192,788,042
Capital Assets	272,557,882	258,190,205
Total Assets	446,070,856	450,978,247
Deferred Outflows of Resources	79,817,771	47,188,386
Long-Term Liabilities Outstanding	483,788,217	428,999,902
Other Liabilities	27,822,175	27,872,225
Total Liabilities	511,610,392	456,872,127
Deferred Inflows of Resources	19,268,488	5,277,000
Net Position:		
Invested in Capital Assets, Net of Related Debt	163,132,195	153,085,916
Restricted	60,521,231	61,087,449
Unrestricted	(228,643,679)	(178,155,859)
Total Net Position	$ (4,990,253)	$ 36,017,506

The largest portion of the District's net position (3,269.02%) reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The second largest portion of the District's net position (1,212.79%) represents resources that are subject to external restrictions as to their use. This amount has increased from prior years due to the passage and receipt of funds from a local bond measure restricted for major capital construction projects.

The remaining portion of the District's net position (-4,581.81%) represents unrestricted resources that may be used to meet the District's obligations to students, employees, and creditors.

At the end of the current fiscal year, the District is able to report positive balances in two of the three categories of Net Position.

Table 2 shows the changes in Net Position for fiscal year 2018. The District's net position decreased by $3.2 million, or 182%, from 2017.

Table 2
Changes in Net Position

	2018	2017
Revenues		
Program Revenues:		
Charges for Services	$ 3,387,420	$ 4,412,013
Operating Grants and Contributions	35,447,709	34,639,871
General Revenues		
Property Taxes	76,817,009	71,531,844
Federal and State Aid	138,542,615	140,508,424
Other	4,856,068	5,955,734
Total Revenues	259,050,821	257,047,886
Program Expenses		
Instruction	147,044,071	142,794,976
Instruction Related Services	30,953,025	28,424,762
Pupil Services	30,346,569	27,905,793
Ancillary Services	1,366,020	1,257,020
Community Services	74,850	68,469
General Administration	18,251,103	17,646,537
Plant Services	25,422,652	23,497,690
Interest	5,607,100	6,540,246
Other	3,209,049	4,371,594
Total Expenses	262,274,439	252,507,087
(Decrease)/increase in Net Position	(3,223,618)	4,540,799
Net Position – Beginning	36,017,506	31,476,707
Cumulative Effect of GASB 75 implementation	(37,784,141)	-
Net Position – Beginning (as restated)	(1,766,635)	-
Net Position – Ending	$ (4,990,253)	$ 36,017,506

Governmental 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. The unreserved fund balance is divided between designated balances and undesignated balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities and post-employment obligations that are not recognized in the governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

General Fund Budgetary Highlights

Revenues. The difference between the original budget and the final amended budget was $3,667,286 or 1.72% of total General Fund revenues and other sources.

Expenditures. The difference between the original budget and the final amended budget was $9,202,437 or 4.18% of total General Fund expenditures and other uses.

Capital Asset and Debt Administration

Capital Assets. The Capital Projects Fund and County School Facilities Fund are used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Table 3
Capital Assets
(net of depreciation)

	2018	2017	Percent Change
Land and Improvement of Sites	$ 78,289,318	$ 69,948,811	11.92%
Buildings	166,489,145	171,883,539	-3.14%
Equipment	4,162,393	4,406,593	-5.54%
Construction in Progress	23,617,026	11,951,262	97.61%
Total	272,557,882	$ 258,190,205	5.56%

By June 30, 2018, the District had invested $426 million in a broad range of capital assets, including school buildings, buses, computers and copiers, and administrative offices. This amount represents a net increase of $21 million or 5.1% from last year.

Table 4
Anticipated Projects

Project	Estimated Remaining Project Cost
Elementary School Modernization (5 sites)	$ 70,700,000
Public Safety Academy Expansion, Library and Gym	12,300,000
Grange Multipurpose Room, Science Building and Modernization	18,000,000
Suisun Valley Library and Administration Building	7,900,000
Rodriguez High School Restroom Modernization	700,000
Total	$ 109,600,000

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

Debt Administration – At June 30, 2018, the District had $484 million in long-term debt outstanding – an increase of 3.06% from last year as shown below in Table 5. The District continues to see a large increase in Net Pension Liability.

Table 5
Long-term Debt

	2018	2017	Percent Change
General Obligation Bonds	$ 139,960,000	$ 151,715,000	-7.75%
Unamortized Premiums	7,261,361	7,716,160	-5.89%
Mello-Roos Bonds	23,220,000	25,730,000	-9.76%
Certificates of Participation	1,039,787	1,163,573	-10.64%
Compensated Absences	1,286,371	1,415,047	-9.09%
California Energy Commission Loan	927,588	1,003,335	-7.55%
Post Employment Benefits	78,761,110	77,398,525	1.76%
Net Pension Liability	231,332,000	203,265,000	13.81%
Total	$ 483,788,217	$ 469,406,640	3.06%

Economic Factors Facing the District in the Coming Year

The Fairfield-Suisun Unified School District is faced with the same economic pressures as districts throughout the State. Approximately ninety percent of the District's revenues come from the State of California or are controlled by formulas set by the State of California. Therefore, the economic fortunes or misfortunes of the State are critical to the District. For the first time in several years, the State has fully funded districts at target funding levels under the Local Control Funding Formula. This means future increases will be Cost of Living Adjustments only, resulting in smaller increases year over year.

As the District looks toward the future, it is evident that the District will realize limited funding sources. Therefore, it will be critical for the Governing Board to focus on a balanced approach to meeting all of its goals.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact Mrs. Michelle Henson, Assistant Superintendent Business Services, Fairfield-Suisun Unified School District, 2490 Hilborn Road, Fairfield, CA 94534 or e-mail at michellehe@fsusd.org.

BASIC FINANCIAL STATEMENTS

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 162,815,407
Receivables	10,608,392
Prepaid expenses	8,334
Stores inventory	80,841
Non-depreciable capital assets (Note 4)	69,631,242
Depreciable capital assets, net of accumulated depreciation (Note 4)	202,926,640
Total assets	446,070,856
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Note 7 and 8)	74,002,672
Deferred outflows of resources - OPEB (Note 9)	2,988,590
Deferred loss from advance refunding of debt	2,826,509
Total deferred outflows	79,817,771
LIABILITIES	
Accounts payable	24,888,881
Unearned revenue	2,933,294
Long-term liabilities (Note 5):	
Due within one year	14,012,688
Due after one year	469,775,529
Total liabilities	511,610,392
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB (Note 9)	4,332,488
Deferred inflows of resources - pensions (Note 7 and 8)	14,936,000
Total deferred inflows	19,268,488
NET POSITION	
Net investment in capital assets	163,132,195
Restricted	
Legally restricted programs	12,095,232
Capital projects	18,075,632
Debt service	30,350,367
Unrestricted	(228,643,679)
Total net position	$ (4,990,253)

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 147,044,071	$ 460,200	$ 20,752,775	$ -	$ (125,831,096)
Instruction-related services:					
Supervision of instruction	7,530,161	33,655	1,479,708	-	(6,016,798)
Instructional library, media and technology	2,873,137	509	81,397	-	(2,791,231)
School site administration	20,549,727	6,042	1,270,036	-	(19,273,649)
Pupil services:					
Home-to-school transportation	3,879,165	-	-	-	(3,879,165)
Food services	8,164,968	2,235,101	6,173,562	-	243,695
All other pupil services	18,302,436	120,740	3,713,784	-	(14,467,912)
General administration:					
Data processing	4,559,524	-	-	-	(4,559,524)
All other general administration	13,691,579	118,311	809,665	-	(12,763,603)
Plant services	25,422,652	85,146	454,921	-	(24,882,585)
Ancillary services	1,366,020	415	41,062	-	(1,324,543)
Community services	74,850	-	-	-	(74,850)
Interest on long-term liabilities	5,607,100	-	-	-	(5,607,100)
Other outgo	3,209,049	327,301	670,799	-	(2,210,949)
Total governmental activities	$ 262,274,439	$ 3,387,420	$ 35,447,709	$ -	(223,439,310)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	54,640,741
Taxes levied for debt service	15,613,719
Taxes levied for other specific purposes	6,562,549
Federal and state aid not restricted to specific purposes	138,542,615
Interest and investment earnings	1,662,698
Interagency revenues	119,836
Miscellaneous	3,073,434
Special and extraordinary items	100
Total general revenues	220,215,692
Change in net position	(3,223,618)
Net position, July 1, 2017	36,017,506
Cumulative effect of GASB 75 implementation	(37,784,141)
Net position, July 1, 2017, as restated	(1,766,635)
Net position, June 30, 2018	$ (4,990,253)

See accompanying notes to financial statements.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Building Fund	County School Facilities Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 40,587,501	$ 23,453,267	$ 41,909,546	$ 41,238,661	$ 147,188,975
Cash on hand and in banks	-	-	-	429,283	429,283
Cash in revolving fund	50,000	-	-	6,315	56,315
Cash with Fiscal Agent	-	-	-	15,140,834	15,140,834
Receivables	9,255,935	-	-	1,352,457	10,608,392
Prepaid expenditures	8,334	-	-	-	8,334
Due from other funds	760,148	-	91	1,856,646	2,616,885
Stores inventory	24,362	-	-	56,479	80,841
Total assets	$ 50,686,280	$ 23,453,267	$ 41,909,637	$ 60,080,675	$ 176,129,859
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 13,477,297	$ -	$ 5,639,836	$ 2,209,015	$ 21,326,148
Unearned revenue	2,933,294	-	-	-	2,933,294
Due to other funds	1,854,904	-	-	761,981	2,616,885
Total liabilities	18,265,495	-	5,639,836	2,970,996	26,876,327
Fund balances:					
Nonspendable	82,696	-	-	62,794	145,490
Restricted	3,845,024	23,453,267	36,269,801	57,046,885	120,614,977
Assigned	12,177,844	-	-	-	12,177,844
Unassigned	16,315,221	-	-	-	16,315,221
Total fund balances	32,420,785	23,453,267	36,269,801	57,109,679	149,253,532
Total liabilities and fund balances	$ 50,686,280	$ 23,453,267	$ 41,909,637	$ 60,080,675	$ 176,129,859

See accompanying notes to financial statements.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances - Governmental Funds		$ 149,253,532
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $426,325,168 and the accumulated depreciation is $153,767,286 (Note 4).		272,557,882
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2018 consisted of (Note 5):		
General Obligation Bonds	$ (139,960,000)	
Unamortized premiums	(7,261,361)	
Mello-Roos Bonds	(23,220,000)	
Certificates of Participation	(1,039,787)	
California Energy Commission loan	(927,588)	
Post-retirement healthcare benefits	(78,761,110)	
Net pension liability	(231,332,000)	
Compensated absences	(1,286,371)	
		(483,788,217)
Losses on the refunding of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the related debt.		2,826,509
In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Note 7 and 8).		
Deferred outflows of resources relating to pensions	$ 74,002,672	
Deferred inflows of resources relating to pensions	(14,936,000)	
		59,066,672
In government funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported (Note 9).		
Deferred outflows of resources relating to OPEB	$ 2,988,590	
Deferred inflows of resources relating to OPEB	(4,332,488)	
		(1,343,898)
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.		(3,562,733)
Total net position - governmental activities		$ (4,990,253)

See accompanying notes to financial statements.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General Fund	Building Fund	County School Facilities Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	$ 130,268,565	$ -	$ -	$ -	$ 130,268,565
Local sources	51,915,319	-	-	-	51,915,319
Total LCFF	182,183,884	-	-	-	182,183,884
Federal sources	9,395,819	-	-	6,496,937	15,892,756
Other state sources	17,711,143	-	-	4,416,413	22,127,556
Other local sources	6,168,307	450,207	465,724	30,063,286	37,147,524
Total revenues	215,459,153	450,207	465,724	40,976,636	257,351,720
Expenditures:					
Current:					
Certificated salaries	95,305,069	-	-	1,319,419	96,624,488
Classified salaries	38,356,841	-	-	4,029,449	42,386,290
Employee benefits	52,411,166	-	-	1,867,553	54,278,719
Books and supplies	7,342,439	-	4,382	4,786,183	12,133,004
Contract services and operating expenditures	17,681,474	858	2,412	1,139,110	18,823,854
Other outgo	3,209,049	-	-	-	3,209,049
Capital outlay	626,175	-	19,678,233	8,643,808	28,948,216
Debt service:					
Principal retirement	199,533	-	-	14,265,000	14,464,533
Interest and other charges	23,093	-	-	5,735,974	5,759,067
Total expenditures	215,154,839	858	19,685,027	41,786,496	276,627,220
Excess (deficiency) of revenues over (under) expenditures	304,314	449,349	(19,219,303)	(809,860)	(19,275,500)
Other financing sources (uses):					
Interfund transfers in	576,514	-	30,671,945	1,569,526	32,817,985
Interfund transfers out	(1,350,002)	(30,671,945)	-	(796,038)	(32,817,985)
Total other financing sources (uses)	(773,488)	(30,671,945)	30,671,945	773,488	-
Net change in fund balances	(469,174)	(30,222,596)	11,452,642	(36,372)	(19,275,500)
Fund balances, July 1, 2017	32,889,959	53,675,863	24,817,159	57,146,051	168,529,032
Fund balances, June 30, 2018	$ 32,420,785	$ 23,453,267	$ 36,269,801	$ 57,109,679	$ 149,253,532

See accompanying notes to financial statements.

Net change in fund balances - Total Governmental Funds		$ (19,275,500)
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	$ 26,997,562	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(10,110,862)	
Gain or loss on disposal of capital assets: In governmental funds the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is report (Note 4).	(1,505,313)	
If a planned capital project is canceled and will not be completed, costs previously capitalized as work-in-progress must be written off to expense (Note 4).	(1,013,710)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	14,464,533	
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	128,676	
OPEB: In government funds, OPEB costs are recognized when employer OPEB contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was (Note 9):	(5,329,080)	
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the life of the related debt.	(353,313)	

(Continued)

In governmental funds, debt issue premiums are recognized as other financing sources in the period they are incurred. In the government-wide statements, premiums are amortized over the life of the related debt (Note 5).	$ 454,799	
Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Note 7 and 8).	(7,731,891)	
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.	50,481	16,051,882
Change in net position of governmental activities		$ (3,223,618)

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2018

ASSETS	
Cash on hand and in banks (Note 2)	$ 625,037
LIABILITIES	
Due to student groups	$ 625,037

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fairfield-Suisun Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

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

The District receives funding from local, state and federal government sources and must comply with all the requirements of these funding source entities.

Mello-Roos Community Facilities Districts: The District and Community Facilities Districts Nos. 1, 2, 4, 5 and 6 (the "CFDs") have a financial and operational relationship that meet the reporting entity definition criteria of *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, for inclusion of the CFDs as a component unit of the District. Accordingly, the financial activities of the CFDs have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the CFDs that satisfy *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, as amended by criteria:

A - Accountability

1. The CFDs' Board of Directors are the same as the District's Board of Education.

2. The District is able to impose its will upon the CFD, based on the following:

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

b. The District exercises significant influence over operations of the CFDs.

3. The CFDs provide specific financial benefits or impose specific financial burdens on the District based upon the following:

a. Proceeds from the issuance of bonds from the CFDs are used for capital outlay projects of the District.

b. The District is responsible for assuring the taxes collected are used to fund the debt service.

c. The District has assumed a "moral obligation", and potentially a legal obligation, for any debt incurred by the CFDs.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B - Scope of Service

The CFDs are nonprofit, public benefit corporations incorporated under the laws of the State of California and recorded by the Secretary of State on March 30, 1989. The CFDs were formed for the sole purpose of providing financial assistance to the District for construction and acquisition of major capital facilities projects. Upon completion, the District intends to occupy and/or use all CFD facilities, improvements and equipment under lease-purchase agreements. At the end of each lease term, title of all CFD property and equipment will pass to the District for no additional consideration.

C - Financial Presentation

For financial presentation purposes, the CFDs' financial activity is blended with the financial data of the District. Bonds issued by the CFDs are included in the long-term liabilities of the District.

Basis of Presentation - Financial Statements: The basic financial statements include a Management Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations; financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure; and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A - Major Funds

1 - General Fund:

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. For financial reporting purposes, the current year activity and year-end balances of the Special Reserve for Other Than Capital Projects Fund is combined with the General Fund.

2 - Building Fund:

The Building Fund is a capital projects fund used to account for proceeds from the sale of bonds and the acquisition of major governmental capital facilities and buildings.

3 - County School Facilities Fund:

The County School Facilities Fund is a capital projects fund used to account for new school facility construction, modernization projects, and facility hardship grants by the District.

B - Other Funds

1 - Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This includes the Adult Education, Child Development, Cafeteria and Deferred Maintenance Funds.

2 - Capital Projects Funds:

Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities by the District. This includes the Capital Facilities, Special Reserve for Capital Projects and Community Facilities District Bond Funds.

3 - Debt Service Funds:

Debt Service Funds are used to account for resources used to account for the accumulation of resources for, and the payment of, long-term liabilities principal, interest and related costs. This includes the Bond Interest and Redemption Fund and Debt Service for Blended Component Unit Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4 - Student Body Fund:

The Student Body Fund is a Fiduciary Fund for which the District acts as an agent. All cash activity and assets of the various student bodies of the District are accounted for in the Student Body Fund.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California for Local Control Funding Formula funding and categorical programs. The District has determined that no allowance for doubtful accounts was required as of June 30, 2018.

Stores Inventory: Inventory in the General and Cafeteria Funds consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools and offices.

Capital Assets: Capital assets purchased or acquired, with an original cost of $15,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported, which is in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability as well as the total OPEB liability reported in the statement of net position.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability as well as the total OPEB liability reported which is in the statement of net position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate:

	STRP	PERF B	Total
Deferred outflows of resources	$ 48,787,403	$ 25,215,269	$ 74,002,672
Deferred inflows of resources	$ 14,085,000	$ 851,000	$ 14,936,000
Net pension liability	$159,072,000	$ 72,260,000	$231,332,000
Pension expense	$ 22,612,552	$ 14,128,800	$ 36,741,352

Compensated Absences: Compensated absences benefits totaling $1,286,371 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the District since cash payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted for specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3. Unrestricted Net Position – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. Constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from fund balance. At June 30, 2018, the District had no committed fund balances.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however at June 30, 2018, no such designation has occurred.

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2018, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Custodial Relationships: The Statement of Fiduciary Assets and Liabilities represents the assets and liabilities of various student organizations within the District. As the funds are custodial in nature, no measurement of operating results is presented.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Solano bills and collects taxes for the District. Tax revenues are recognized by the District when received.

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

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements: In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in GASB Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Based on the implementation of Statement No. 75, the District's July 1, 2017 net position was restated by decreasing net position by $37,784,141 because of the recognition of the total OPEB liability.

NOTE 2 - CASH AND INVESTMENTS

Cash at June 30, 2018, consisted of the following:

	Governmental Activities
Pooled Funds:	
Cash in County Treasury	$ 147,188,975
Deposits:	
Cash on hand and in banks	429,283
Cash in revolving fund	56,315
Cash with fiscal agent	15,140,834
	$ 162,815,407

	Fiduciary Activities
Deposits:	
Cash on hand and in banks	$ 625,037

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Solano County Treasury. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2018, the carrying amount of the District's accounts was $1,110,635 and the bank balance was $1,151,544, of which $703,229 was insured.

Cash with Fiscal Agent: Cash with Fiscal Agent totaling $15,140,834, represents cash held by a bank as trustee for the repayment of General Obligation Bonds, Mello-Roos Bonds and Certificates of Participation. This amount is fully collateralized.

Interest Rate Risk: The District's investment policy does not limit cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2018, the District had no significant interest rate risk related to cash and investment held.

Credit Risk: The District's investment policy does not limit its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2018, the District had no concentration of credit risk.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2018, were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 760,148	$ 1,854,904
County School Facilities	91	-
Non-Major Funds:		
Adult Education	20,000	113,640
Child Development	5,000	141,644
Cafeteria	32,784	389,135
Deferred Maintenance	77,546	-
Capital Facilities	1,709,300	91
Special Reserve for Capital Projects	9,016	117,471
Community Facilities District Bond	3,000	-
Totals	$ 2,616,885	$ 2,616,885

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

(Continued)

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

Transfers*:* Transfers consists of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2017-18 fiscal year were as follows:

Transfer from the General Fund to the Adult Education Fund for apportionment.	$ 20,000
Transfer from the General Fund to the Child Development Fund for allocation of lottery revenue.	5,002
Transfer from the General Fund to the Cafeteria Fund for allocation of lottery revenue.	25,000
Transfer from the General Fund to the Special Reserve for Capital Projects Fund for capital projects.	1,300,000
Transfer from the Debt Service for Blended Component Units Fund to the Community Facilities District Bond Fund for administrative costs and capital projects.	219,524
Transfer from the Adult Education Fund to the General Fund for indirect costs.	108,735
Transfer from the Child Development Fund to the General Fund for indirect costs.	78,740
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	389,039
Transfer from Building Fund to the County School Facilities Fund for capital projects.	30,671,945
	$ 32,817,985

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2018, is shown below:

	Balance July 1, 2017	Additions	Deductions	Transfers	Balance June 30, 2018
Non-depreciable:					
Land	$ 44,265,461	$ 839,352	$ -	$ 909,403	$ 46,014,216
Work-in-progress	11,951,262	20,927,312	-	(9,261,548)	23,617,026
Depreciable:					
Buildings	280,190,794	988,493	-	182,367	281,361,654
Improvement of sites	53,438,603	3,890,905	3,879,585	6,997,176	60,447,099
Equipment	15,699,344	351,500	1,324,563	158,892	14,885,173
Totals, at cost	405,545,464	26,997,562	5,204,148	(1,013,710)	426,325,168
Less accumulated depreciation:					
Buildings	(108,307,255)	(6,565,254)	-	-	(114,872,509)
Improvement of sites	(27,755,253)	(2,843,049)	(2,426,305)	-	(28,171,997)
Equipment	(11,292,751)	(702,559)	(1,272,530)	-	(10,722,780)
Total accumulated depreciation	(147,355,259)	(10,110,862)	(3,698,835)	-	(153,767,286)
Governmental activities capital assets, net	$ 258,190,205	$ 16,886,700	$ 1,505,313	$ (1,013,710)	$ 272,557,882

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 9,294,299
Home-to-school transportation	242,921
Food services	8,881
General administration	418,399
Central data processing	50,579
Plant services	95,783
Total depreciation expense	$ 10,110,862

(Continued)

NOTE 5 - LONG-TERM LIABILITIES

General Obligation Bonds: On October 26, 2011, the District issued the 2011 General Obligation Refunding Bonds totally $30,995,000 for the purpose of refunding the General Obligation Bonds (Series 2002) maturing on August 1, 2013 through August 1, 2027, inclusive, and to pay for the cost of issuance of the Bonds. The General Obligation Refunding Bonds mature in varying amounts during the succeeding year through August 2027 with interest rates ranging from 2.00% to 5.00%.

The annual payments required to amortize the 2011 General Obligation Refunding Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 1,820,000	$ 899,619	$ 2,719,619
2020	1,870,000	834,919	2,704,919
2021	1,945,000	758,619	2,703,619
2022	2,020,000	669,219	2,689,219
2023	2,125,000	582,859	2,707,859
2024-2028	12,095,000	1,344,450	13,439,450
	$ 21,875,000	$ 5,089,685	$ 26,964,685

On November 14, 2012, the District issued the 2012 General Obligation Refunding Bonds totaling $49,615,000 for the purpose of refunding $48,635,000 of the General Obligation Bonds (Series 2004) maturing on August 1, 2015 through August 1, 2028, inclusive, and to pay the costs of issuance of the Bonds. The 2012 General Obligation Refunding Bonds mature in varying amounts during the succeeding year through August 2028 with interest rates ranging from 2.50% to 4.00%.

The annual payments required to amortize the Series 2012 General Obligation Refunding Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 2,405,000	$ 1,450,825	$ 3,855,825
2020	2,620,000	1,350,325	3,970,325
2021	2,840,000	1,241,125	4,081,125
2022	3,075,000	1,122,825	4,197,825
2023	3,315,000	995,025	4,310,025
2024-2028	20,300,000	2,937,738	23,237,738
2029	7,330,000	109,950	7,439,950
	$ 41,885,000	$ 9,207,813	$ 51,092,813

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

On September 7, 2016, the District issued the 2016 General Obligation Bonds totaling $84,000,000 for the purpose of modernizing and improving District facilities. The 2016 General Obligation Bonds mature in varying amounts during the succeeding year through August 2046 with interest rates ranging from 2.50% to 5.00%.

The annual payments required to amortize the Series 2016 General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 6,400,000	$ 2,478,763	$ 8,878,763
2020	1,310,000	2,158,763	3,468,763
2021	1,505,000	2,093,263	3,598,263
2022	1,720,000	2,018,013	3,738,013
2023	255,000	1,932,013	2,187,013
2024-2028	3,320,000	9,337,313	12,657,313
2029-2033	7,575,000	8,421,900	15,996,900
2034-2038	13,045,000	7,145,531	20,190,531
2039-2043	20,130,000	5,022,175	25,152,175
2044-2047	20,940,000	1,577,250	22,517,250
	$ 76,200,000	$ 42,184,984	$ 118,384,984

Special Tax Revenue Refunding Bonds, 2006 Series A: In November 2015, the District on behalf of Community Facilities District No. 5 ("CFD") issued Special Tax Revenue Refunding Bonds in the amount of $28,775,000 for the purpose of refunding the Mello-Roos Bonds, Series 1997 and 1999. The Mello-Roos Bonds were authorized pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from the proceeds of an annual Special Tax to be levied and collected from property within the District. The Special Tax is to be levied according to the rate and method of apportionment determined by a formula approved by the Board, as the legislative body of the District, and by the registered voters within the District.

The bonds mature in varying amounts during the succeeding years through August 2025 with interest rates from 1% to 2.75%. The annual requirements to amortize the bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 2,715,000	$ 524,313	$ 3,239,313
2020	2,770,000	470,013	3,240,013
2021	2,825,000	414,613	3,239,613
2022	2,880,000	358,113	3,238,113
2023	2,945,000	293,313	3,238,313
2024-2026	9,085,000	468,350	9,553,350
	$ 23,220,000	$ 2,528,715	$ 25,748,715

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

2006 Certificates of Participation: On May 12, 2006, the District issued $2,550,000 of Certificates of Participation to finance the acquisition, construction, installation and equipping of certain real property at an interest rate of 4.5%. The Certificates of Participation mature through June 2026.

The annual debt service requirements of the 2006 Certificates of Participation are as follows:

Year Ending June 30,	Payments
2019	$ 172,663
2020	168,773
2021	164,656
2022	160,303
2023	155,700
2024-2026	436,808
	1,258,903
Less: Interest portion	(219,117)
	$ 1,039,786

California Energy Commission Loan: On June 4, 2013, the District received a loan from the State of California Energy Commission (CEC) in the amount of $1,031,270 with an interest rate of 1.0%. On July 3, 2014, the District received another disbursement from the CEC in the amount of $110,848. A summary of future payments is as follows:

Year Ending June 30,	Payments
2019	$ 85,592
2020	85,592
2021	85,592
2022	85,592
2023	85,593
2024-2026	427,960
2029-2033	128,388
	984,309
Less: interest portion	(56,721)
	$ 927,588

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2018, is shown below:

	Balance July 1, 2017, as restated	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
General Obligation Bonds	$ 151,715,000	$ -	$ 11,755,000	$ 139,960,000	$ 10,625,000
Unamortized premiums	7,716,160	-	454,799	7,261,361	471,055
Mello-Roos Bonds	25,730,000	-	2,510,000	23,220,000	2,715,000
Certificates of Participation	1,163,573	-	123,786	1,039,787	125,127
California Energy Commission loan	1,003,335	-	75,747	927,588	76,506
Total OPEB liability	77,398,525	1,362,585	-	78,761,110	-
Net pension liability (Note 7 and 8)	203,265,000	28,067,000	-	231,332,000	-
Compensated absences	1,415,047	-	128,676	1,286,371	-
Totals	$ 469,406,640	$ 29,429,585	$ 15,048,008	$ 483,788,217	$ 14,012,688

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Premiums associated with the issuance of long-term liabilities are capitalized and amortized over the life of the related debt. Payments on the Mello-Roos Bonds are made from the Debt Service for Blended Component Unit Fund. Payments on the Certificates of Participation are made from the General Fund. Payments on the California Energy Commission loan are made from the General Fund. Payments on the total OPEB liability, net pension liability and compensated absences are made from the fund for which the related employee worked.

(Continued)

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2018 consisted of the following:

	General Fund	Building Fund	County School Facilities Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 50,000	$ -	$ -	$ 6,315	$ 56,315
Prepaid expenditures	8,334	-	-	-	8,334
Stores inventory	24,362	-	-	56,479	80,841
Subtotal nonspendable	82,696	-	-	62,794	145,490
Restricted:					
Legally restricted programs	3,845,024	-	-	8,187,414	12,032,438
Capital projects	-	23,453,267	36,269,801	18,509,104	78,232,172
Debt service	-	-	-	30,350,367	30,350,367
Subtotal restricted	3,845,024	23,453,267	36,269,801	57,046,885	120,614,977
Assigned:					
Future textbook adoptions	3,500,000	-	-	-	3,500,000
CTE grant matching funds	2,000,000	-	-	-	2,000,000
Retiree benefits	1,968,546	-	-	-	1,968,546
Non-capital projects	1,601,509	-	-	-	1,601,509
Accrued vacation	1,286,372	-	-	-	1,286,372
Safety and security upgrades	1,000,000	-	-	-	1,000,000
Other assignments	821,417	-	-	-	821,417
Total assigned	12,177,844	-	-	-	12,177,844
Unassigned:					
Designated for economic uncertainties	7,634,116	-	-	-	7,634,116
Undesignated	8,681,105	-	-	-	8,681,105
Subtotal unassigned	16,315,221	-	-	-	16,315,221
Total fund balances	$ 32,420,785	$ 23,453,267	$ 36,269,801	$ 57,109,679	$ 149,253,532

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com.

<u>Benefits Provided:</u> The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a full time basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.

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

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their 2017-18 retirement plan, which resulted in a contribution rate of 9.205 percent of applicable member earnings for fiscal year 2017-18.

In general, member contributions cannot increase unless members are provided with some type of “comparable advantage” in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this “comparable advantage,” the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2017, valuation adopted by the board in May 2018, the increase in normal cost was greater than 1 percent. Therefore, contribution rates for CalSTRS 2% at 62 members will increase by 1 percent effective July 1, 2018.

Employers – 14.43 percent of applicable member earnings.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS employer contribution rate increases effective for fiscal year 2017-18 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

* The Teachers' Retirement Board (the "board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The District contributed $13,391,403 to the plan for the fiscal year ended June 30, 2018.

State - 9.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2017-18 and beyond are summarized in the table below.

As shown in the subsequent table, the state rate will increase to 5.311 percent on July 1, 2018, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions.

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding(1)	Total State Appropriation to DB Program
July 01, 2018	2.017%	5.311%(2)	2.50%	9.828%
July 01, 2019 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 1, 2046 and thereafter	2.017%	(4)	2.50%	4.517%(3)

(1) This rate does not include the $72 million reduction in accordance with Education Code Section 22954.
(2) In May 2018, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2018.
(3) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent.
(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 159,072,000
State's proportionate share of the net pension liability associated with the District	94,106,000
Total	$ 253,178,000

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2017, the District's proportion was 0.172 percent, which was an decrease of 0.010 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $22,612,552 and revenue of $9,351,787 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 588,000	$ 2,774,000
Changes of assumptions	29,470,000	-
Net differences between projected and actual earnings on investments	-	4,237,000
Changes in proportion and differences between District contributions and proportionate share of contributions	5,338,000	7,074,000
Contributions made subsequent to measurement date	13,391,403	-
Total	$ 48,787,403	$ 14,085,000

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

$13,391,403 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2019	$ 861,083
2020	$ 7,049,083
2021	$ 4,768,583
2022	$ 619,917
2023	$ 3,371,667
2024	$ 4,640,667

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earrings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

During the 2016-17 measurement period, CalSTRS completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the board in February 2017. As a result of the study, certain assumptions used in determining the NPL of the STRP changed, including the price inflation, wage growth, discount rate and the mortality tables used in the actuarial valuation of the NPL. The changes to the assumptions as a result of the experience study follow:

	Measurement Period	
Assumption	As of June 30, 2017	As of June 30, 2016
Consumer price inflation	2.75%	3.00%
Investment rate of return	7.10%	7.60%
Wage growth	3.50%	3.75%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	6.30%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Absolute Return / Risk Mitigating Strategies	9	2.90
Inflation Sensitive	4	3.80
Cash / Liquidity	2	(1.00)

* 20-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$233,568,000	$159,072,000	$ 98,613,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

- https://www.calpers.ca.gov/docs/forms-publications/cafr-2017.pdf

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

(Continued)

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2018 were as follows:

Members - The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2017-18.

Employers - The employer contribution rate was 15.531 percent of applicable member earnings.

The District contributed $6,266,269 to the plan for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $72,260,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2017, the District's proportion was 0.303 percent, which was an increase of 0.017 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $14,128,800. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,589,000	$ -
Changes of assumptions	10,555,000	851,000
Net differences between projected and actual earnings on investments	2,500,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,305,000	-
Contributions made subsequent to measurement date	6,266,269	-
Total	$ 25,215,269	$ 851,000

(Continued)

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

$6,266,269 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2019	$ 5,651,250
2020	$ 8,168,250
2021	$ 5,647,250
2022	$ (1,368,750)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	June 30, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

During the 2016-17 measurement period, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7.15 percent.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years 1 - 10 (1)	Expected Real Rate of Return Years 11+ (2)
Global Equity	47%	4.90%	5.38%
Fixed Income	19	0.80	2.27
Inflation Assets	6	0.60	1.39
Private Equity	12	6.60	6.63
Real Estate	11	2.80	5.21
Infrastructure & Forestland	3	3.90	5.36
Liquidity	2	(0.40)	(0.90)

* 10-year geometric average
(1) An expected inflation rate of 2.50% used for this period
(2) An expected inflation rate of 3.00% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 106,318,000	$ 72,260,000	$ 44,006,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information Other Postemployment Benefits Plan (OPEB)

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District provides post-employment health care benefits under a single employer defined benefit OPEB plan to eligible retirees and their spouses through an implicit rate subsidy for all retirees who elect to purchase benefits at the District's negotiated insurance premium rates. The plan does not issue separate financial statements.

The Fairfield-Suisun Unified School District's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plan to continue medical, dental and life insurance coverage as a participant in the District's plan. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2018 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2018:

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	525
Inactive employees/dependents entitled to but not yet receiving benefits	-
Active employees	1,950
	2,475

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Benefits Provided*:* District provides post-retirement health care benefits to all employees who retire from the District after attaining age 55 with at least 15 years of service, in accordance with contracts between the District and employee groups. Benefits are provided for management and confidential retirees for five years after the date of retirement, for classified retirees to age 65 or for 36 months, and for certificated retirees to age 65 or for 120 months, whichever is shorter. The District pays 100% of the cost of health, dental and vision benefits for management and confidential retirees, and pays half the cost of medical and dental benefits for certificated and classified retirees, recognized as expenditures on a pay-as-you-go basis.

The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due.

Contributions*:* California Government Code specifies that the District's contribution requirements for plan members are established and may be amended by the Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements, with an amount to fund the actuarial accrued liability as determined annually by the Board.

Contributions to the Plan from the District were $2,988,590 for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

Actuarial Assumptions: The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2016
Fiscal Year End	June 30
Actuarial Value of Assets	Market Value of assets ($0; plan is not yet funded)
Mortality Rate	2014 experience study of the CalPERS using data from 1997 to 2011 and on the June 30, 2011 CalSTRS experience study report, except for the basis used to project future mortality improvement. The representative mortality rates 'before improvement applied' are those published in the CalPERS 2014 study, adjusted to back out 20 years of Scale BB to central year 2008, and in the CalSTRS' 2011 study.
Mortality Improvement	MacLeod Watts Scale 2017 applied generationally
Discount Rate as of 6/30/2017	3.13% on June 30, 2017 2.68% on June 30, 2016 S&P Municipal Bond 20 Year High Grade Index
Assumed Investment Return	Not applicable since the plan is unfunded.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Inflation Rate	2.75% per year
Salary Increases	3.25% per year
Health Care Inflation	Initial rate of 8.00% in fiscal 2018, then 7.50% in fiscal 2019, grading down to the ultimate trend rate of 5.00% in fiscal 2024.
Funding Method	Entry Age Cost Method (Level Percentage of Pay).

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 77,398,525
Changes for the year:	
Service cost	6,613,998
Interest	2,216,393
Changes of benefit terms	-
Differences between actual and expected experience	-
Changes in assumptions	(4,845,209)
Benefit payments	(2,622,597)
Administrative expenses	-
Net change	1,362,585
Balance at June 30, 2018	$ 78,761,110

The changes in assumptions include a change in the discount rate from 2.68% in the prior valuation, to 3.13% in the current valuation

There were no changes between the measurement date and the year ended June 30, 2018 which had a significant effect on the District's total OPEB liability.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Total OPEB liability	$ 91,927,959	$ 78,761,110	$ 68,165,774

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (6.00%)	Healthcare Cost Trend Rates Rate 7.00%)	1% Increase (8.00%)
Total OPEB liability	$ 64,589,300	$ 78,761,110	$ 102,470,070

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

For the year ended June 30, 2018, the District recognized OPEB expense of $8,317,670. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	4,332,488
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Benefits paid subsequent to measurement date	2,988,590	-
Total	$ 2,988,590	$ 4,332,488

$2,988,590 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended June 30,	
2019	$ (512,721)
2020	$ (512,721)
2021	$ (512,721)
2022	$ (512,721)
2023	$ (512,721)
Thereafter	$ (1,768,883)

(Continued)

NOTE 10 - JOINT POWERS AGREEMENT

The District is a member with other school districts of a Joint Powers Authority (JPA), North Bay Schools Insurance Authority, for the operation of a common risk management and insurance program for property and liability coverage. The following is a summary of financial information for the Property/Liability Program of North Bay Schools Insurance Authority at June 30, 2016 (most recent information available):

Property/ Liability Program		
Total assets	$	65,698,613
Total deferred outflows of resources	$	590,358
Total liabilities	$	32,622,176
Total deferred inflows of resources	$	649,431
Total net position	$	33,017,364
Total revenues	$	29,678,432
Total expenses	$	25,397,139
Change in net position	$	4,281,293

Each member of the JPA has an ongoing financial responsibility in the event of the JPA's total liabilities exceed its total assets. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The relationship between Fairfield-Suisun Unified School District and the Joint Powers Authority is such that it is not a component unit of the District for financial reporting purposes. Financial statements for the JPA are available from North Bay Schools Insurance Authority.

NOTE 11 - CONTINGENCIES

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

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

At June 30, 2018 the District had approximately $96,083,000 in outstanding construction contract commitments.

NOTE 12 - SUBSEQUENT EVENT

On August 1, 2018, the District issued General Obligation Bonds Election of 2016, Series 2018 totaling $80,000,000 for the purpose of a wide variety of modernization and other improvement projects at multiple school sites. The 2018 General Obligation Bonds mature in varying amounts during the succeeding year through August 2046 with interest rates ranging from 2.50% to 5.00%.

REQUIRED SUPPLEMENTARY INFORMATION

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	$ 136,675,594	$ 131,231,812	$ 130,268,565	$ (963,247)
Local sources	48,805,855	51,127,792	51,915,319	787,527
Total LCFF	185,481,449	182,359,604	182,183,884	(175,720)
Federal sources	9,146,535	10,265,689	9,395,819	(869,870)
Other state sources	12,728,649	17,673,825	17,711,143	37,318
Other local sources	4,882,542	5,561,428	6,168,307	606,879
Total revenues	212,239,175	215,860,546	215,459,153	(401,393)
Expenditures:				
Current:				
Certificated salaries	95,264,032	96,166,835	95,305,069	861,766
Classified salaries	39,016,278	41,065,000	38,356,841	2,708,159
Employee benefits	52,221,387	52,796,617	52,411,166	385,451
Books and supplies	8,645,659	12,947,766	7,342,439	5,605,327
Contract services and operating expenditures	17,735,235	20,451,429	17,681,474	2,769,955
Other outgo	3,623,925	3,542,810	3,209,049	333,761
Capital outlay	25,000	941,805	626,175	315,630
Debt service:				
Principal retirement	199,535	200,336	199,533	803
Interest	22,080	23,894	23,093	801
Total expenditures	216,753,131	228,136,492	215,154,839	12,981,653
(Deficiency) excess of revenues (under) over expenditures	(4,513,956)	(12,275,946)	304,314	12,580,260
Other financing sources (uses):				
Transfers in	560,687	606,602	576,514	(30,088)
Transfers out	(3,530,924)	(1,350,000)	(1,350,002)	(2)
Total other financing sources (uses)	(2,970,237)	(743,398)	(773,488)	(30,090)
Net change in fund balance	(7,484,193)	(13,019,344)	(469,174)	12,550,170
Fund balance, July 1, 2017	32,889,959	32,889,959	32,889,959	-
Fund balance, June 30, 2018	$ 25,405,766	$ 19,870,615	$ 32,420,785	$ 12,550,170

See accompanying notes to required supplementary information.

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
FUNDING PROGRESS
For the Year Ended June 30, 2018

Last 10 Fiscal Years

Total OPEB liability	
Service cost	$ 6,613,998
Interest	2,216,393
Change in assumptions	(4,845,209)
Benefit payments	(2,622,597)
Net change in total OPEB liability	1,362,585
Total OPEB liability, beginning of year	77,398,525
Total OPEB liability, end of year (a)	$ 78,761,110
Covered employee payroll	$ 125,648,001
Total OPEB liability as a percentage of covered-employee payroll	62.68%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior. All years prior to 2018 are not available.

See accompanying notes to required supplementary information.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.177%	0.177%	0.182%	0.172%
District's proportionate share of the net pension liability	$103,639,000	$119,133,000	$146,812,000	$159,072,000
States proportionate share of the net pension liability associated with the District	62,582,000	63,008,000	83,586,000	94,106,000
Total net pension liability	$166,221,000	$182,141,000	$230,398,000	$253,178,000
District's covered payroll	$ 78,993,000	$ 82,133,000	$ 90,463,000	$ 91,162,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131%	145%	162%	174%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2018

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.265%	0.276%	0.286%	0.303%
District's proportionate share of the net pension liability	$ 30,048,000	$ 40,630,000	$ 56,453,000	$ 72,260,000
District's covered payroll	$ 27,785,000	$ 30,516,000	$ 34,292,000	$ 38,593,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108%	133%	165%	187%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	74.02%	73.89%	71.87%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 7,293,422	$ 9,706,650	$ 11,468,180	$ 13,391,403
Contributions in relation to the contractually required contribution	(7,293,422)	(9,706,650)	(11,468,180)	(13,391,403)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 82,133,000	$ 90,463,000	$ 91,162,000	$ 92,803,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%

All years prior to 2015 are not available.

(Continued)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 3,592,062	$ 4,062,566	$ 5,360,568	$ 6,266,269
Contributions in relation to the contractually required contribution	(3,592,062)	(4,062,566)	(5,360,568)	(6,266,269)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	30,516,000	34,292,000	38,593,000	40,347,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

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

B - Schedule of Changes in Total Other Postemployment Benefits (OPEB) liability

The Schedule of Changes in total OPEB liability is presented to illustrate the elements of the District's total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability.

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

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D – Schedule of the District's Contributions

The Schedule of District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E – Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

F - Changes of Assumptions

The discount rate for the total OPEB liability was 2.68 and 3.13 percent in the June 30, 2016 and 2017 valuations, respectively.

The discount rate for Public Employer's Retirement Fund B was 7.50, 7.65, 7.65 and 7.15 percent in the June 30, 2013, 2014, 2015 and 2016 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

	Measurement Period		
Assumption	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.60%	7.60%
Wage growth	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2018

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Debt Service for Blended Component Unit Fund	Special Reserve for Capital Projects Fund	Community Facilities District Bond Fund	Bond Interest and Redemption Fund	Total
ASSETS										
Cash in County Treasury	$ 345,077	$ 252,187	$ 4,468,359	$ 2,702,005	$ 12,944,101	$ 15,643,005	$ 3,315,280	$ 1,568,647	$ -	$ 41,238,661
Cash on hand and in banks	(11,678)	-	440,961	-	-	-	-	-	-	429,283
Cash in revolving fund	-	-	6,315	-	-	-	-	-	-	6,315
Cash with Fiscal Agent	-	-	-	-	-	319,361	-	433,472	14,388,001	15,140,834
Receivables	176,268	2	1,064,820	-	78,665	-	1,418	31,284	-	1,352,457
Due from other funds	20,000	5,000	32,784	77,546	1,709,300	-	9,016	3,000	-	1,856,646
Stores inventory	-	-	56,479	-	-	-	-	-	-	56,479
Total assets	$ 529,667	$ 257,189	$ 6,069,718	$ 2,779,551	$ 14,732,066	$ 15,962,366	$ 3,325,714	$ 2,036,403	$ 14,388,001	$ 60,080,675
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	$ 82,960	$ 70,239	$ 53,444	$ 534,855	$ 1,181,160	$ -	$ 286,357	$ -	$ -	$ 2,209,015
Due to other funds	113,640	141,644	389,135	-	91	-	117,471	-	-	761,981
Total liabilities	196,600	211,883	442,579	534,855	1,181,251	-	403,828	-	-	2,970,996
Fund balances:										
Nonspendable	-	-	62,794	-	-	-	-	-	-	62,794
Restricted	333,067	45,306	5,564,345	2,244,696	13,550,815	15,962,366	2,921,886	2,036,403	14,388,001	57,046,885
Total fund balances	333,067	45,306	5,627,139	2,244,696	13,550,815	15,962,366	2,921,886	2,036,403	14,388,001	57,109,679
Total liabilities and fund balances	$ 529,667	$ 257,189	$ 6,069,718	$ 2,779,551	$ 14,732,066	$ 15,962,366	$ 3,325,714	$ 2,036,403	$ 14,388,001	$ 60,080,675

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2018

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Debt Service For Blended Component Unit Fund	Special Reserve for Capital Projects Fund	Community Facilities District Bond Fund	Bond Interest and Redemption Fund	Total
Revenues:										
Federal sources	$ 374,699	$ 54,186	$ 6,068,052	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,496,937
Other state sources	1,427,457	1,252,658	436,366	-	-	-	1,184,118	-	115,814	4,416,413
Other local sources	211,469	5,881	2,432,349	2,757,109	3,920,436	5,090,810	40,033	6,518	15,598,681	30,063,286
Total revenues	2,013,625	1,312,725	8,936,767	2,757,109	3,920,436	5,090,810	1,224,151	6,518	15,714,495	40,976,636
Expenditures:										
Current:										
Certificated salaries	936,089	383,330	-	-	-	-	-	-	-	1,319,419
Classified salaries	535,190	312,720	3,101,213	-	-	-	80,326	-	-	4,029,449
Employee benefits	484,695	297,527	1,048,186	-	-	-	37,145	-	-	1,867,553
Books and supplies	80,926	152,925	3,542,560	59,625	25,228	-	924,748	171	-	4,786,183
Contract services and operating expenditures	175,313	89,272	15,160	97,332	264,440	-	450,048	47,545	-	1,139,110
Capital outlay	-	-	124,279	1,327,161	3,891,382	-	1,599,860	1,701,126	-	8,643,808
Debt service:										
Principal retirement	-	-	-	-	-	2,510,000	-	-	11,755,000	14,265,000
Interest and other charges	-	-	-	-	-	568,383	-	-	5,167,591	5,735,974
Total expenditures	2,212,213	1,235,774	7,831,398	1,484,118	4,181,050	3,078,383	3,092,127	1,748,842	16,922,591	41,786,496
(Deficiency) excess of revenues (under) over expenditures	(198,588)	76,951	1,105,369	1,272,991	(260,614)	2,012,427	(1,867,976)	(1,742,324)	(1,208,096)	(809,860)
Other financing sources (uses):										
Transfers in	20,000	5,002	25,000	-	-	-	1,300,000	219,524	-	1,569,526
Transfers out	(108,735)	(78,740)	(389,039)	-	-	(219,524)	-	-	-	(796,038)
Total other financing sources (uses)	(88,735)	(73,738)	(364,039)	-	-	(219,524)	1,300,000	219,524	-	773,488
Net change in fund balances	(287,323)	3,213	741,330	1,272,991	(260,614)	1,792,903	(567,976)	(1,522,800)	(1,208,096)	(36,372)
Fund balances, July 1, 2017	620,390	42,093	4,885,809	971,705	13,811,429	14,169,463	3,489,862	3,559,203	15,596,097	57,146,051
Fund balances, June 30, 2018	$ 333,067	$ 45,306	$ 5,627,139	$ 2,244,696	$ 13,550,815	$ 15,962,366	$ 2,921,886	$ 2,036,403	$ 14,388,001	$ 57,109,679

FAIRFIELD-SUISIN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Student Body				
Armijo High School				
Assets:				
Cash on hand and in banks	$ 120,444	$ 414,024	$ 395,370	$ 139,098
Liabilities:				
Due to student groups	$ 120,444	$ 414,024	$ 395,370	$ 139,098
Fairfield High School				
Assets:				
Cash on hand and in banks	$ 98,173	$ 271,124	$ 257,155	$ 112,142
Liabilities:				
Due to student groups	$ 98,173	$ 271,124	$ 257,155	$ 112,142
Rodriguez High School				
Assets:				
Cash on hand and in banks	$ 172,359	$ 612,423	$ 631,294	$ 153,488
Liabilities:				
Due to student groups	$ 172,359	$ 612,423	$ 631,294	$ 153,488
Crystal Middle School				
Assets:				
Cash on hand and in banks	$ 18,794	$ 33,935	$ 23,962	$ 28,767
Liabilities:				
Due to student groups	$ 18,794	$ 33,935	$ 23,962	$ 28,767
Grange Middle School				
Assets:				
Cash on hand and in banks	$ 9,171	$ 8,468	$ 5,228	$ 12,411
Liabilities:				
Due to student groups	$ 9,171	$ 8,468	$ 5,228	$ 12,411

(Continued)

Student Body (Continued)	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Green Valley Middle School				
Assets:				
Cash on hand and in banks	$ 7,767	$ 17,405	$ 19,129	$ 6,043
Liabilities:				
Due to student groups	$ 7,767	$ 17,405	$ 19,129	$ 6,043
David Weir Elementary School				
Assets:				
Cash on hand and in banks	$ 3,755	$ 1,117	$ 4,872	$ -
Liabilities:				
Due to student groups	$ 3,755	$ 1,117	$ 4,872	$ -
Cordelia Hills Elementary School				
Assets:				
Cash on hand and in banks	$ 9,544	$ 3,524	$ 4,589	$ 8,479
Liabilities:				
Due to student groups	$ 9,544	$ 3,524	$ 4,589	$ 8,479
Crescent Elementary School				
Assets:				
Cash on hand and in banks	$ 14,263	$ 48,008	$ 47,486	$ 14,785
Liabilities:				
Due to student groups	$ 14,263	$ 48,008	$ 47,486	$ 14,785
Fairview Elementary School				
Assets:				
Cash on hand and in banks	$ 5,999	$ -	$ 850	$ 5,149
Liabilities:				
Due to student groups	$ 5,999	$ -	$ 850	$ 5,149

(Continued)

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Student Body (Continued)				
Laurel Creek Elementary School				
Assets:				
Cash on hand and in banks	$ 3,136	$ 6,332	$ 6,835	$ 2,633
Liabilities:				
Due to student groups	$ 3,136	$ 6,332	$ 6,835	$ 2,633
Rolling Hills Elementary School				
Assets:				
Cash on hand and in banks	$ 3,025	$ 1,767	$ 2,591	$ 2,201
Liabilities:				
Due to student groups	$ 3,025	$ 1,767	$ 2,591	$ 2,201
E. Ruth Sheldon Elementary School				
Assets:				
Cash on hand and in banks	$ 680	$ 3,416	$ 2,959	$ 1,137
Liabilities:				
Due to student groups	$ 680	$ 3,416	$ 2,959	$ 1,137
Suisun Valley Elementary School				
Assets:				
Cash on hand and in banks	$ 13,491	$ 18,163	$ 23,281	$ 8,373
Liabilities:				
Due to student groups	$ 13,491	$ 18,163	$ 23,281	$ 8,373
K.I. Jones Elementary School				
Assets:				
Cash on hand and in banks	$ 9,358	$ 84,528	$ 79,541	$ 14,345
Liabilities:				
Due to student groups	$ 9,358	$ 84,528	$ 79,541	$ 14,345

(Continued)

Student Body (Continued)	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
B. Gale Wilson Elementary School				
Assets:				
Cash on hand and in banks	$ 19,374	$ 49,830	$ 45,425	$ 23,779
Liabilities:				
Due to student groups	$ 19,374	$ 49,830	$ 45,425	$ 23,779
Dover Elementary School				
Assets:				
Cash on hand and in banks	$ 4,280	$ 23	$ 3,302	$ 1,001
Liabilities:				
Due to student groups	$ 4,280	$ 23	$ 3,302	$ 1,001
Nelda Mundy Elementary School				
Assets:				
Cash on hand and in banks	$ -	$ 64,602	$ 28,102	$ 36,500
Liabilities:				
Due to student groups	$ -	$ 64,602	$ 28,102	$ 36,500
Adult Education				
Assets:				
Cash on hand and in banks	$ 1,833	$ 2,360	$ 3,324	$ 869
Liabilities:				
Due to student groups	$ 1,833	$ 2,360	$ 3,324	$ 869
Public Safety Academy				
Assets:				
Cash on hand and in banks	$ 42,068	$ 78,977	$ 67,208	$ 53,837
Liabilities:				
Due to student groups	$ 42,068	$ 78,977	$ 67,208	$ 53,837

(Continued)

FAIRFIELD-SUISIN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2018

Student Body (Continued)	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
All Student Body Funds				
Assets:				
Cash on hand and in banks	$ 557,514	$ 1,720,026	$ 1,652,503	$ 625,037
Liabilities:				
Due to student groups	$ 557,514	$ 1,720,026	$ 1,652,503	$ 625,037

Fairfield-Suisun Unified School District is a political subdivision of the State of California established in 1968. All of the District's schools are located in the County of Solano. Fairfield-Suisun Unified School District covers an area of approximately 40 square miles. There were no changes in the boundaries of the District during the year. Fairfield-Suisun Unified School District operates twenty elementary schools, five middle schools, five high schools and one adult school.

The Board of Education at June 30, 2018 was comprised of the following members:

Name	Office	Term Expires
David. C Isom	President	December 2018
Judi Honeychurch	Vice President	December 2020
Bethany Smith	Clerk	December 2020
Joan Gaut	Member	December 2020
John Silva	Member	December 2020
Jonathan Richardson	Member	December 2018
Chris Wilson	Member	December 2018
Jasmine Lutz	Student Member	July 2019

The Superintendent's Executive Staff at June 30, 2018 was comprised of the following:

Kris Corey
Superintendent of Schools

Robert Martinez
Assistant Superintendent, Human Resources

Michelle Henson
Assistant Superintendent, Business Services

Sheila McCabe
Assistant Superintendent, Educational Services

Tim Goree
Executive Director, Administrative Services & Community Engagement

Mark Covington
Executive Director, Facilities and Operations

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2018

	Second Period Report	Annual Report
Certificate Number:	185AE87F	94C29506
Elementary:		
Transitional Kindergarten through Third	6,348	6,358
Fourth through Sixth	4,955	4,959
Seventh through Eighth	3,248	3,249
Special Education	22	42
	14,573	14,608
Secondary:		
Regular Classes	5,973	5,949
Special Education	19	20
Compulsory Continuation Education	407	392
	6,399	6,361
	20,972	20,969

See accompanying notes to supplementary information.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2018

Grade Level	Statutory Minutes Requirement	2017-18 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	54,300	180	In Compliance
Grade 2	50,400	54,300	180	In Compliance
Grade 3	50,400	54,300	180	In Compliance
Grade 4	54,000	54,300	180	In Compliance
Grade 5	54,000	54,300	180	In Compliance
Grade 6	54,000	54,300	180	In Compliance
Grade 7	54,000	54,300	180	In Compliance
Grade 8	54,000	54,300	180	In Compliance
Grade 9	64,800	64,990	180	In Compliance
Grade 10	64,800	64,990	180	In Compliance
Grade 11	64,800	64,990	180	In Compliance
Grade 12	64,800	64,990	180	In Compliance

See accompanying notes to supplementary information.

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education		
	Special Education Cluster:		
	Special Ed IDEA:		
84.027	Basic Local Assistance Entitlement, Part B, Sec 611	13379	$ 3,311,455
84.027A	Preschool Local Entitlement, Part B, Sec 611	13682	355,529
84.173	Preschool Grant, Part B, Sec 619	13430	112,217
	Subtotal Special Education Cluster		3,779,201
	Adult Education Programs:		
84.002	Adult Education: Adult Secondary Education	13978	140,068
84.002A	Adult Education: Adult Basic Education & ESL	14508	136,609
84.002	Adult Education: State Leadership Projects	13970	1,984
84.002A	Adult Education: EL and Civics	14109	49,495
	Subtotal Adult Education Programs		328,156
	Carl Perkins Vocational Programs:		
84.048	Postsecondary and Adult II C, Sec 132	14893	46,543
84.048	Voc & Applied Tech Secondary II C, Sec 131	13924	134,257
	Subtotal Carl Perkins Vocational Programs		180,800
	Title III Programs:		
84.365	ESEA: Title III, Immigrant Education	15146	369
84.365	ESEA: Title III, Limited English Proficient (LEP) Student Program	14346	312,855
	Subtotal Title III Programs		313,224
84.367	ESEA Title II, Part A, Improving Teacher Quality Local Grants	14341	551,729
84.010	ESEA: Title I, Part A, Basic Low-Income & Neglected	14329	4,053,502
84.196	ESEA: Title X, McKinney Vento Homeless Children Assistance	14332	72,584
	Total U.S. Department of Education		9,279,196

(Continued)

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Defense			
12.609	Air Force Jr. ROTC	N/A	104,040
U.S. Department of Health and Human Services - Passed through California Department of Health Care Services			
93.778	Medi-Cal Billing Option - Medicaid Cluster	10013	250,000
	CCDF Cluster:		
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	13609	54,186
	Total U.S. Department of Health and Human Services		304,186
U.S. Department of Agriculture - Passed through California Department of Education			
	Child Nutrition Cluster:		
10.555	Child Nutrition: School Programs (NSL Sec 11)	13396	5,709,964
10.558	Child Nutrition: Child and Adult Care Food Program	13666	358,088
	Total U.S. Department of Agriculture		6,068,052
	Total Federal Programs		$ 15,755,474

See accompanying notes to supplementary information.

There were no adjustments proposed to any funds of the District.

General Fund	(Budgeted) 2019	2018	2017	2016
Revenues and other financing sources	$228,491,192	$216,035,667	$214,078,538	$212,338,758
Expenditures	225,241,888	215,154,839	213,397,098	206,149,407
Other uses and transfers out	5,350,000	1,350,002	1,863,347	850,000
Total outgo	230,591,888	216,504,841	215,260,445	206,999,407
Change in fund balance	$ (2,100,696)	$ (469,174)	$ (1,181,907)	$ 5,339,351
Ending fund balance	$ 30,320,089	$ 32,420,785	$ 32,889,959	$ 34,071,866
Restricted fund balance	$ 3,845,024	$ 3,845,024	$ 4,492,333	$ 3,854,389
Available reserves	$ 14,190,440	$ 16,315,221	$ 19,416,047	$ 18,799,082
Designated for economic uncertainties	$ 8,254,017	$ 7,634,116	$ 6,990,130	$ 6,387,642
Undesignated fund balance	$ 5,936,423	$ 8,681,105	$ 12,425,917	$ 12,411,440
Available reserves as percentages of total outgo	6.2%	7.5%	9.0%	9.1%
All Funds				
Total long-term liabilities	$469,775,529	$483,788,217	$428,999,902	$301,113,178
Average daily attendance at P-2, (excludes classes for adults)	20,622	20,972	20,925	20,528

The General Fund fund balance has increased by $3,688,270 over the past three years. The fiscal year 2018-2019 budget projects a decrease of $2,100,696 from the June 30, 2018 fiscal year. For a district this size, the State of California recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses be maintained. The District met this requirement for the 2017-18 fiscal year.

The District has incurred operating deficits in two of the past three years. The District anticipates incurring an operating deficit during the 2018-2019 fiscal year.

Total long-term liabilities have increased by $182,675,039 over the past two years, as described in Note 5 of the basic financial statements.

Average daily attendance has increased by 444 over the past two years. ADA is projected to decrease by 350 for the 2018-2019 fiscal year.

See accompanying notes to supplementary information.

SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2018

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report

There are currently no charter schools in the District.

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Fairfield-Suisun Unified School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. The District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2018.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 15,892,756
Less: Medi-Cal Billing Option unspent funds	93.778	(128,799)
Air Force JR. ROTC reimbursement	N/A	(5,357)
Reimbursement of closed NCLB programs		(3,126)
Total Schedule of Expenditure of Federal Awards		$ 15,755,474

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2018-2019 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Section 22714 and 44929. For the fiscal year ended June 30, 2018, the District did not adopt such a program.

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Education
Fairfield-Suisun Unified School District
Fairfield, California

Report on Compliance with State Laws and Regulations

We have audited Fairfield-Suisun Unified School District's compliance with the types of compliance requirements described in the State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2018.

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	No, see below
General requirements	No, see below
After school	No, see below
Before school	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	No, see below
Attendance, for charter schools	No, see below
Mode of Instruction, for charter schools	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	No, see below
Charter School Facility Grant Program	No, see below

(Continued)

The District's reported ADA for Independent Study was below the materiality level that requires testing; therefore, we did not perform any testing of Independent Study ADA.

The District did not offer an Early Retirement Incentive Program; therefore, we did not perform any procedures related to this program.

The District does not have any Juvenile Court Schools, therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not offer an Apprenticeship - Related and Supplemental Instruction Program, therefore, we did not perform any procedures related to Apprenticeship - Related and Supplemental Instruction Program.

The District did not receive any funds from the After School Education and Safety Program; therefore, we did not perform any procedures related to the After School Education and Safety Program.

The District does not offer Independent Study-Course Based; therefore, we did not perform any procedures related to the Independent Study-Course Based.

The District does not have any Charter Schools; therefore, we did not perform any of the testing related to charter schools.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on Fairfield-Suisun Unified School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Fairfield-Suisun Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Fairfield-Suisun Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of Fairfield-Suisun Unified School District's compliance.

Opinion on Compliance with State Laws and Regulations

In our opinion, Fairfield-Suisun Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2018.

(Continued)

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
November 28, 2018

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Fairfield-Suisun Unified School District
Fairfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fairfield-Suisun Unified School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Fairfield-Suisun Unified School District's basic financial statements, and have issued our report thereon dated November 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fairfield-Suisun Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fairfield-Suisun Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fairfield-Suisun Unified School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fairfield-Suisun Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
November 28, 2018

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Fairfield-Suisun Unified School District
Fairfield, California

Report on Compliance for Each Major Federal Program

We have audited Fairfield-Suisun Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fairfield-Suisun Unified School District's major federal programs for the year ended June 30, 2018. Fairfield-Suisun Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fairfield-Suisun Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fairfield-Suisun Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Fairfield-Suisun Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Fairfield-Suisun Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

(Continued)

Report on Internal Control Over Compliance

Management of Fairfield-Suisun Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fairfield-Suisun Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fairfield-Suisun Unified School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Crowe LLP

Crowe LLP

Sacramento, California
November 28, 2018

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	X None reported
Noncompliance material to financial statements noted?	______ Yes	X No

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555	Child Nutrition: School Programs (NSL Sec 11)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	X Yes	______ No

STATE AWARDS

Type of auditor's report issued on compliance for state programs:	Unmodified

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Implemented

No matters were reported.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

GENERAL INFORMATION ABOUT THE COUNTY OF SOLANO AND THE CITY OF FAIRFIELD

The following information concerning the County of Solano (the "County") and the City of Fairfield (the "City") is included only for the purpose of supplying general information regarding the area of the Fairfield-Suisun Unified School District (the "District"). The Bonds are not a debt of the County, the County of Napa, the City, the State of California (the "State") or any of its political subdivisions, and neither the County, the County of Napa, the City, the State nor any of its political subdivisions is liable therefor.

Population

The following table lists population figures for the County, cities within the County, and the State for calendar years 2010 and 2014 through 2018.

COUNTY OF SOLANO
Population Estimates
Calendar Years 2010 and 2014 through 2018

Area	2010[1]	2014	2015	2016	2017	2018
State of California	37,253,956	38,567,459	38,907,642	39,255,883	39,500,973	39,809,693
Total Solano County[2]	413,344	423,003	426,704	431,498	436,640	439,793
Benicia	26,997	27,220	27,360	27,501	27,452	27,499
Dixon	18,351	18,752	18,836	19,018	19,674	19,896
Fairfield	105,321	110,018	111,471	112,637	115,346	116,156
Rio Vista	7,360	8,005	8,255	8,601	8,893	9,188
Suisun City	28,111	28,645	28,927	29,091	29,152	29,192
Vacaville	92,428	94,690	95,582	97,667	97,736	98,977
Vallejo	115,942	116,299	116,764	117,322	118,851	119,252
Balance of County	18,834	19,374	19,509	19,661	19,536	19,633

(1) Decennial Census.
(2) Figures may not add due to independent rounding.
Source: State of California, Department of Finance: (i) E-4 Population Estimates for Cities, Counties and the State, 2014-2016, with 2010 Census Benchmark; and (ii) E-1 Population Estimates for Cities, Counties, and the State, January 1, 2017 and 2018.

Industry and Employment

The table below provides information about employment rates and employment by industry type for the County for calendar years 2013 through 2017. Unemployment rates are not available for the District.

COUNTY OF SOLANO
Civilian Labor Force, Employment and Unemployment
Calendar Years 2013 through 2017
Annual Averages

	2013	2014	2015	2016	2017[5]
Civilian Labor Force [1]	203,100	203,300	205,300	207,900	209,300
Employment	184,600	188,000	192,700	196,500	199,300
Unemployment	18,400	15,300	12,600	11,400	10,000
Unemployment Rate[2]	9.1%	7.5%	6.1%	5.5%	4.8%
Wage and Salary Employment: [3]					
Farm	1,700	1,800	1,800	1,800	1,800
Mining and Logging	200	300	300	200	300
Construction	8,600	8,300	9,000	10,300	10,600
Manufacturing	10,200	11,000	11,700	11,900	12,300
Wholesale Trade	4,200	4,400	4,400	4,200	4,200
Retail Trade	17,200	17,500	18,300	18,500	18,600
Transportation, Warehousing, Utilities	3,500	4,000	4,300	4,500	4,500
Information	1,100	1,100	1,100	1,100	1,100
Financial Activities	5,100	4,800	4,900	5,100	5,100
Professional and Business Services	10,300	10,400	10,400	10,200	10,300
Educational and Health Services	22.400	23,100	24,200	25,700	26,700
Leisure and Hospitality	13,700	14,300	14,800	15,100	15,100
Other Services	4,000	4,000	4,100	4,100	4,300
Federal Government	3,800	3,700	3,700	3,700	3,700
State Government	5,200	5,200	5,200	5,300	5,300
Local Government	15,000	15,600	15,900	16,200	16,100
Total all Industries[4]	126,300	129,400	133,900	137,800	139,900

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) The unemployment rate is calculated using unrounded data.
(3) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(4) Data may not add due to rounding.
(5) Latest data available

Source: State of California Employment Development Department; Industry Employment & Labor Force – by Annual Average. March 2017 Benchmark.

Largest Employers

The following tables list the largest manufacturing and non-manufacturing employers within the County in alphabetical order:

COUNTY OF SOLANO
Largest Employers

Employer Name	Location	Industry
California Medical Facility	Vacaville	Hospitals
Comcast Cable	Vallejo	Television – Cable & CATV
Flatiron Construction Corp.	Benicia	General Contractors
Gbg Corp.	Vacaville	Wellness Programs
Genentech Inc.	Vacaville	Pharmaceutical Products – Wholesale
Guittard Chocolate Co.	Fairfield	Chocolate & Cocoa (Whls)
Jelly Belly Candy Co.	Fairfield	Management Services
Jelly Belly Candy Co	Fairfield	Candy & Confectionery – Retail
Kaiser Permanente Vallejo Med	Vallejo	Hospitals
Kaiser Permanente Vacaville MD	Vacaville	Hospitals
M&G Dura Vent Inc.	Vacaville	Building materials – Wholesale
Mike's Auto Body	Vallejo	Automobile body – Repairing & Painting
North Bay Medical Ctr	Fairfield	Hospitals
North Bay Vacavalley Hospital	Vacaville	Hospitals
Six Flags	Vallejo	Amusement & Theme Parks
Solano County Sheriff	Fairfield	Government Offices – County
Solano County Special Edu	Fairfield	Schools
Sutter Solano Medical Ctr	Vallejo	Hospitals
Touro University California	Vallejo	University-College Dept/Facility/Office
Travis Air Force Base	Travis AFB	Military Bases
USDA Forest Svc	Vallejo	Government Offices – US
Vacaville City Hall	Vacaville	City Government – Executive Offices
Valero Benicia Refinery	Benicia	Oil Refiners (Mfrs)
Vallejo City Manager's Office	Vallejo	Government Offices – City, Village & Twp
Walmart Supercenter	Suisun City	Department Stores

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

Personal Income

The following table summarizes total personal income for the County for the period from 2013 to 2017.

COUNTY OF SOLANO
PERSONAL INCOME[(1)]
2013 - 2017
(in thousands)

Year	Solano County	Annual Percent Change
2013	$17,111,870	--
2014	17,962,480	4.97%
2015	19,259,971	7.22
2016	20,315,904	5.48
2017[(2)]	21,879,096	7.69

(1) Estimates for 2013-2017 reflect County population estimates available as of November 2018.
(2) Latest data available
Source: U.S. Department of Commerce, Bureau of Economic Analysis

The following table summarizes per capita personal income for the County, the State of California and the United States for the period from 2013 through 2017.

COUNTY OF SOLANO
PER CAPITA PERSONAL INCOME[(1)]
2013-2017

Year	Solano County	California	United States
2013	$40,361	$48,570	$44,493
2014	41,812	51,344	46,494
2015	44,345	54,718	48,451
2016	46,151	56,374	49,246
2017[(2)]	49,116	59,796	51,640

(1) Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2013-2017 reflect county population estimates available as of March 2018.
(2) Latest data available
Source: U.S. Department of Commerce, Bureau of Economic Analysis

Commercial Activity

A summary of historic taxable sales within the City and County during the past five years in which data are available is shown in the following table.

CITY OF FAIRFIELD AND COUNTY OF SOLANO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(dollars in thousands)

	City of Fairfield		County of Solano	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	2,045	$1,526,410	8,102	$6,037,959
2013	2,043	1,666,580	8,129	6,377,402
2014	2,047	1,823,679	8,206	6,700,391
2015	2,306	1,912,825	9,265	6,961,046
2016[1]	2,322	1,909,699	9,408	7,192,098

(1) Latest annual data available.
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

A summary of historical residential building permit valuation for the Vallejo-Fairfield Metropolitan Area between 2013 and 2017 (the latest annual data available) is shown in the following table.

VALLEJO-FAIRFIELD METROPOLITAN AREA
Residential Building Permit Valuation
(dollars in thousands)

Year	Units	Valuation
2013	775	$133,207
2014	646	167,513
2015	1,434	314,904
2016	944	251,034
2017	907	247,225

Source: U.S. Bureau of the Census

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Settlement Date]

Governing Board
Fairfield-Suisun Unified School District
2490 Hilborn Road
Fairfield, California 94534

Re: $15,205,000
Fairfield-Suisun Unified School District
2020 General Obligation Refunding Bonds
Final Opinion of Bond Counsel

Members of the Governing Board:

We have acted as bond counsel in connection with the issuance by the Fairfield-Suisun Unified School District (the "District") of $15,205,000 principal amount of Fairfield-Suisun Unified School District 2020 General Obligation Refunding Bonds (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

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 in the territory of the District is subject to *ad valorem* taxation without limitation regarding rate or amount (except certain personal property that is taxable at limited rates) to pay the Bonds. Solano County and Napa County are required by law to include in their annual tax levy the principal and interest coming due on the Bonds to the extent that necessary funds are not provided from other sources.

3. Interest on the Bonds is exempt from State of California personal income taxes and is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, 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. 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 included in gross income for federal tax purposes retroactively to the date of issuance of the Bonds.

4. Interest on the Bonds is exempt from State of California personal income taxation.

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

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material 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.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD,
a Professional Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$15,205,000
FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT
(Solano and Napa Counties, California)
2020 GENERAL OBLIGATION REFUNDING BONDS
(Forward Delivery)

CONTINUING DISCLOSURE CERTIFICATE

Dated: [settlement date], 2020

This Continuing Disclosure Certificate (the "Disclosure Certificate") is delivered by the Fairfield-Suisun Unified School District (the "District") in connection with the issuance of the above-referenced bonds (the "Bonds") pursuant to a Paying Agent Agreement dated March 1, 2019 (the "Paying Agent Agreement"), between the District and U.S. Bank National Association, as paying agent (the "Paying Agent"). The District covenants and agrees as follows:

Section 1. **Purpose of the Disclosure Certificate**. This Disclosure Certificate is being delivered by the District for the benefit of the beneficial owners of the Bonds and to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. **Definitions**. Unless the context otherwise requires, the definitions set forth in the Paying Agent Agreement apply to this Disclosure Certificate. The following additional capitalized terms shall have the following meanings:

Annual Report means any report provided by the District pursuant to, and as described in, Sections 3 (Provision of Annual Reports) and 4 (Content of Annual Reports) of this Disclosure Certificate.

Beneficial Owner means any person that (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Bondholders means either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any Beneficial Owner or applicable participant in its depository system.

Dissemination Agent means Government Financial Strategies inc., or any successor Dissemination Agent designated in writing by the District and that has filed with the District a written acceptance of such designation.

EMMA or Electronic Municipal Market Access means the centralized on-line repository for documents filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

Financial Obligation means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or

(iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB.

Listed Events means any of the events listed in Section 5(a) (Reporting of Significant Events – Significant Events) of this Disclosure Certificate.

MSRB means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information, which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

Official Statement means the final Official Statement dated February 28, 2019, relating to the Bonds.

Opinion of Bond Counsel means a written opinion of a law firm or attorney experienced in matters relating to obligations the interest on which is excludable from gross income for federal income tax purposes.

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

Repositories means MSRB or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future. (As of the date of this Certificate, there is no California state information repository.)

Rule means 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.

State means the State of California.

Section 3. Provision of Annual Reports.

a. Delivery of Annual Report to Repositories. The District shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the District's fiscal year (which currently ends on June 30), commencing March 31, 2021, with the report for the 2019-20 fiscal year, provide to the Repositories an Annual Report that is consistent with the requirements of Section 4 (Content of Annual Reports) of this Disclosure Certificate. The Annual Report may be submitted as a single document or as a package of separate documents and may include by cross-reference other information as provided in Section 4 (Content of Annual Reports) of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

b. Change of Fiscal Year. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d) (Notice of Listed Events).

c. Delivery of Annual Report to Dissemination Agent. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) of this Section for providing the Annual Report to the Repositories, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District.

d. Report of Non-Compliance. If the District is unable to provide an Annual Report to the Repositories by the date required in subsection (a) of this Section, the Dissemination Agent shall send a notice in a timely manner to the Repositories in substantially the form attached as Exhibit A.

e. Annual Compliance Certification. The Dissemination Agent shall if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

a. Financial Statements. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) (Provision of Annual Reports -- Delivery of Annual Report to Repositories), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

b. Most Recent Interim Financial Report. The most recent Interim Financial Report submitted by the Superintendent to the District's governing board in accordance with Education Code section 42130 (or its successor statutory provision) together with any supporting materials submitted to the governing board;

c. Annual Budget. The District's approved annual budget for the then-current fiscal year;

d. Assessed Value. Assessed value of taxable property (secured, unsecured, and total) in the District as shown on the most recent equalized assessment roll; and

e. Average Daily Attendance. The most recently available Average Daily Attendance for the District.

f. Tax Delinquencies. Property tax levies, collections, and delinquencies for the District for the immediately preceding fiscal year as of June 30, if taxes for the District are no longer collected under the County's Teeter Plan.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities that have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

a. Significant Events. Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB);

(7) unless described in subsection (a)(6) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax-exempt status of the Bonds;

(8) modifications to rights of Bondholders, if material;

(9) Bond calls, if material;

(10) tender offers;

(11) defeasances;

(12) release, substitution, or sale of property securing repayment of the Bonds, if material;

(13) rating changes;

(14) bankruptcy, insolvency, receivership or similar event of the District;

(15) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the District, or entry into or termination of a definitive agreement relating to the foregoing, if material;

(16) appointment of a successor or additional paying agent or the change of name of the paying agent, if material;

(17) 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;

(18) 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. Determination of Materiality. Whenever the District obtains knowledge of one of the foregoing events notice of which must be given only if material, the District shall immediately determine if such event would be material under applicable federal securities laws.

c. Notice to Dissemination Agent. If the District has determined an occurrence of a Listed Event under applicable federal securities laws, the District shall promptly notify the Dissemination Agent (if other than the District) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) (Notice of Listed Events).

d. Notice of Listed Events. The District shall file, or cause the Dissemination Agent to file with the Repositories, a notice of the occurrence of a Listed Event to provide notice of specified events in a timely manner not in excess of ten (10) business days after the event's occurrence. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(9) (bond calls) need not be given under this subsection any earlier than the notice (if any) given to Bondholders of affected Bonds pursuant to the Paying Agent Agreement.

Section 6. **Filings with MSRB.** All documents provided to MSRB under this Disclosure Certificate shall be filed in a readable PDF or other electronic format as prescribed by MSRB and shall be accompanied by identifying information as prescribed by MSRB.

Section 7. **Termination of Reporting Obligation**. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or payment in full of all of the Bonds or upon the delivery to the District of an Opinion of Bond Counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(d) (Notice of Listed Events).

Section 8. **Dissemination Agent**.

a. Appointment of 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 agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the District.

b. Compensation of Dissemination Agent. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District.

c. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense, and liability that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the District or an Opinion of Bond Counsel. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate.

Section 9. **Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

a. Change in Circumstances. If the amendment or waiver relates to the provisions of Sections 3(a) (Delivery of Annual Report to Repositories), 4 (Content of Annual Reports), or 5(a) (Significant Events), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;

b. Compliance as of Issue Date. The undertaking, as amended or taking into account such waiver, would have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and the District obtains an Opinion of Bond Counsel to that effect; and

c. Consent of Holders; Non-impairment Opinion. The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Paying Agent Agreement for amendments to the Paying Agent Agreement with the consent of Bondholders, or (ii) does not materially impair the interests of the Bondholders and the District obtains an Opinion of Bond Counsel to that effect.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the District shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d) (Notice of Listed Events), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to 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, 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. If the District fails to comply with any provision of this Disclosure Certificate any Bondholder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Paying Agent Agreement, and the sole remedy under this Disclosure Certificate if the District fails to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters, and the Bondholders and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the District has caused this Continuing Disclosure Certificate to be executed by its authorized officer as of the day and year first above written.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT

By:____
Kris Corey, Superintendent

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District:	Fairfield-Suisun Unified School District
Name of Bonds:	Fairfield-Suisun Unified School District 2020 General Obligation Refunding Bonds
Date of Delivery:	[Settlement Date], 2020

NOTICE IS HEREBY GIVEN that the Fairfield-Suisun Unified School District (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by a Continuing Disclosure Certificate executed [closing date], with respect to the above-captioned bond issue. The District anticipates that the Annual Report will be filed by ___________.

FAIRFIELD-SUISUN UNIFIED SCHOOL DISTRICT

By:______[SAMPLE ONLY]________________
Authorized Officer

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

The information in this appendix has been provided by the Depository Trust Company ("DTC"), New York, New York, for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants, or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants, or DTC Indirect Participants will act in the manner described in this Official Statement.

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, 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 3.6 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 the Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will 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 the 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Debt service payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of debt service on or redemption of the 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 the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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 Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond 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, bonds certificates will be printed and delivered to DTC.

The information in this appendix 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.

APPENDIX G

FORM OF DELAYED DELIVERY CONTRACT

_____________, 2019

Raymond James & Associates, Inc.
880 Carillion Parkway
Tower 3, Third Floor
St. Petersburg, Florida 33716

Re: Fairfield-Suisun Unified School District
(Counties of Napa and Solano, California)
2020 General Obligation Refunding Bonds (the "Bonds")

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby agrees to purchase from Raymond James & Associates, Inc. (the "Underwriter"), when, as and if issued and delivered to the Underwriter by the Fairfield-Suisun Unified School District (the "District"), and the Underwriter agrees to sell to the Purchaser:

Par Amount	Maturity Date	Interest Rate	CUSIP Number	Yield	Price

of the above-referenced Bonds (the "Purchased Bonds") offered by the District under the Preliminary Official Statement dated February 22, 2019 (the "Preliminary Official Statement"), and the Official Statement relating to the Bonds dated February 28, 2019 (the "Official Statement"), at the purchase price and with the interest rates, principal amounts, and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract. Capitalized terms used but not defined herein have the meanings ascribed thereto in the Official Statement. The Bonds are being purchased by the Underwriter pursuant to the Forward Delivery Bond Purchase Agreement between the District and the Underwriter (the "Forward Delivery Bond Purchase Agreement").

The Purchaser hereby confirms that it has received and reviewed the Preliminary Official Statement and the Official Statement (including, without limitation, the section entitled "FORWARD DELIVERY OF THE BONDS"), has considered the risks associated with purchasing the Purchased Bonds and is duly authorized to purchase the Purchased Bonds. The Purchaser acknowledges and agrees that the Purchased Bonds are being sold on a "forward" basis, and the Purchaser hereby purchases and agrees to accept delivery of the Purchased Bonds from the Underwriter on or about May 5, 2020 (the "Settlement Date"), as they may be issued and delivered in accordance with the Forward Delivery Bond Purchase Agreement.

Payment for the Purchased Bonds on the Settlement Date shall be made to the Underwriter or upon its order on the Settlement Date upon delivery to the Purchaser of the Purchased Bonds through the book-entry system of The Depository Trust Company. The Purchaser agrees that in no event shall the Underwriter be responsible or liable for any claim or loss, whether direct or consequential, that the Purchaser may suffer in the event the District does not for any reason issue and deliver the Bonds.

Upon issuance by the District of the Bonds and purchase thereof by the Underwriter, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder shall be unconditional, except in the event that between the date of this Delayed Delivery Contract and the Settlement Date one of the following events shall have occurred:

1. There is a Change in Law (defined below);

2. As a result of any legislation, regulation, rule, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State either enacted, issued, effective, adopted or proposed (but only with respect to any such proposed legislation, regulation, ruling, order, release, court decision or judgment or action that continues to be proposed as of the Settlement Date), or for any other reason, Bond Counsel cannot issue an opinion substantially in the form attached to the Official Statement as Appendix D to the effect that (a) the interest on the Bonds is not subject to federal income tax under Section 103 of the Code (or comparable provisions of any successor federal tax laws), and (b) the interest on the Bonds is exempt from State of California income taxation;

3. The Official Statement as of the date of Closing (as defined in the Forward Delivery Bond Purchase Agreement), which is expected to occur on or about March 14, 2019, or the Updated Official Statement to be provided by the District pursuant to the terms of the Forward Delivery Bond Purchase Agreement as of the Settlement Date, contained or contains an untrue statement or misstatement of material fact or omitted or omits to state a material fact necessary in order to make the statements and information contained therein not misleading in any material respect; or

4. Legislation is enacted, or a decision by a court of the United States is rendered, or any action is taken by, or on behalf of, the Securities Exchange Commission that, in the reasonable opinion of the Underwriter, following consultation with the District, has the effect of requiring the Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Paying Agent Agreement under the Trust Indenture Act of 1939, as amended, or an event occurs that would cause the sale of the Bonds to be in violation of any provision of the federal or State of California securities laws.

The Underwriter shall notify the Purchaser promptly in the event that the Underwriter becomes aware of the occurrence of any of the events described in clauses 1 through 4 above.

A "Change in Law" means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies; (ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date that is on or before the Settlement Date), (iii) any law, rule or regulation enacted by any governmental body, department or agency (if such enacted law, rule, or regulation has an effective date that is on or before the Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body that in any such case would, (A) as to the Underwriter, prohibit the Underwriter from completing the underwriting of the Bonds or selling the Bonds or the beneficial ownership interests therein to the public or, (B) as to the District, make the completion of the issuance, sale, or delivery of the Bonds illegal.

If the Change of Law eliminates the exclusion from gross income for federal income tax purposes of interest payable on "state or local bonds," the Underwriter would not be obligated to purchase the Bonds from the District, and the Purchaser would not be required to accept delivery of the Purchased Bonds from the Underwriter.

The Purchaser acknowledges and agrees that the Purchased Bonds are being sold on a "forward" or "delayed delivery" basis for delivery on the Settlement Date and that the Purchaser is obligated to take up and pay for the Purchased Bonds on the Settlement Date unless one of the events described above occurs. The Purchaser acknowledges that it will not be able to withdraw its order as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings assigned to the Bonds between the date of Closing and the Settlement Date or changes in the credit associated with the Bonds generally, and (b) changes in the financial condition, operations, performance, properties or prospects of the District from the date hereof to the Settlement Date. The Purchaser acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof, even if the Purchaser decides to sell the Purchased Bonds following the date hereof, unless the Purchaser sells the Purchased Bonds to another institution with the prior written consent of the Underwriter and such institution provides a written acknowledgment of confirmation of purchase order and a delayed delivery contract in the same respective forms as that executed by the Purchaser.

The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchase is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject. Each of the undersigned parties represents and warrants that it has the power and authority to enter into this Delayed Delivery Contract and to perform its obligations hereunder.

The Purchaser agrees that it will at all times satisfy the minimum initial and maintenance margin requirements of Regulation T of the Board of Governors of the Federal Reserve System, Rule 431 of the New York Governors of the Federal Reserve System, Rule 4210 of the Financial Industry Regulatory Authority and any other margin regulations applicable to the Underwriter.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party without the prior written consent of the other.

The Purchaser acknowledges that the Underwriter is entering into the Forward Delivery Bond Purchase Agreement with the District to purchase the Bonds in reliance in part on the performance by the Purchaser of its obligations hereunder.

This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

It is understood that the acceptance by the Underwriter of any Delayed Delivery Contract (including this one) is in the Underwriter's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to the Underwriter, it is requested that the Underwriter sign the form of acceptance below and mail, e-mail, or otherwise deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriter and the Purchaser when such counterpart is so mailed, e-mailed or otherwise delivered by the Underwriter. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

[PURCHASER]

By:______________________________
Name:____________________________
Title:_____________________________

Address:__________________________
____
Telephone:________________________

Accepted:

RAYMOND JAMES & ASSOCIATES, INC.

By:______________________________
Name:____________________________
Title:_____________________________