NEW ISSUE—BOOK-ENTRY ONLY

Ratings: S&P (Insured): "AA"
Moody' (Underlying)s: "Aa3"
(See "MISCELLANEOUS — Ratings" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2019 Bonds is not a specific preference item 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 amount, accrual or receipt of interest on, the Series 2019 Bonds. See "TAX MATTERS" herein.

$11,170,000
DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
General Obligation Bonds, Election of 2016, Series 2019

Dated: Date of Delivery **Due: August 1, as shown herein**

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Dixon Unified School District (Solano County, California) General Obligation Bonds, Election of 2016, Series 2019 (the "Series 2019 Bonds") are issued by the Dixon Unified School District (the "District"), located in the County of Solano, California (the "County"), to finance specific construction, repair and improvement projects approved by the voters of the District. The Series 2019 Bonds were authorized at an election of the voters of the District held on November 8, 2016, at which at least 55% of the voters voting on the proposition authorized the issuance and sale of $30,400,000 principal amount of bonds of the District. The Series 2019 Bonds are being issued under the laws of the State of California (the "State") and pursuant to a resolution of the Board of Education of the District, adopted on April 18, 2019.

The Series 2019 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Series 2019 Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS" herein.

The Series 2019 Bonds will be issued as current interest bonds, as set forth on the inside front cover hereof. Interest on the Series 2019 Bonds is payable on each February 1 and August 1 to maturity, commencing August 1, 2019. Principal of the Series 2019 Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof.

The Series 2019 Bonds will be issued in denominations of $5,000 principal amount, or any integral multiple thereof as shown on the inside front cover hereof.

The scheduled payment of principal of and interest on the Series 2019 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2019 Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.

BAM

The Series 2019 Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2019 Bonds. Individual purchases of the Series 2019 Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Series 2019 Bonds purchased by them. See "THE SERIES 2019 BONDS – Form and Registration" herein. Payments of the principal of and interest on the Series 2019 Bonds will be made by Wells Fargo Bank, National Association, as paying agent, registrar and transfer agent with respect to the Series 2019 Bonds, to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Series 2019 Bonds. See "THE SERIES 2019 BONDS – Payment of Principal and Interest" herein.

The Series 2019 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2019 BONDS — Redemption" herein.

The Series 2019 Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Irvine, California, as Disclosure Counsel to the District. It is anticipated that the Series 2019 Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about May 30, 2019.

PiperJaffray

Dated May 14, 2019.

MATURITY SCHEDULE
BASE CUSIP[†]: 255651

$11,170,000
DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
General Obligation Bonds, Election of 2016, Series 2019

$4,885,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Number[†]
2025	$105,000	5.00%	1.51%	KD2
2026	135,000	5.00	1.53	KE0
2027	160,000	5.00	1.57	KF7
2028	190,000	5.00	1.62	KG5
2029	220,000	5.00	1.73	KH3
2030	265,000	5.00	1.86[C]	KJ9
2031	305,000	5.00	1.95[C]	KK6
2032	345,000	5.00	2.04[C]	KL4
2033	395,000	5.00	2.14[C]	KM2
2034	440,000	5.00	2.21[C]	KN0
2035	495,000	5.00	2.33[C]	KP5
2036	550,000	5.00	2.37[C]	KQ3
2037	610,000	5.00	2.41[C]	KR1
2038	670,000	5.00	2.45[C]	KS9

$1,550,000 3.00% Term Series 2019 Bonds due August 1, 2040 – Yield 3.12% - CUSIP Number[†] KT7

$4,735,000 3.00% Term Series 2019 Bonds due August 1, 2043 – Yield 3.16% - CUSIP Number[†] KU4

[†] 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 Capital IQ. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.
[C] Yield to call at par on August 1, 2029.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)

BOARD OF EDUCATION

Melissa Maseda, *President*
Luke Foster, *Vice President*
Caitlin O'Halloran, *Clerk*
Jewel Fink, *Member*
John Gabby, *Member*

DISTRICT ADMINISTRATORS

Brian Dolan, *Superintendent*
Nick Girimonte, *Assistant Superintendent, Educational Services*

PROFESSIONAL SERVICES

Financial Advisor

Cooperative Strategies, LLC
Irvine, California

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Irvine, California

Paying Agent, Registrar and Transfer Agent

Wells Fargo Bank, National Association
Minneapolis, Minnesota

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(continued)

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2019 Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The Series 2019 Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Series 2019 Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2019 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, 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 completeness of such information.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2019 Bonds or the advisability of investing in the Series 2019 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and APPENDIX G – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget," "intend" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

The District maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2019 Bonds.

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market prices of the Series 2019 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2019 Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

$11,170,000
DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
General Obligation Bonds, Election of 2016, Series 2019

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2019 Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, which includes the cover page, inside cover page and appendices hereto, is provided to furnish information in connection with the sale of $11,170,000 aggregate principal amount of Dixon Unified School District (Solano County, California) General Obligation Bonds, Election of 2016, Series 2019 (the "Series 2019 Bonds"), all as indicated on the inside front cover hereof, to be offered by the Dixon Unified School District (the "District").

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See "OTHER LEGAL MATTERS – Continuing Disclosure" and APPENDIX D "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2019 Bonds. Quotations from and summaries and explanations of the Series 2019 Bonds, the resolution of the Board of Education of the District providing for the issuance of the Series 2019 Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Series 2019 Bonds.

Copies of documents referred to herein and information concerning the Series 2019 Bonds are available from the District by contacting: Dixon Unified School District, 180 South First Street, Dixon, California 95620, Attention: Superintendent. The District may impose a charge for copying, handling and mailing such requested documents.

The District

The District, established in 1947, is a public school district located in Solano County, California (the "County"). The District includes approximately 198 square miles in the City of Dixon, certain unincorporated areas of the County and a small portion of the City of Vacaville. The District currently operates three elementary schools, one middle school, two high schools, one continuation high school and one community day school. The current enrollment for the District is approximately 3,209 students. Total assessed valuation of taxable property in the District in fiscal year 2018-19 is $3,179,874,920. The District operates under the jurisdiction of the Solano County Superintendent of Schools.

For additional information about the District, see APPENDIX A − "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Changes from the Preliminary Official Statement

Since May 8, 2019, the date of the Preliminary Official Statement relating to the Series 2019 Bonds, the Governor released the May revision to the proposed fiscal year 2019-20 State budget (the "2019-20 May Revision") on May 9, 2019. Accordingly, this final Official Statement includes, in addition to pricing information relating to the Series 2019 Bonds, information regarding the 2019-20 May Revision in Appendix A.

THE SERIES 2019 BONDS

Authority for Issuance; Purpose

The Series 2019 Bonds are issued under the provisions of California Government Code Section 53506 *et seq.*, including Section 53508.7 thereof, and California Education Code Section 15140 and Article XIIIA of the California Constitution and pursuant to a resolution adopted by the Board of Education of the District on April 18, 2019 (the "Resolution").

At an election held on November 8, 2016, the District received authorization under Measure Q to issue general obligation bonds of the District in an aggregate principal amount not to exceed $30,400,000 to repair, renovate and reopen Old Dixon High School as a middle school, repair and renovate Anderson Elementary School and improve security/safety and Americans with Disabilities Act compliance at District schools (collectively, the "2016 Authorization"). Measure Q required approval by at least 55% of the votes cast by eligible voters within the District and received an approval vote of approximately 60.22%. The Series 2019 Bonds represent the second and final series of authorized bonds to be issued under the 2016 Authorization and will be issued to finance authorized projects. See "*−Application and Investment of Series 2019 Bond Proceeds*" herein.

Bond Insurance Policy

Concurrently with the issuance of the Series 2019 Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Series 2019 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2019 Bonds when due as set forth in the form of the Policy included as Appendix G to this Official Statement. See "BOND INSURANCE."

Form and Registration

The Series 2019 Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 principal amount or integral multiples thereof. The Series 2019 Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Series 2019 Bonds. Purchases of Series 2019 Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Series 2019 Bonds will be recorded as entries on the books of said participants.

Except in the event that use of this book-entry system is discontinued for the Series 2019 Bonds, beneficial owners ("Beneficial Owners") will not receive physical certificates representing their ownership interests. See APPENDIX F − "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

Interest. The Series 2019 Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing on August 1, 2019, computed on the basis of a 360-day year consisting of twelve 30-day months. Each Series 2019 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and on or prior to the succeeding Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it will bear interest from its dated date; provided, however, that if, at the time of authentication of any Series 2019 Bond, interest is in default on any outstanding Series 2019 Bonds, such Series 2019 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Series 2019 Bonds.

Payment of Series 2019 Bonds. The principal of the Series 2019 Bonds is payable in lawful money of the United States of America upon the surrender thereof at the principal corporate trust office of Wells Fargo Bank, National Association, as paying agent (the "Paying Agent") at the maturity thereof or upon redemption prior to maturity.

Interest on the Series 2019 Bonds is payable in lawful money of the United States of America by check mailed on each Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the registered owner thereof (the "Owner") at such Owner's address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least $1,000,000 of outstanding Series 2019 Bonds who shall have requested in writing such method of payment of interest prior to the close of business on a Record Date. So long as the Series 2019 Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX F − "BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2019 Bonds maturing on or before August 1, 2029, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2019 Bonds maturing on or after August 1, 2030, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2029, at a redemption price equal to the principal amount of the Series 2019 Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The $1,550,000 term Series 2019 Bonds maturing on August 1, 2040 are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2039	$745,000
2040†	805,000

† Maturity.

The principal amount of the $1,550,000 term Series 2019 Bonds maturing on August 1, 2040, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000, by any portion of such term Series 2019 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

The $4,735,000 term Series 2019 Bonds maturing on August 1, 2043 are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2041	$ 865,000
2042	935,000
2043†	2,935,000

† Maturity.

The principal amount of the $4,735,000 term Series 2019 Bonds maturing on August 1, 2043, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000, by any portion of such term Series 2019 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Series 2019 Bonds for Redemption. If less than all of the Series 2019 Bonds are called for redemption, the Series 2019 Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District. Whenever less than all of the outstanding Series 2019 Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Series 2019 Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Series 2019 Bond shall be deemed to consist of individual Series 2019 Bonds of denominations of $5,000 principal amount, each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of any Series 2019 Bond will be given by the Paying Agent not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate with respect to the Series 2019 Bonds. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Each notice of redemption will contain the following information: (i) the date of such notice; (ii) the name of the Series 2019 Bonds and the date of issue of the Series 2019 Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Series 2019 Bonds to be redeemed; (vi) if less than all of the Series 2019 Bonds of any maturity are to be redeemed the distinctive numbers of the Series 2019 Bonds of each maturity to be redeemed; (vii) in the case of Series 2019 Bonds redeemed in part only, the respective portions of the principal amount of the Series 2019 Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Series 2019 Bonds to be redeemed; (ix) a statement that such Series 2019 Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Series 2019 Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. The actual receipt by the Owner of any Series 2019 Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Series 2019 Bonds or the cessation of interest on the date fixed for redemption.

Effect of Notice of Redemption. When notice of redemption has been given substantially as described above and when the redemption price of the Series 2019 Bonds called for redemption is set aside, the Series 2019 Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2019 Bonds at the place specified in the notice of redemption, such Series 2019 Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series 2019 Bonds so called for redemption after such redemption date shall look for the payment of such Series 2019 Bonds and the redemption premium thereon, if any, only to moneys on deposit for the purpose in the interest and sinking fund of the District within the County treasury (the "Interest and Sinking Fund") or the trust fund established for such purpose. All Series 2019 Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Series 2019 Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund of the District or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series 2019 Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Series 2019 Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Defeasance of Series 2019 Bonds

The District may pay and discharge any or all of the Series 2019 Bonds by depositing in trust with the Paying Agent or an escrow agent 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 which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund of the District, be fully sufficient to pay and discharge the indebtedness on such Series 2019 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Unclaimed Moneys

Any money held in any fund or by the Paying Agent or an escrow agent in trust for the payment of the principal of, redemption premium, if any, or interest on the Series 2019 Bonds and remaining unclaimed for two years after the principal of such Series 2019 Bonds has become due and payable (whether by maturity or upon prior redemption) is required to be transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys is required to be transferred to the general fund of the District as provided and permitted by law.

Application and Investment of Series 2019 Bond Proceeds

The proceeds of the Series 2019 Bonds are expected to be applied as follows:

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
General Obligation Bonds, Election of 2016, Series 2019

Estimated Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Series 2019 Bonds	$11,170,000.00
Plus Net Original Issue Premium	1,073,458.70
Total Sources of Funds	$12,243,458.70
Uses of Funds:	
Deposit to Building Fund	$10,910,764.94
Deposit to Interest and Sinking Fund(1)	1,073,458.70
Costs of Issuance(2)	197,800.06
Underwriter's Discount	61,435.00
Total Uses of Funds	$12,243,458.70

(1) Consists of premium received by the District.
(2) Includes legal fees, municipal advisor fees, rating agency fees, bond insurance premium, printing fees and other miscellaneous expenses.

Under California law, all money received by or apportioned to a school district must generally be paid into and held in the County treasury. The proceeds from the sale of the Series 2019 Bonds less amounts necessary to pay costs of issuance will be deposited in the County treasury to the credit of the building fund of the District (the "Building Fund") and shall be accounted for together with the proceeds of other bonds of the District separately from all other District and County funds. Such proceeds shall be applied solely for the purposes for which the Series 2019 Bonds were authorized. Any premium or accrued interest on the Series 2019 Bonds received by the District will be deposited in the Interest and Sinking Fund of the District in the County treasury. Interest and earnings on each fund will accrue to that fund. All funds held by the County Treasurer-Tax Collector (the "County Treasurer") in the Building Fund and the Interest and Sinking Fund are expected to be invested at the sole discretion of the County Treasurer on behalf of the District in such investments as are authorized by Section 53601 and following of the California Government Code and the investment policy of the County, as either may be amended or supplemented from time to time. See APPENDIX E − "SOLANO COUNTY INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL" for a description of the permitted investments under the investment policy of the County. In addition, to the extent permitted by law and the investment policy of the County, the District may request in writing that all or any portion of the funds held in the Building Fund may be invested in investment agreements, including guaranteed investment contracts, float contracts or other investment products which comply with the requirements of each rating agency then rating the Series 2019 Bonds. The County Treasurer does not monitor such investments for arbitrage compliance and does not perform any arbitrage calculations with respect to such investments.

Debt Service

Debt service on the Series 2019 Bonds, assuming no early redemptions, is as set forth in the following table.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
General Obligation Bonds, Election of 2016, Series 2019

Year Ending August 1,	Principal	Interest	Total Debt Service
2019	-	$ 73,335.56	$ 73,335.56
2020	-	432,800.00	432,800.00
2021	-	432,800.00	432,800.00
2022	-	432,800.00	432,800.00
2023	-	432,800.00	432,800.00
2024	-	432,800.00	432,800.00
2025	$ 105,000.00	432,800.00	537,800.00
2026	135,000.00	427,550.00	562,550.00
2027	160,000.00	420,800.00	580,800.00
2028	190,000.00	412,800.00	602,800.00
2029	220,000.00	403,300.00	623,300.00
2030	265,000.00	392,300.00	657,300.00
2031	305,000.00	379,050.00	684,050.00
2032	345,000.00	363,800.00	708,800.00
2033	395,000.00	346,550.00	741,550.00
2034	440,000.00	326,800.00	766,800.00
2035	495,000.00	304,800.00	799,800.00
2036	550,000.00	280,050.00	830,050.00
2037	610,000.00	252,550.00	862,550.00
2038	670,000.00	222,050.00	892,050.00
2039	745,000.00	188,550.00	933,550.00
2040	805,000.00	166,200.00	971,200.00
2041	865,000.00	142,050.00	1,007,050.00
2042	935,000.00	116,100.00	1,051,100.00
2043	2,935,000.00	88,050.00	3,023,050.00
Total:	$11,170,000.00	$7,903,485.56	$19,073,485.56

Outstanding Bonds

In addition to the Series 2019 Bonds, the District has three series of general obligation bonds outstanding, each of which is secured by *ad valorem* taxes upon all property subject to taxation by the District on a parity with the Series 2019 Bonds.

2002 Authorization. The District received authorization at an election held on November 5, 2002, to issue bonds of the District in an aggregate principal amount not to exceed $29.2 million (the "2002 Authorization"). On April 1, 2003, the District issued its General Obligation Bonds, Election of 2002, Series 2003, in the aggregate principal amount of $10,000,000 (the "Series 2003 Bonds"), as its first series of bonds issued under the 2002 Authorization. On April 5, 2005, the District issued its General Obligation Bonds, Election of 2002, Series 2005 (the "Series 2005 Bonds") in the aggregate initial principal amount of $16,180,686.20, consisting of current interest bonds in the aggregate principal amount of $6,620,000 (the "2005 CIBs") and capital appreciation bonds in the aggregate initial principal amount of $9,560,686.20 (the "2005 CABs"), as its second series of bonds issued under the 2002 Authorization. On August 1, 2006, the District issued its General Obligation Bonds, Election of 2002, Series 2006, in the aggregate principal amount of $3,019,000 (the "Series 2006 Bonds"), as its third and final series of bonds issued under the 2002 Authorization.

Refunding Bonds. On August 1, 2012, the District issued its 2012 General Obligation Refunding Bonds, in the aggregate principal amount of $19,395,000 (the "Series 2012 Refunding Bonds"). Proceeds of the Series 2012 Refunding Bonds were used to (i) advance refund the outstanding Series 2003 Bonds, (ii) current refund the 2005 CIBs maturing in the years 2013 through 2015, inclusive, and 2044, (iii) advance refund the 2005 CABs maturing in the years 2018 through 2027, inclusive, and (iv) advance refund the Series 2006 Bonds maturing in the years 2019 through 2022, inclusive.

On April 7, 2016, the District issued its General Obligation Refunding Bonds, Series 2016 (the "Series 2016 Refunding Bonds"). Proceeds of the Series 2016 Refunding Bonds were used to (i) current refund the remaining Series 2005 Bonds and (ii) current refund the remaining Series 2006 Bonds.

2016 Authorization. On April 6, 2017, the District issued its General Obligation Bonds, Election of 2016, Series 2017, in the aggregate principal amount of $19,230,000 (the "Series 2017 Bonds") as the first series of bonds issued under the 2016 Authorization. The Series 2017 Bonds were issued to finance authorized projects.

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Aggregate Debt Service

The following table summarizes the annual aggregate debt service requirements of all outstanding bonds of the District, assuming no early redemptions.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
General Obligation Bonds – Aggregate Debt Service

Period Ending August 1,	Series 2012 Refunding Bonds	Series 2016 Refunding Bonds	Series 2017 Bonds	Series 2019 Bonds	Aggregate Total Debt Service
2019	$ 1,725,350.00	$ 75,950.00	$ 1,129,712.50	$ 73,335.56	$ 3,004,348.06
2020	1,775,150.00	100,950.00	863,162.50	432,800.00	3,172,062.50
2021	1,835,400.00	115,200.00	902,962.50	432,800.00	3,286,362.50
2022	1,894,900.00	134,000.00	935,962.50	432,800.00	3,397,662.50
2023	1,863,400.00	227,200.00	977,362.50	432,800.00	3,500,762.50
2024	1,965,862.50	217,550.00	1,016,762.50	432,800.00	3,632,975.00
2025	2,035,612.50	208,050.00	979,162.50	537,800.00	3,760,625.00
2026	2,119,050.00	193,700.00	1,017,637.50	562,550.00	3,892,937.50
2027	2,126,037.50	184,650.00	1,060,887.50	580,800.00	3,952,375.00
2028	213,600.00	2,193,150.00	1,101,137.50	602,800.00	4,110,687.50
2029	213,600.00	2,223,150.00	1,147,487.50	623,300.00	4,207,537.50
2030	213,600.00	2,353,400.00	1,192,037.50	657,300.00	4,416,337.50
2031	213,600.00	2,213,150.00	1,239,037.50	684,050.00	4,349,837.50
2032	213,600.00	2,315,400.00	1,288,237.50	708,800.00	4,526,037.50
2033	213,600.00	2,413,150.00	1,339,437.50	741,550.00	4,707,737.50
2034	213,600.00	2,526,150.00	1,392,437.50	766,800.00	4,898,987.50
2035	213,600.00	1,653,150.00	1,449,825.00	799,800.00	4,116,375.00
2036	213,600.00	-	1,508,175.00	830,050.00	2,551,825.00
2037	213,600.00	-	1,569,575.00	862,550.00	2,645,725.00
2038	213,600.00	-	1,631,025.00	892,050.00	2,736,675.00
2039	213,600.00	-	1,697,300.00	933,550.00	2,844,450.00
2040	1,208,600.00	-	1,762,950.00	971,200.00	3,942,750.00
2041	1,358,800.00	-	1,832,750.00	1,007,050.00	4,198,600.00
2042	1,476,400.00	-	1,909,000.00	1,051,100.00	4,436,500.00
2043	1,607,400.00	-	-	3,023,050.00	4,630,450.00
2044	286,000.00	-	-	-	286,000.00
Total	$25,841,162.50	$19,347,950.00	$30,944,025.00	$19,073,485.56	$95,206,623.06

Source: Cooperative Strategies, LLC

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Series 2019 Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When collected, the tax revenues will be deposited by the County in the Interest and Sinking Fund of the District, which is required to be maintained by the County and to be used solely for the payment of bonds of the District.

The Series 2019 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the County. No fund of the County is pledged or obligated to repayment of the Series 2019 Bonds.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, 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.

Pledge of Tax Revenues

The District has pledged all revenues from the property taxes collected from the levy by the Board of Supervisors of the County for the payment of all bonds, including the Series 2019 Bonds (collectively, the "Bonds"), of the District heretofore or hereafter issued pursuant to voter approved measures of the District and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal or redemption price of and interest on the Bonds. The Resolution provides that the property taxes and amounts held in the Interest and Sinking Fund shall be immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the Interest and Sinking Fund to secure the payment of the Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The Resolution provides that this pledge constitutes an agreement between the District and the owners of Bonds to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds secured by the pledge are or were issued to finance (or refinance) one or more of the projects specified in the applicable voter-approved measure.

Property Taxation System

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

Local property taxation is the responsibility of various county officers. School districts whose boundaries extend into more than one county are treated for property tax purposes as separate jurisdictions in each county in which they are located. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. Both the county auditor-controller and the county treasurer-tax collector have accounting responsibilities related to the collecting of the property taxes. Once collected, the county auditor-controller apportions and distributes the taxes to the various taxing entities and related funds and accounts. The county treasurer-tax collector, the superintendent of schools of which has jurisdiction over the school district, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due, as *ex officio* treasurer of the school district.

Assessed Valuation of Property Within the District

Taxable property located in the District has a fiscal year 2018-19 assessed value of $3,179,874,920. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See "−*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Locally taxed 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 property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

The following table sets forth the assessed valuation of the various classes of property in the District's boundaries from fiscal year 2007-08 through 2018-19.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
Assessed Valuations
Fiscal Years 2007-08 through 2018-19

Fiscal Year Ending	Local Secured	Utility	Unsecured	Total Valuation
2007-08	$2,388,677,795	$1,376,518	$ 75,477,878	$2,465,532,191
2008-09	2,415,019,887	3,574,556	79,582,521	2,498,176,964
2009-10	2,302,630,605	3,574,556	88,659,805	2,394,864,966
2010-11	2,257,430,400	3,574,556	70,718,305	2,331,723,261
2011-12	2,226,224,157	3,574,556	75,484,919	2,305,283,632
2012-13	2,215,525,485	2,105,160	79,465,323	2,297,095,968
2013-14	2,338,394,561	2,105,160	128,118,380	2,468,618,101
2014-15	2,476,228,558	305,160	99,907,871	2,576,441,589
2015-16	2,610,672,526	305,160	91,702,931	2,702,680,617
2016-17	2,753,139,877	181,590	90,528,290	2,843,849,757
2017-18	2,906,274,392	181,590	120,771,914	3,027,227,896
2018-19	3,054,455,527	181,590	125,237,803	3,179,874,920

Source: California Municipal Statistics, Inc.

Risk of Decline in Property Values. Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, drought, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also *"−Appeals of Assessed Valuation; Blanket Reductions of Assessed Values"* below.

Risk of Changing Economic Conditions; Risk of Earthquake. Property values could be reduced by factors beyond the District's control, including an earthquake, or a depressed real estate market due to general economic conditions in the County, the region, and the State. The District is located in a seismically active region. Active earthquake faults underlie the nearby Bay Area.

Drought. In recent years California has experienced severe drought conditions. In January 2014, the Governor declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the "State Water Board") subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. It is not possible for the District to make any representation regarding the extent to which drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which the drought has had or may have in the future on the value of taxable property within the District.

Wildfire. In recent years, portions of California, including adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the District. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (such pre-reduction level escalated by the annual inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the County assessor's office, the County has in the past, pursuant to Article XIIIA of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT

REVENUES AND APPROPRIATIONS – Limitations on Revenues" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Bonding Capacity. As a unified school district, the District may issue bonds in an amount up to 2.50% of the assessed valuation of taxable property within its boundaries. The District's fiscal year 2018-19 gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is approximately $79.50 million and its net bonding capacity is approximately $31.95 million (taking into account current outstanding debt before issuance of the Series 2019 Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Jurisdiction. The following table describes the percentage and value of the total assessed valuation of the property within the District's boundaries that reside in the cities of Dixon and Vacaville and unincorporated portions of the County for fiscal year 2018-19.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
2018-19 Assessed Valuation by Jurisdiction

Jurisdiction	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Dixon	$2,195,276,045	69.04%	$ 2,195,276,045	100.00%
City of Vacaville	11,633,245	0.37	12,694,937,070	0.09
Unincorporated Solano County	972,965,630	30.60	5,200,561,663	18.71
Total District	$3,179,874,920	100.00%		
Solano County	$3,179,874,920	100.00%	$55,043,710,602	5.78%

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Land Use. The following table sets forth a distribution of taxable property located in the District on the fiscal year 2018-19 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
2018-19 Assessed Valuation and Parcels by Land Use

	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	$ 509,494,912	16.68%	1,145	14.60%
Commercial/Office	246,209,186	8.06	205	2.61
Vacant Commercial	35,457,514	1.16	112	1.43
Industrial	414,856,146	13.58	114	1.45
Vacant Industrial	14,811,375	0.48	43	0.55
Government/Social/Institutional	2,060,912	0.07	4	0.05
Miscellaneous/Water Company	18,244,980	0.60	46	0.59
Subtotal Non-Residential	$1,241,135,025	40.63%	1,669	21.29%
Residential:				
Single Family Residence	$1,672,571,302	54.76%	5,440	69.38%
Condominium/Townhouse	215,269	0.01	3	0.04
Mobile Home	1,670,783	0.05	52	0.66
Mobile Home Park	1,470,075	0.05	2	0.03
2+ Residential Units/Apartments	106,721,173	3.49	293	3.74
Vacant Residential	30,671,900	1.00	382	4.87
Subtotal Residential	$1,813,320,502	59.37%	6,172	78.71%
TOTAL	$3,054,455,527	100.00%	7,841	100.00%

(1) Local secured assessed valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes. The following table sets forth the assessed valuation of single-family homes in the District's boundaries for fiscal year 2018-19.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
2018-19 Per Parcel Assessed Valuation of Single Family Homes

	Number of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	5,440	$1,672,571,302	$307,458	$295,849

2018-19 Assessed Valuation	No. of Parcels(1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	11	0.202%	0.202%	$ 198,324	0.012%	0.012%
$25,000 - $49,999	111	2.040	2.243	4,471,585	0.267	0.279
$50,000 - $74,999	144	2.647	4.890	9,060,765	0.542	0.821
$75,000 - $99,999	128	2.353	7.243	11,187,318	0.669	1.490
$100,000 - $124,999	159	2.923	10.165	17,978,095	1.075	2.565
$125,000 - $149,999	201	3.695	13.860	27,697,815	1.656	4.221
$150,000 - $174,999	236	4.338	18.199	38,399,093	2.296	6.516
$175,000 - $199,999	343	6.305	24.504	64,367,021	3.848	10.365
$200,000 - $224,999	360	6.618	31.121	76,333,071	4.564	14.929
$225,000 - $249,999	364	6.691	37.813	86,276,883	5.158	20.087
$250,000 - $274,999	372	6.838	44.651	97,715,016	5.842	25.929
$275,000 - $299,999	340	6.250	50.901	97,559,769	5.833	31.762
$300,000 - $324,999	322	5.919	56.820	100,477,992	6.007	37.770
$325,000 - $349,999	330	6.066	62.886	111,446,678	6.663	44.433
$350,000 - $374,999	368	6.765	69.651	133,493,113	7.981	52.414
$375,000 - $399,999	324	5.956	75.607	125,486,335	7.503	59.917
$400,000 - $424,999	244	4.485	80.092	100,506,591	6.009	65.926
$425,000 - $449,999	263	4.835	84.926	115,125,884	6.883	72.809
$450,000 - $474,999	199	3.658	88.585	91,780,770	5.487	78.296
$475,000 - $499,999	174	3.199	91.783	84,736,288	5.066	83.363
$500,000 and greater	447	8.217	100.000	278,272,896	16.637	100.000
Total	5,440	100.000%		$1,672,571,302	100.000%	

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

Largest Taxpayers in District. The following table sets forth the 20 taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2018-19 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are set forth below.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
Largest 2018-19 Local Secured Taxpayers

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	Percent of Total[1]
1.	Genentech Inc.	Industrial	$83,492,870	2.73%
2.	Campbell Soup Supply Co. LLC	Industrial	38,108,591	1.25
3.	Basalite Concrete Products LLC	Industrial	32,125,190	1.05
4.	Winters Nursery LLC	Commercial Nursery	30,920,073	1.01
5.	Dixon Vaughn Holdings LLC	Industrial	28,255,112	0.93
6.	Norcal Waste Systems – Hay Road Landfill Inc.	Industrial	26,711,795	0.87
7.	Avanath Lincoln Creek LP	Apartments	26,596,177	0.87
8.	Ellensburg Lamb Company Inc.	Industrial	26,033,577	0.85
9.	Wal-Mart Real Estate Business Trust	Commercial	23,711,804	0.78
10.	Salad Cosmo USA Corp.	Industrial	22,137,039	0.72
11.	Cardinal Health 200 Inc.	Industrial	21,789,330	0.71
12.	California Water Service Co.	Water Company	20,086,008	0.66
13.	Robert L. and Cynthia A. Gill	Agricultural	19,486,416	0.64
14.	Robert A. and Suzanne A. Robben	Commercial and Residential	15,695,857	0.51
15.	Harold E. and E.M. Robben	Agricultural	14,542,414	0.48
16.	Insulfoam LLC	Industrial	14,149,643	0.46
17.	Tranquility Orchards LLC	Agricultural	13,436,213	0.44
18.	Altec Industries Inc.	Industrial	11,750,766	0.38
19.	Safeway Stores	Commercial	11,325,753	0.37
20.	Meadowwood Apartments LLC	Apartments	11,038,672	0.36
			$491,393,300	16.09%

[1] 2018-19 local secured assessed valuation: $3,054,455,527
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See *"−Appeals of Assessed Valuation; Blanket Reductions of Assessed Values"* above.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Series 2019 Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Series 2019 Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Series 2019 Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

Typical Tax Rate Area. The following table sets forth *ad valorem* property tax rates for the last five fiscal years in a typical Tax Rate Area of the District (TRA 2-017). This Tax Rate Area comprises approximately 13.48% of the total assessed value of the District.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 2-017)
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
Countywide	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Solano County Community College District	.036716	.034918	0.035043	.024425	.038889
Dixon Unified School District	.056915	.048329	0.057132	.092243	.084109
State Water Project	.020000	.020000	0.020000	.020000	.020000
Total Tax Rate	1.113631%	1.103247%	1.112175%	1.136668	1.142998

Source: California Municipal Statistics, Inc.

In accordance with the California Constitution and the Education Code, bonds approved pursuant to the 2016 Authorization may not be issued unless the District projects that repayment of all outstanding bonds approved under the 2016 Authorization will require a tax rate no greater than $60.00 per $100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Series 2019 Bonds, the District projects that the maximum tax rate required to repay the Series 2019 Bonds and all other outstanding bonds approved at the 2016 Authorization will be within that legal limit. The tax rate limitation applies only when new bonds are issued and does not restrict the authority of the County Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Series 2019 Bonds and any other series of bonds issued under the 2016 Authorization in each year.

Tax Charges and Delinquencies

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory process enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Series 2019 Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a $30 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a $15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer-tax collector.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer-tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The county treasurer-tax collector may also bring a civil suit against the taxpayer for payment.

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table sets forth real property tax charges and corresponding delinquencies for the general obligation bond debt service levy with respect to the property located in the District for fiscal years 2013-14 through 2017-18. The County does not provide the secured tax charges and corresponding delinquencies for the 1% general fund levy with respect to property located in the District. See " – *Teeter Plan*" below.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
Secured Tax Charges and Delinquencies[1]
Fiscal Years 2013-14 through 2017-18

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent June 30	Percent Delinquent June 30
2013-14	$1,201,609.38	$15,232.11	1.27%
2014-15	1,395,857.10	12,174.45	0.87
2015-16	1,248,410.22	17,105.89	1.37
2016-17	1,558,803.33	19,343.19	1.24
2017-18	2,654,985.56	27,457.15	1.03

(1) District's general obligation bond debt service levy only.
Source: California Municipal Statistics, Inc.

Teeter Plan. The County has 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 and following of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes in the County, including the District, receives the full amount of uncollected taxes credited to its fund (including delinquent taxes, if any), in the same manner as if the full amount due from taxpayers had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. The County applies the Teeter Plan to taxes levied for repayment of school district general obligation bonds.

The Teeter Plan is to remain in effect unless the County Board of Supervisors 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 from two-thirds of the participating revenue districts in the County. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency. The District is not aware of any plans by the Board of Supervisors to discontinue the Teeter Plan.

Direct and Overlapping Debt

Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. effective March 19, 2019 for debt outstanding as of March 15, 2019. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two sets forth the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not set forth in the table) produces the amount set forth in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The schedule generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. 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.

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DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
Statement of Direct and Overlapping Bonded Debt

March 19, 2019

2018-19 Assessed Valuation: $3,179,874,920

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 3/15/19
Solano County Community College District	5.982%	$16,538,086
Dixon Unified School District	100.000	47,546,999[1]
City of Dixon Community Facilities District No. 2013-1	100.000	7,580,000
City of Dixon Community Facilities District No. 2015-1	100.000	4,770,000
City of Dixon 1915 Act Bonds	100.000	1,147,574
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$77,582,659
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Solano County General Fund Obligations	5.777%	$ 3,888,788
Solano County Pension Obligation Bonds	5.777	1,350,374
Solano County Community College District General Fund Obligations	5.982	525,045
Dixon Unified School District Certificates of Participation	100.000	9,110,000
City of Dixon General Fund Obligations	100.000	696,400
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$15,570,607
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$ 1,475,000
COMBINED TOTAL DEBT		$94,628,266[2]

Ratios to 2018-19 Assessed Valuation:

Direct Debt ($47,546,999).. 1.50%
Total Direct and Overlapping Tax and Assessment Debt............. 2.44%
Combined Direct Debt ($56,656,999) 1.78%
Combined Total Debt 2.98%

Ratio to Redevelopment Incremental Valuation ($292,144,671):

Total Overlapping Tax Increment Debt.. 0.50%

(1) Excludes the Series 2019 Bonds; excludes accreted value.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2019 Bonds, BAM will issue its Policy for the Series 2019 Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series 2019 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: **www.buildamerica.com.**

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at **www.standardandpoors.com**. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2019 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2019 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2019 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2019 Bonds, nor does it guarantee that the rating on the Series 2019 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $513.9 million, $105 million and $408.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at **www.buildamerica.com**, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2019 Bonds or the advisability of investing in the Series 2019 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at **buildamerica.com/creditinsights/**. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2019 Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2019 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2019 Bonds, whether at the initial offering or otherwise.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2019 Bonds is not a specific preference item 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 C hereto.

To the extent the issue price of any maturity of the Series 2019 Bonds is less than the amount to be paid at maturity of such Series 2019 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2019 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2019 Bonds which 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 Series 2019 Bonds is the first price at which a substantial amount of such maturity of the Series 2019 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 Series 2019 Bonds accrues daily over the term to maturity of such Series 2019 Bonds 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 Series 2019 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2019 Bonds. Beneficial Owners of the Series 2019 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2019 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2019 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2019 Bonds is sold to the public.

Series 2019 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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 Series 2019 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2019 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 Series 2019 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2019 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), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2019 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2019 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2019 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends 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.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2019 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2019 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2019 Bonds ends with the issuance of the Series 2019 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2019 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2019 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2019 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Series 2019 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Bond Counsel expects to deliver an opinion with respect to the Series 2019 Bonds at the time of issuance substantially in the form set forth in Appendix C hereto. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District.

Legality for Investment in California

Under the provisions of the California Financial Code, the Series 2019 Bonds are legal investments for commercial banks in California to the extent that the Series 2019 Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the California Government Code, the Series 2019 Bonds are eligible securities for deposit of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Series 2019 Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2018-19 fiscal year (which is due no later than April 1, 2020) and notice of the occurrence of certain enumerated events ("Notice Events") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event.

The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX D − "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") of the Securities and Exchange Commission (the "SEC").

In the previous five years, the District failed to timely file an event notice related to a bond call.

Cooperative Strategies, LLC currently serves as the District's dissemination agent in connection with its prior undertakings and has been engaged by the District as its dissemination agent for its undertakings relating to the Series 2019 Bonds.

Litigation

No litigation is pending or threatened concerning or contesting the validity of the Series 2019 Bonds or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Series 2019 Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Series 2019 Bonds or District officials who will sign certifications relating to the Series 2019 Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter at the time of the original delivery of the Series 2019 Bonds.

The District is occasionally subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

MISCELLANEOUS

Ratings

Moody's Investors Service ("Moody's") has assigned an underlying rating of "Aa3" to the Series 2019 Bonds. Rating agencies generally base their ratings on their own investigations, studies and assumptions as well as information and materials furnished to them (which may include information and materials from the District, which are not included in this Official Statement). The rating reflects only the view of the rating agency furnishing the same, and any explanation of the significance of such rating should be obtained only from the rating agency providing the same. Such rating is not a recommendation to buy, sell or hold the Series 2019 Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2019 Bonds. Neither the Underwriter (defined herein) nor the District has undertaken any responsibility after the offering of the Series 2019 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

In addition, S&P has assigned its rating of "AA" to the Series 2019 Bonds with the understanding that, upon delivery of the Series 2019 Bonds, the Policy will be delivered by BAM. See "BOND INSURANCE." Such rating is expected to be assigned solely as a result of the issuance of the Policy and will reflect only the rating agency's view of the claims-paying ability and financial strength of BAM. Neither the District nor the Underwriter have made any independent investigation of the claims-paying ability of BAM and no representation is made that any insured rating of the Series 2019 Bonds based upon the purchase of the Policy will remain higher than the rating agency's underlying rating of the Series 2019 Bonds described above, which did not take bond insurance into account. The existence of the Policy will not, of itself, negatively affect such underlying ratings. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Series 2019 Bonds and the claims paying ability of BAM, particularly over the life of the investment. Without regard to any bond insurance, the Series 2019 Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal of and interest on the Series 2019 Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS." However, any downward revision or withdrawal of any rating of BAM may have an adverse effect on the market price or marketability of the Series 2019 Bonds.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Series 2019 Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Series 2019 Bonds. Cooperative Strategies, LLC is acting as the District's financial advisor with respect to the Series 2019 Bonds. Payment of the fees and expenses of the District's financial advisor are also contingent upon the sale and delivery of the Series 2019 Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Series 2019 Bonds.

Underwriting

The Series 2019 Bonds are being purchased for reoffering to the public by Piper Jaffray & Co. (the "Underwriter") pursuant to the terms of a bond purchase agreement executed on May 14, 2019 (the "Purchase Agreement"), by and between the Underwriter and the District. The Underwriter has agreed to purchase the Series 2019 Bonds at a price of $12,182,023.70 (which represents the aggregate principal amount of the Series 2019 Bonds, plus net original issue premium of $1,073,458.70, and less an Underwriter's discount in the amount of $61,435.00). The Purchase Agreement provides that the Underwriter will purchase all of the Series 2019 Bonds, subject to certain terms and conditions set forth in the Purchase Agreement, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell the Series 2019 Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has entered into a distribution agreement with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to that agreement, CS&Co. will purchase Series 2019 Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Series 2019 Bonds that CS&Co. sells.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Series 2019 Bonds. Quotations from and summaries and explanations of the Series 2019 Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Series 2019 Bonds.

The District has duly authorized the delivery of this Official Statement.

DIXON UNIFIED SCHOOL DISTRICT

By: /s/ Brian Dolan
Superintendent

APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

The information in this appendix concerning the operations of the Dixon Unified School District (the "District"), the District's finances, and State of California (the "State") funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Series 2019 Bonds are payable from the general fund of the District or from State revenues. The Series 2019 Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County of Solano on property within the District in an amount sufficient for the timely payment of principal of and interest on the Series 2019 Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS" in the front portion of this Official Statement.

THE DISTRICT

Introduction

The District, established in 1947, is a public school district located in Solano County, California (the "County"). The District includes approximately 198 square miles in the City of Dixon, certain unincorporated areas of the County and a small portion of the City of Vacaville. The District currently operates three elementary schools, one middle school, two high schools, one continuation high school and one community day school. The current enrollment for the District is approximately 3,209 students. Total assessed valuation of taxable property in the District in fiscal year 2018-19 is $3,179,874,920. The District operates under the jurisdiction of the Solano County Superintendent of Schools.

Board of Education

The District is governed by a five-member Board of Education (the "Board"), each member of which is a voting member and elected by voters within the District to serve alternating four-year terms. The members are elected to four-year terms in alternate slates of two and three, and elections are held every two years. Each December the Board elects a President, Vice President and Clerk to serve one-year terms. Current voting members of the Board, together with their office and the date their current term expires, are listed below.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)

Board of Education

Name	Office	Term Expires
Melissa Maseda	President	December 2020
Luke Foster	Vice President	December 2020
Caitlin O'Halloran	Clerk	December 2022
Jewel Fink	Member	December 2022
John Gabby	Member	December 2022

Superintendent and Business Services Personnel

The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators. Mr. Dolan was appointed by the Board to serve as Superintendent in August 2011. Information concerning the District's Superintendent is set forth below.

Brian Dolan, Superintendent. Mr. Dolan began his public education career in 1988 as a history/social science teacher and subsequently served as an assistant principal from 1996 to 1998. For the last 18 years, Mr. Dolan has worked in the District in a variety of roles. During the first eight years, Mr. Dolan was principal of Dixon High School. During the following five years, he directed human resources, pupil services, facilities, maintenance and operations, and served two stints as an interim elementary principal. Mr. Dolan has served as Superintendent of the District since August 2011. He is a graduate of the University of California at Davis with a B.A. in International Relations and has received single subject teaching credential. He earned his administrative credential and Masters Degree in Educational Administration from Saint Mary's College of California in Moraga, California.

The Board has appointed Monique Stovall as the new Chief Business Officer of the District. Ms. Stovall is expected to start such position on May 17, 2019.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF") (see "− *Allocation of State Funding to School Districts; Local Control Funding Formula*" herein) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see "− Local Sources of Education Funding" herein). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has projected to receive approximately 66.67% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), projected at approximately $24.39 million in fiscal year 2018-19. Such amount includes both the State funding provided under the LCFF as well as other State revenues (see "−*Allocation of State Funding to School Districts; Local Control Funding Formula*" and "–*Attendance and LCFF*" and "Other District Revenues – *Other State Revenues*" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution), a minimum level of funding is guaranteed to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local education agencies therein implemented the LCFF. Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "– Allocation of State Funding to School Districts; Local Control Funding Formula" herein for more information.

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. The budget requires a simple majority vote of each house of the State Legislature for passage. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. A two–thirds vote of the State Legislature is required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board 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. The Governor signed the fiscal year 2018-19 State budget on June 27, 2018.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, 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) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, 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 is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the California Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact upon the Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Series 2019 Bonds, and the District takes no responsibility for informing owners of the Series 2019 Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, **www.dof.ca.gov**, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at **www.lao.ca.gov**. 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**. The information referred to 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.

2018-19 State Budget. The Governor signed the fiscal year 2018-19 State Budget (the "2018-19 State Budget") on June 27, 2018. The 2018-19 State Budget sets forth a balanced budget for fiscal year 2018-19 that projects approximately $133.33 billion in revenues, and $83.82 billion in non-Proposition 98 expenditures and $54.87 billion in Proposition 98 expenditures. The 2018-19 State Budget includes a $1.96 billion reserve in the Special Fund for Economic Uncertainties. The 2018-19 State Budget uses dedicated proceeds from Proposition 2 to pay down approximately $1.75 billion in past budgetary borrowing and State employee pension liabilities. The 2018-19 State Budget includes total funding of $97.2 billion ($56.1 billion State general fund and $41.1 billion other funds) for all kindergarten through grade 12 ("K-12") education programs. The 2018-19 State Budget provides $3.7 billion in new funding for the LCFF, which fully implements the school district and charter school formula two years earlier than originally scheduled, including both a 2.71% cost of living adjustment and an additional $570 million above the cost of living adjustment as an ongoing increase to the formula. The 2018-19 State Budget also provides $300 million one-time Proposition 98 general fund resources for the Low-Performing Students Block Grant, which will provide resources in addition to LCFF funds to local educational agencies with students who perform at the lowest levels on the State's academic assessments and do not generate supplemental LCFF funds or State or federal special education resources.

Certain budgeted adjustments for K-12 education set forth in the 2018-19 State Budget include the following:

- Statewide System of Support. The 2018-19 State Budget includes $57.8 million in Proposition 98 general fund resources for county offices of education to provide technical assistance to school districts, of which $4 million will go towards geographical regional leads to build systemwide capacity to support school district improvement.

- Multi-Tiered Systems of Support (MTSS). The 2018-19 State Budget includes $15 million one-time Proposition 98 general fund resources to expand the State's MTSS framework to foster positive school climate in both academic and behavioral areas.

- Community Engagement Initiative. The 2018-19 State Budget includes $13.3 million one-time Proposition 98 general fund resources for the California Collaborative for Educational Excellence and a co-lead county office of education to help school districts build capacity for community engagement in the local control and accountability plan ("LCAP") process.

- California Collaborative for Educational Excellence. The 2018-19 State Budget includes $11.5 million Proposition 98 general fund resources to support the California Collaborative for Educational Excellence in its role within the statewide system of support.

- Special Education Local Plan Area (SELPA) Technical Assistance. The 2018-19 State Budget includes $10 million Proposition 98 general fund resources for SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance (specific to students with exceptional needs) within the statewide system of support.

- Strong Workforce Program. The 2018-19 State Budget includes $164 million ongoing Proposition 98 general fund resources to establish a K-12 specific component within the Strong Workforce Program designed to encourage local educational agencies to offer high-quality career technical education programs that are aligned with needed industry skills and regional workforce development efforts occurring through the existing Strong Workforce Program.

- Career Technical Education Incentive Grant Program. The 2018-19 State Budget includes $150 million ongoing Proposition 98 general fund resources to make permanent the Career Technical Education Incentive Grant Program.

- Inclusive Early Education Expansion Program. The 2018-19 State Budget creates the Inclusive Early Education Expansion Program, providing $167.2 million one-time Proposition 98 general fund resources through a competitive grant program to increase the availability of inclusive early education and care for children aged zero to five years old, especially in low-income areas and in areas with relatively low access to care.

The complete 2018-19 State Budget is available from the California Department of Finance website at **www.dof.ca.gov.** The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed 2019-20 State Budget. The Governor released his proposed State budget for fiscal year 2019-20 (the "Proposed 2019-20 State Budget") on January 10, 2019. The Proposed 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20. However, the Governor cautions that there are uncertainties that must be considered as the budget is revised, including the impact of the global political and economic climate, changes to federal policy, rising costs and risk of recession. The Proposed 2019-20 State Budget estimates that total resources available in fiscal year 2018-19 totaled approximately $149.32 billion (including a prior year balance of approximately $12.38 billion) and total expenditures in fiscal year 2018-19 totaled approximately $144.08 billion. The Proposed 2019-20 State Budget projects total resources available for fiscal year 2019-20 of approximately $147.86 billion, inclusive of revenues and transfers of approximately $142.62 billion and a prior year balance of $5.24 billion. The Proposed 2019-20 State Budget projects total expenditures of $144.20 billion, inclusive of non-Proposition 98 expenditures of approximately $88.90 billion and Proposition 98 expenditures of approximately $55.30 billion. The Proposed 2019-20 State Budget proposes to allocate approximately $1.39 billion of the general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and $2.28 billion of such fund balance to the State's Special Fund for Economic Uncertainties. In addition, the Proposed 2019-20 State Budget estimates the Rainy Day Fund will have a fund balance of $15.30 billion.

Certain budgeted adjustments for K-12 education set forth in the Proposed 2019-20 State Budget include the following:

- Local Control Funding Formula. The Proposed 2019-20 State Budget includes an increase of $2 billion in Proposition 98 general fund resources for the LCFF.

- CalSTRS Pension Costs. The Proposed 2019-20 State Budget includes a $3 billion one-time payment of non-Proposition 98 general fund resources to CalSTRS to reduce long-term liabilities for local educational agencies and community colleges, of which $700 million will go towards buying down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining $2.3 billion will be allocated to the employers' long-term unfunded liability.

- Statewide System of Support. The Proposed 2019-20 State Budget includes an increase of $20.2 million of Proposition 98 general fund resources for county offices of education to provide technical assistance to school districts, consistent with the formula adopted in the 2018-19 State Budget.

- Special Education. The Proposed 2019-20 State Budget includes $576 million of Proposition 98 general fund resources, of which $186 million is on a one-time basis, 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.

- Access to Full-Day Kindergarten Programs. The Proposed 2019-20 State Budget includes an increase of $750 million of one-time non-Proposition 98 general fund resources to increase participation in kindergarten programs by constructing new or retrofitting existing facilities for full-day kindergarten programs.

- Longitudinal Education Data. The Proposed 2019-20 State Budget includes an increase of $10 million of one-time non-Proposition 98 general fund resources for the development of a longitudinal data system to improve coordination across educational data systems and track the impact of state investments on achieving educational goals. This system will host student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies. Stakeholder meetings will be held to consider data reliability and ways to improve data quality at each education segment.

- Proposition 98 Certification. The Proposed 2019-20 State Budget proposes to revise the Proposition 98 certification process to eliminate the cost allocation schedule and prohibit the State from adjusting Proposition 98 funding levels for a prior fiscal year in order to protect local educational agencies from unanticipated revenue drops in past fiscal years.

- School District Average Daily Attendance. The Proposed 2019-20 State Budget includes a decrease of $388 million of Proposition 98 general fund resources in 2018-19 for school districts as a result of a decrease in projected average daily attendance from the 2018-19 State Budget, and a decrease of $187 million of Proposition 98 general fund resources in 2019-20 for school districts as a result of further projected decline in average daily attendance for 2019-20.

- Local Property Tax Adjustments. The Proposed 2019-20 State Budget includes a decrease of $283 million of Proposition 98 general fund resources for school districts and county offices of education in 2018-19 as a result of higher offsetting property tax revenues, and a decrease of $1.25 billion of Proposition 98 general fund resources for school districts and county offices of education in 2019-20 as a result of increased offsetting property taxes

- Cost-of-Living Adjustments. The Proposed 2019-20 State Budget includes an increase of $187 million of Proposition 98 general fund resources to support a 3.46% cost-of-living adjustment for categorical programs that remain outside of 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.

- CalWORKs Stages 2 and 3 Child Care. The Proposed 2019-20 State Budget includes a net increase of $119.4 million of non-Proposition 98 general fund resources in 2019-20 to reflect increases in the number of CalWORKs child care cases. Total costs for Stage 2 and Stage 3 child care are $597 million and $482.2 million, respectively.

- Full-Year Implementation of Prior Year State Preschool Slots. The Proposed 2019-20 State Budget includes an increase of $26.8 million of Proposition 98 general fund resources to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through fiscal year 2018-19.

- County Offices of Education. The Proposed 2019-20 State Budget includes an increase of $9 million of Proposition 98 general fund resources for county offices of education to reflect a 3.46% cost-of-living adjustment and average daily attendance changes applicable to the LCFF.

- Emergency Readiness, Response and Recovery Grant. The Proposed 2019-20 State Budget includes an increase of $50 million of one-time non-Proposition 98 general fund resources to commence a comprehensive, statewide education campaign on disaster preparedness and safety.

The complete Proposed 2019-20 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of Proposed 2019-20 State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the Proposed 2019-20 State Budget entitled "The 2019-20 Budget: Overview of the Governor's Budget" on January 14, 2019 (the "2019-20 Proposed Budget Overview"). In the 2019-20 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2019-20 State Budget in light of uncertainties such as market volatility, rising costs and risk of recession. The LAO also highlights key features of the Proposed 2019-20 State Budget, which include prioritizing debt repayments and one-time programmatic spending and the early introduction of new policy goals.

The LAO notes that the Proposed 2019-20 State Budget is in a positive position, based in large part on the availability of significant discretionary resources in the amount of $20.6 billion. The LAO explains that this is due to the administration's higher revenue assumptions and lower-than-expected spending in health and human services programs. The LAO anticipates that capital gains revenues will likely be lower than the Proposed 2019-20 State Budget assumes due to the recent volatility of the financial market, including the sharp decline in stock prices at the end of 2018. However, the LAO suggests that any losses in capital gains revenues would likely be off-set by lower constitutionally required spending and reserve deposits. As a result, the LAO explains that under current conditions, the net effect on discretionary resources would be less than the full revenue decline. Although the LAO maintains a positive outlook on the Proposed 2019-20 State Budget, the LAO recognizes that the current financial market and economic conditions can change significantly and affect revenues in the May Revision of the Proposed 2019-20 State Budget.

The LAO summarizes that the Proposed 2019-20 State Budget allocates $20.6 billion in discretionary resources among a variety of priorities, including $9.7 billion for reducing debts and liabilities on a one-time basis, $5.1 billion for programmatic spending on a one-time basis, $2.7 billion for ongoing spending and $3 billion for reserves. The LAO points out that the Proposed 2019-20 State Budget uses a significant portion of discretionary resources for debt repayment and prioritizes one-time spending for programmatic expansions. The LAO finds this allocation prudent even though the Proposed 2019-20 State Budget apportions a smaller share of resources for reserves than recent budgets. The LAO explains that this approach benefits the budget in future years and in some cases reduces ongoing spending growth.

The LAO notes that the Proposed 2019-20 State Budget apportions $2.7 billion for ongoing spending, which will reach an estimated $3.5 billion under full implementation as costs grow over time. The LAO explains that these expenditure levels are in line with estimates of available ongoing resources. However, the LAO cautions that these costs could grow due to various uncertainties not captured in the spending proposals, such as increased costs for CalWORKs grants in case of recession and costs for disaster mitigation, response and recovery. The LAO further notes that while the Proposed 2019-20 State Budget includes mostly one-time spending for these purposes, they are more likely to be ongoing costs.

The LAO explains that the Proposed 2019-20 State Budget establishes a number of policy goals, including developing a plan for implementing universal preschool, negotiating existing state prescription drug prices and reviewing related negotiation and procurement practices, and expanding paid family leave. The LAO notes that these proposals are still in the process of development and, therefore, are not reflected in the administration's budget bottom line. The LAO finds that by proposing these policy goals at the beginning of the budget process, the Governor gives the State Legislature the opportunity to collaborate with the administration to shape these policies.

The 2019-20 Proposed Budget Overview is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

May Revision to the 2019-20 Proposed State Budget. The Governor released the May Revision to the proposed fiscal year 2019-20 State budget (the "2019-20 May Revision") on May 9, 2019. The 2019-20 May Revision proposes a balanced budget for fiscal year 2019-20. The 2019-20 May Revision projects an increase of $3.2 billion in short-term general fund revenues as compared to the Proposed 2019-20 State Budget. However, most of the increased revenues are constitutionally obligated to reserves, debt repayments and schools. Therefore, the budget surplus remains relatively unchanged. The 2019-20 May Revision estimates that total resources available in fiscal year 2018-19 will be approximately $149.47 billion (including revenues and transfers of $138.05 billion and a prior year balance of $11.42 billion) and total expenditures in fiscal year 2018-19 will be approximately $143.24 billion. The 2019-20 May Revision projects total resources available for fiscal year 2019-20 of approximately $150.06 billion, inclusive of revenues and transfers of approximately $143.84 billion and a prior year balance of approximately $6.22 billion. The 2019-20 May Revision projects total expenditures of approximately $147.03 billion, inclusive of non-Proposition 98 expenditures of $91.13 billion and Proposition 98 expenditures of $55.90 billion. The 2019-20 May Revision proposes to allocate approximately $1.39 billion of the State general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and approximately $1.65 billion of such fund balance to the State's special fund for economic uncertainties. In addition, the 2019-20 May Revision estimates that the State's Proposition 2 rainy day fund (the "Rainy Day Fund") will have a fund balance of approximately $16.52 billion.

The 2019-20 May Revision assumes slow economic expansion and a balanced budget through fiscal year 2019-20, although its forecasts are limited by growing uncertainty related to the global political and economic climate, federal policies, rising costs and the duration of the current economic expansion. The 2019-20 May Revision projects that the Rainy Day Fund will reach its maximum of 10% of general fund revenues in fiscal year 2020-21. By the end of fiscal year 2022-23, the 2019-20 May Revision projects that the Rainy Day Fund balance will have a balance of $18.7 billion.

The 2019-20 May Revision includes total funding of $101.8 billion for all K-12 education programs, including $58.9 billion from the general fund and $42.9 billion from other funds.

Certain adjustments and budgetary proposals for K-12 education set forth in the 2019-20 May Revision include the following:

- Proposition 98 Minimum Guarantee. The 2019-20 May Revision projects increased Proposition 98 funding by $78.4 million in fiscal year 2017-18, $278.8 million in fiscal year 2018-19 and $389.3 million in fiscal year 2019-20, due to increase in general fund revenues, an increase in the minimum guarantee funding level in fiscal year 2017-18 and a slightly slower decline in ADA than projected in the Proposed 2019-20 State Budget.

- Public School System Stabilization Account. For the first time, the 2019-20 May Revision projects that a deposit is required to the Public School System Stabilization Account in the amount of $389.3 million in Proposition 98 resources.

- Special Education. The 2019-20 May Revision proposes to allocate $696.2 million in ongoing Proposition 98 general fund resources to special education, $119.2 million more than set forth in the Proposed 2019-20 State Budget, to increase coordination between local general education and special education programs, and for program governance and accountability for special education student outcomes.

- Retaining Well-Prepared Educators. The 2019-20 May Revision includes $89.8 million in one-time non-Proposition 98 general fund resources for loan repayments of newly credentialed teachers to work in high-need schools. The 2019-20 May Revision also includes $44.8 million in one-time non-Proposition 98 general fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, and $13.9 million in ongoing federal funds for professional learning opportunities for public school administrators supporting diverse student populations in State public schools.

- Access to Computer Science Education. The 2019-20 May Revision includes $15 million in one-time Proposition 98 general fund resources for broadband infrastructure and $1 million in one-time non-Proposition 98 general fund resources for the State Board of Education to establish a State Computer Science Coordinator.

- CalSTRS Employer Contribution Rate. The 2019-20 May Revision includes $150 million in one-time non-Proposition 98 general fund resources to reduce the employer contribution rate to 16.7% in fiscal year 2019-20.

- Local Control Funding Formula Adjustments. The 2019-20 May Revision proposes an increase of $70 million in Proposition 98 general fund resources in fiscal year 2018-19 and a decrease of $63.9 million in Proposition 98 general fund resources in fiscal year 2019-20 for school districts, charter schools and county offices of education to reflect changes in ADA and cost-of-living in fiscal year 2019-20 that affect the LCFF calculation.

- Classified School Employees Summer Assistance Program. The 2019-20 May Revision includes an increase of $36 million in one-time Proposition 98 general fund resources to provide an additional year of funding for the Classified School Employees Summer Assistance Program, which provides a State match for classified employee savings used to provide income during summer months.

- Local Property Tax Adjustments. The 2019-20 May Revision proposes an increase of $146.6 million of Proposition 98 general fund resources in fiscal year 2018-19 and $142.1 million in fiscal year 2019-20 for school districts, special education local plan areas, and county offices of education as a result of lower offsetting property tax revenues in these years.

- Wildfire-Related Cost Adjustments. The 2019-20 May Revision proposes an increase of $2 million in one-time Proposition 98 general fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by wildfires in 2017 and 2018. The 2019-20 May Revision also proposes an increase of $727,000 in one-time Proposition 98 general fund resources to reflect adjustments to the State's student nutrition programs resulting from wildfire-related losses.

- Categorical Program Cost-of-Living Adjustments. The 2019-20 May Revision proposes to decrease the Proposition 98 general fund by $7.4 million for selected categorical programs during fiscal year 2019-20. Such decrease reflects a change in the cost-of-living set forth in the Proposed 2019-20 State Budget of 3.46% to 3.26% in the 2019-20 May Revision.

- Categorical Program Growth. The 2019-20 May Revision proposes to increase the Proposition 98 general fund by $7.6 million for selected categorical programs, based on updated estimates of ADA growth.

The complete 2019-20 May Revision is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2019-20 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2019-20 State budget from the Proposed 2019-20 State Budget or the 2019-20 May Revision. Additionally, the District cannot predict the impact that the final fiscal year 2019-20 State budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2019-20 State budget may be affected by national and State economic conditions and other factors which the District cannot predict.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address 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 beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2019-20 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Series 2019 Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Series 2019 Bonds.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of an initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment has been to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos*" herein). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years − such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Allocation of State Funding to School Districts; Local Control Funding Formula. Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under California Education Code Section 42238 and following, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is an LCFF district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base grant ("Base Grant") per unit of average daily attendance ("A.D.A.") with additional supplemental funding (the "Supplemental Grant") allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF was projected to have an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below, but achieved full implementation ahead of schedule in fiscal year 2018-19. The LCFF includes the following components:

- A Base Grant for each local education agency ("LEA"). The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2018-19, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to $8,235 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to $7,571 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to $7,796 per A.D.A. for grades 7 and 8; (d) a Target Base Grant for each LEA equivalent to $9,269 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12. Further, this amount also includes the higher costs-of-living adjustment of 3.70% authorized by the 2018-19 State Budget, which is known as "super COLA."

- A 20% Supplemental Grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional Concentration Grant of up to 50% of a LEA's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the LEA that comprise more than 55% of enrollment.

- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every LEA receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF in fiscal year 2018-19. Upon full implementation in fiscal year 2018-19, LEAs now receive the greater of the Base Grant or the ERT.

Under LCFF, for community funded districts, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

Local Control Accountability Plans. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year LCAP. Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "Collaborative"), a newly established body of educational specialists, was created to advise and assist local education agencies in achieving the goals identified in their LCAPs. For local education agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local education agency's LCAP.

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Attendance and LCFF. The following table sets forth the District's actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "EL/LI Students")), and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 through 2018-19, respectively. The A.D.A. and enrollment numbers reflected in the following table include special education but exclude charter school attendance.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2013-14 through 2018-19

		A.D.A./Base Grant					Enrollment[9]	
Fiscal Year		K-3	4-6	7-8	9-12	Total A.D.A.	Total Enrollment	Unduplicated Percentage of EL/LI Students
2013-14	A.D.A.[2]:	844.64	691.95	539.50	1,170.60	3,246.70	3,406	57.12%
	Targeted Base Grant[3]:	$7,675	$7,056	$7,266	$8,638	--	--	--
2014-15	A.D.A.[2]:	834.16	684.71	523.92	1,166.06	3,208.85	3,404	58.40
	Targeted Base Grant[3][4]:	$7,740	$7,116	$7,328	$8,712	--	--	--
2015-16	A.D.A.[2]:	817.89	697.70	505.24	1,137.89	3,158.72	3,329	58.94
	Targeted Base Grant[3][5]:	$7,083	$7,189	$7,403	$8,578	--	--	--
2016-17	A.D.A.[2]:	823.22	700.50	509.71	1,145.46	3,178.89	3,257	59.20
	Targeted Base Grant[3][6]:	$7,820	$7,189	$7,403	$8,801	--	--	--
2017-18	A.D.A.[2]:	795.96	647.14	505.54	1,134.88	3,083.52	3,242	60.06
	Targeted Base Grant[3][7]:	$7,941	$7,301	$7,518	$8,939			
2018-19[1]	A.D.A.[2]:	801.79	624.55	505.10	1,153.30	3,084.74	3,209	59.90
	Targeted Base Grant[3][8]:	$8,235	$7,571	$7,796	$9,269			

(1) Figures are projections based on the second interim report for fiscal year 2018-19; these projections will be revised throughout such fiscal year.
(2) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(3) Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and include the grade span adjustment, but do not include any supplemental and concentration grants under the LCFF. Such amounts were not expected to be fully funded in fiscal years shown above. However, the LCFF is now fully implemented as of the current fiscal year 2018-19 – two years ahead of its anticipated implementation.
(4) Targeted fiscal year 2014-15 Base Grant amount reflects a 0.85% cost-of-living adjustment from targeted fiscal year 2013-14 Base Grant amounts.
(5) Targeted fiscal year 2015-16 Base Grant amount reflects a 1.02% cost-of-living adjustment from targeted fiscal year 2014-15 Base Grant amounts.
(6) Targeted fiscal year 2016-17 Base Grant amount reflects a 0.00% cost-of-living adjustment from targeted fiscal year 2015-16 Base Grant amounts.
(7) Targeted fiscal year 2017-18 Base Grant amount reflects a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.
(8) Targeted fiscal year 2018-19 Base Grant amount reflects a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts. This "super COLA" amount was authorized by the 2018-19 State Budget and exceeds the statutory 2.71% cost-of-living adjustment.
(9) Reflects enrollment as of October report submitted to the California Department of Education through CBEDS for the 2013-14 and 2014-15 school years and California Longitudinal Pupil Achievement Data System ("CALPADS") for the 2015-16 through 2017-18 school year. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI Students was expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment was based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI Students was based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: Dixon Unified School District.

The District received approximately $28.09 million in aggregate revenues reported under LCFF sources in fiscal year 2017-18 and has projected to receive approximately $29.97 million in aggregate revenues under the LCFF in fiscal year 2018-19 (or approximately 81.93% of its general fund revenues in fiscal year 2018-19). Such amount includes supplemental grants projected to be approximately $3.75 million in fiscal year 2018-19.

Local Sources of Education Funding

The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. California Education Code Section 42238(h) itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some State equalization aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as an LCFF district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "State Funding of Education; State Budget Process −*Allocation of State Funding to School Districts; Local Control Funding Formula"* herein for more information about the LCFF.

Local property tax revenues account for approximately 30.13% of the District's aggregate revenues reported under LCFF sources and are projected to be approximately $9.03 million, or 24.69% of total general fund revenues in fiscal year 2018-19.

For information about the property taxation system in California and the District's property tax base, see "– Property Taxation System," –"Assessed Valuation of Property Within the District," and –"Tax Charges and Delinquencies," under the caption "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS" in the front portion of the Official Statement.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below.

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently.

In an LCFF district, such as the District, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 5.82% (or approximately $2.13 million) of the District's general fund projected revenues for fiscal year 2018-19.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues, consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into LCFF. Categorical funding for certain programs was excluded from LCFF, and school districts will continue to receive restricted State revenues to fund these programs. Other State revenues comprise approximately 9.43% (or approximately $3.45 million) of the District's general fund projected revenues for fiscal year 2018-19.

A portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is projected at approximately $819,991 for fiscal year 2018-19.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from sources, such as interest income, leases and rentals, educational foundations, donations and sales of property. Other local revenues comprise approximately 2.82% (or approximately $1.03 million) of the District's general fund projected revenues for fiscal year 2018-19.

Charter Schools

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the California Education Code (the "Charter School Law"). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education or the State Board of Education. A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are to (a) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system, (b) hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability, and (c) provide competition within the public school system to stimulate improvements in all public schools.

A school district has certain fiscal oversight and other responsibilities with respect to both dependent and independent charter schools. However, independent charter schools that receive their funding directly from the State are generally not included in a school district's financial reports and audited financial statements and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State. Dependent charter schools receive their funding from the school district and would generally be included in the school district's financial reports and audited financial statements.

There is currently one independent charter school, Dixon Montessori Charter School ("Dixon Montessori"), operating in the District. Dixon Montessori is an independent charter school and operates under authorization from the District. Dixon Montessori serves students in transitional kindergarten through eighth grade. Enrollment in fiscal year 2017-18 was 409 students and is projected to be approximately 415 students in fiscal year 2018-19. The District's audited financial statements for fiscal year 2017-18, which are included as Appendix B, do not include the operations of Dixon Montessori.

The District can make no representation as to whether enrollment at such charter school may increase at the expense of District enrollment in future years, whether additional charter schools will be established within the territory of the District, or as to the impact these or other charter school developments may have on the District's A.D.A. or finances in future years.

Significant Accounting Policies and Audited Financial Reports

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2018, which are included as Appendix B.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. The following tables contain data abstracted from financial statements prepared by the District's former independent auditor, Goodell, Porter, Sanchez & Bright, LLP ("GPSB"), Certified Public Accountants, Sacramento, California, for fiscal years 2013-14 through 2015-16, and by the District's current independent auditor, James Marta & Company LLP, Certified Public Accountants ("James Marta"), Sacramento, California, for fiscal years 2016-17 and 2017-18. The District's contract with GPSB terminated at the end of fiscal year 2015-16 and subsequently, pursuant to a selection process involving requests for proposals from multiple accounting firms, James Marta was selected as the District's auditor.

The change in auditors in fiscal year 2016-17 resulted in the District presenting certain financial information differently in its audited financial statements. Thus, the information presented in the tables below for fiscal years 2013-14 through 2015-16 and fiscal years 2016-17 and 2017-18 are categorized differently. Although historical total revenue and expenditure figures are comparatively consistent, the categorical breakdown of revenues and expenditures is different for the revised accounting formats and is not directly comparable.

GPSB and James Marta have not been requested to consent to the use or to the inclusion of their respective reports in this Official Statement, and they have not audited or reviewed this Official Statement. The District is required by law to adopt its audited financial statements after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The following table sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2013-14 through 2015-16. The table on page A-17 sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2016-17 and 2017-18.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2013-14 through 2015-16

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Revenues			
LCFF Sources:			
State Apportionments	$15,750,675	$16,832,149	$19,326,261
Local Sources	5,927,441	6,675,584	7,281,530
Total Revenue Limit/LCFF Sources	21,678,116	23,507,733	26,607,791
Federal Revenue	1,295,966	1,210,937	1,500,732
Other State Revenue	1,747,464	1,926,642	3,809,019
Other Local Revenue	1,352,823	1,620,197	1,651,290
Total Revenues	26,074,369	28,265,509	33,568,832
Expenditures:			
Certificated Salaries	13,320,732	14,123,198	14,774,841
Classified Salaries	3,634,604	4,097,898	4,717,448
Employment Benefits	4,677,054	5,745,756	6,604,054
Books and Supplies	1,227,358	1,064,521	1,384,692
Services and Other Operating Expenditures	4,223,893	3,672,244	3,929,208
Capital Outlay	18,386	29,781	329,666
Debt Service:			
Principal Retirement	63,446	61,957	62,573
Interest and Fiscal Charges	562	2,051	1,434
Other Outgo	360,423	415,577	302,029
Total Expenditures	27,526,458	29,212,983	32,105,945
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,452,089)	(947,474)	1,462,887
Other Financing Sources (Uses):			
Operating Transfers In	-	-	-
Other Sources	-	-	-
Operating Transfers Out	(645,386)	(280,000)	-
Total Other Financing Sources (Uses)	(645,386)	(280,000)	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(2,097,475)	(1,227,474)	1,462,887
Fund Balance, July 1	5,545,006	3,447,531	2,220,057
Fund Balance, June 30	$ 3,447,531	$ 2,220,057	$ 3,682,944

Source: Dixon Unified School District Audited Financial Reports for fiscal years 2013-14 through 2015-16.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2016-17 through 2017-18

	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenues		
LCFF sources	$27,841,414	$28,090,696
Federal revenue	1,385,715	1,393,109
Other state revenues	3,147,981	3,251,693
Other local revenues	1,123,651	1,367,852
Total Revenues	33,498,761	34,103,350
Expenditures		
Certificated salaries	14,998,281	14,893,669
Classified salaries	5,451,175	5,777,295
Employment benefits	7,202,091	7,822,183
Books and supplies	1,271,650	823,645
Services and other operating expenditures	4,176,115	4,095,434
Capital outlay	446,934	410,843
Other outgo	289,835	390,530
Debt Service expenditures		
Principal	95,048	-
Interest	357	-
Total expenditures	33,931,486	34,213,599
Excess (deficiency) of revenues over (under) expenditures	(432,725)	(110,249)
Other Financing Sources (Uses)		
Operating transfers in	-	-
Operating transfers out	(30,000)	-
Total other financing sources (uses)	(30,000)	-
Net change in fund balances	(462,725)	(110,249)
Fund Balance, July 1	3,682,944	3,220,219
Fund Balance, June 30	$3,220,219	$3,109,970

Source: Dixon Unified School District Audited Financial Reports for fiscal years 2016-17 through 2017-18.

The following table sets forth the general fund balance sheet of the District for fiscal years 2013-14 through 2015-16. The table on page A-19 sets forth the general fund balance sheet of the District for fiscal years 2016-17 and 2017-18.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
Summary of General Fund Balance Sheet
Fiscal Years 2013-14 through 2015-16

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
ASSETS:			
Cash	$1,822,575	$2,161,339	$3,808,421
Accounts Receivable	2,394,295	1,161,788	1,442,483
Due From Other Funds	356,179	-	59,533
Prepaid Expenditures	-	-	24,538
Total Assets	$4,573,049	$3,323,127	$5,334,975
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$1,001,436	$1,039,983	$1,444,016
Deferred/Unearned Revenue	8,908	46,329	146,070
Due to Other Funds	115,174	16,758	61,945
Total Liabilities	1,125,518	1,103,070	1,652,031
Fund Balances:			
Nonspendable	16,000	16,000	40,538
Restricted	585,885	524,684	887,758
Assigned	364,276	250,000	1,427,023
Unassigned	2,481,370	1,429,373	1,327,625
Total Fund Balance	3,447,531	2,220,057	3,682,944
Total Liabilities and Fund Balances	$4,573,049	$3,323,127	$5,334,975

Source: Dixon Unified School District Audited Financial Reports for fiscal years 2013-14 through 2015-16.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
Summary of General Fund Balance Sheet
Fiscal Years 2016-17 through 2017-18

	Fiscal Year 2016-17	Fiscal Year 2017-18
ASSETS		
Cash	$3,774,500	$3,261,759
Accounts receivable	1,030,756	1,228,653
Prepaid Expenses	21,269	-
Due from other funds	32,619	63,404
Total Assets	$4,850,144	$4,553,816
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$1,557,007	$824,333
Due to other funds	-	112,745
Unearned revenue	72,918	506,768
Total Liabilities	1,629,925	1,443,846
Fund balance		
Nonspendable	28,269	16,000
Restricted	822,224	1,360,274
Assigned	1,342,726	707,288
Unassigned	1,027,000	1,026,408
Total Fund Balance	3,220,219	3,109,970
Total liabilities and fund balances	$4,850,144	$4,553,816

Source: Dixon Unified School District Audited Financial Reports for fiscal years 2016-17 through 2017-18.

District Budget Process and County Review

State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the County of Solano Superintendent of Schools.

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the Superintendent of Public Instruction (the "State Superintendent") may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations.

If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the State Superintendent and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the State Superintendent and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the State Superintendent and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. However, the county superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent assumed authority.

A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 *et seq*.), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and 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 certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be 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, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. In the last five years, the District has not received a negative or qualified certification for an interim financial report.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from ad valorem property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the State Superintendent and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State General Fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State General Fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State General Fund that must be repaid in 20 years. Each year, the State Superintendent will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State General Fund will be based upon the availability of funds within the State General Fund.

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The following table sets forth the District's adopted general fund budgets for fiscal years 2016-17 through 2018-19, unaudited actuals for fiscal years 2016-17 through 2017-18, and second interim report for fiscal year 2018-19.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
General Fund Budgets for Fiscal Years 2016-17 through 2018-19, Unaudited Actuals for Fiscal Years 2016-17 through 2017-18, and Second Interim Report for Fiscal Year 2018-19

	2016-17 Original Adopted Budget	2016-17 Unaudited Actuals[1]	2017-18 Original Adopted Budget	2017-18 Unaudited Actuals[1]	2018-19 Original Adopted Budget	2018-19 Second Interim Report[2]
REVENUES						
LCFF Sources	$27,891,088.00	$27,841,415.17	$28,197,528.00	$28,090,695.38	$29,822,715.00	$29,969,153.00
Federal Revenue	1,260,011.00	1,385,715.31	1,279,462.00	1,393,107.92	1,625,765.00	2,128,146.00
Other State Revenue	3,009,645.00	3,426,686.62	2,243,059.00	3,251,693.69	3,715,580.00	3,451,365.00
Other Local Revenue	1,075,237.00	1,123,651.07	880,057.00	1,367,849.69	910,720.00	1,032,539.00
TOTAL REVENUES	33,235,981.00	33,777,468.17	32,600,106.00	34,103,346.68	36,074,780.00	36,581,203.00
EXPENDITURES						
Certificated Salaries	14,659,904.00	14,998,280.81	14,553,133.00	14,893,668.97	15,086,794.00	14,967,337.00
Classified Salaries	4,948,293.00	5,451,175.94	5,618,888.00	5,777,297.06	6,113,795.00	6,026,258.00
Employee Benefits	7,525,104.00	7,480,797.75	7,992,767.00	7,822,179.27	8,711,853.00	8,668,006.00
Books and Supplies	1,264,197.00	1,271,648.99	890,007.00	823,644.21	1,530,465.00	1,683,879.00
Services, Other Operating Expenses	3,986,408.00	4,176,116.20	3,817,786.00	4,095,431.04	4,364,745.00	4,936,578.00
Capital Outlay	7,500.00	446,933.97	-	410,842.89	460,334.00	827,974.00
Other Outgo (excluding Direct Support/Indirect Costs)	549,000.00	447,858.30	353,000.00	453,934.31	384,120.00	596,300.00
Other Outgo - Transfers of Indirect Costs	(39,444.00)	(62,619.09)	(50,000.00)	(63,403.71)	(50,000.00)	(50,000.00)
TOTAL EXPENDITURES	32,900,962.00	34,210,192.87	33,175,581.00	34,213,594.04	36,602,106.00	37,656,332.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	335,019.00	(432,724.70)	(575,475.00)	(110,247.36)	(527,326.00)	(1,075,129.00)
OTHER FINANCING SOURCES (USES)						
Inter-fund Transfers In	-	-	-	-	-	-
Inter-fund Transfers Out	-	(30,000.00)	-	-	-	-
Other Sources (Uses)	-	-	-	-	-	-
TOTAL, OTHER FINANCING SOURCES (USES)	-	(30,000.00)	-	-	-	-
NET INCREASE (DECREASE) IN FUND BALANCE	335,019.00	(462,724.70)	(575,475.00)	(110,247.36)	(527,326.00)	(1,075,129.00)
BEGINNING BALANCE, as of July 1	2,855,366.00	3,682,943.82	3,036,613.00	3,220,219.12	2,620,221.00	3,109,973.00
Audit Adjustments	-	-	-	-	-	-
As of July 1 – Audited	2,855,366.00	3,682,943.82	3,036,613.00	3,220,219.12	2,620,221.00	3,109,973.00
Other Restatements	-	-	-	-	-	-
Adjusted Beginning Balance	2,855,366.00	3,682,943.82	3,036,613.00	3,220,219.12	2,620,221.00	3,109,973.00
ENDING BALANCE	$3,190,385.00	$3,220,219.12	$2,461,138.00	$3,109,971.76	$2,092,895.00	$2,034,844.00
Unrestricted Ending Balance	$2,975,414.00	$2,397,996.12	$2,036,535.00	$1,749,695.50	$1,582,447.00	$1,465,166.00
Restricted Ending Balance	$214,971.00	$822,224.00	$424,603.00	$1,360,276.26	$510,448.00	$569,678.00

[1] The District's unaudited actuals differ from the District's audited statement of revenues, expenditures and charges presented herein because the District's audited statement of revenues, expenditures and charges includes the amounts in the District's special reserve fund for other than capital outlay (fund 17) and the special reserve fund for postemployment benefits (fund 20) with the general fund in accordance with GASB Statement No. 54. The District's unaudited actuals reflect the general fund amounts only.
[2] Figures are projections.
Source: Dixon Unified School District adopted general fund budgets for fiscal years 2016-17 through 2018-19; unaudited actuals for fiscal years 2016-17 through 2017-18; and second interim report for fiscal year 2018-19.

District Debt Structure

Long-Term Debt Summary. A schedule of changes in the District's long-term obligations for the year ended June 30, 2018, consisted of the following:

Long-Term Debt	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
General Obligation Bonds[1]	$50,316,999	$ -	$820,000	$ 49,496,999	$1,950,000
Accreted interest	240,571	279,682	-	520,253	-
Net OPEB Liability	9,425,958	459,801	-	9,885,759	-
Certificates of Participation	9,537,362	9,425,000	9,537,362	9,425,000	315,000
Compensated Absences	318,206	-	19,672	298,534	-
Net Pension Liability	31,684,875	2,874,552	-	34,559,427	-
Totals	$101,523,971	$13,039,035	$10,377,034	$104,185,972	$2,265,000

(1) Does not include the Series 2019 Bonds.
Source: Dixon Unified School District Audited Financial Report for fiscal year 2017-18.

General Obligation Bonds. In addition to the Series 2019 Bonds, the District has outstanding three series of general obligation bonds, each of which is secured by *ad valorem* taxes levied upon all property subject to taxation by the District on a parity with the Series 2019 Bonds.

See "THE SERIES 2019 BONDS – Outstanding Bonds" and "– Aggregate Debt Service" in the front portion of this Official Statement for more information about such outstanding bonds.

Certificates of Participation. On August 20, 2014, the District executed and delivered $9,537,362 aggregate principal amount of its Refunding Certificates of Participation (the "2014 Refunding COPs"). The proceeds from the 2014 Refunding COPs were used to advance prepay the District's outstanding (i) Certificates of Participation (2007 Capital Improvement Project) that were executed and delivered on June 13, 2007 in the aggregate principal amount of $6,330,000 (the "2007 New Money COPs"), and (ii) Certificates of Participation (2007 Refinancing Project) that were executed and delivered on February 8, 2007 in the aggregate principal amount of $5,450,000 (collectively, the "2007 Refunding COPs"). The 2014 Refunding COPs bear interest at a rate of 2.87% per annum and are scheduled to mature in September 2042. The prepayment of the 2007 New Money COPs and the 2007 Refunding COPs reduced the District's annual debt service through September 1, 2026.

The District defeased the 2007 New Money COPs and the 2007 Refunding COPs by creating a separate irrevocable trust fund. The proceeds of the 2014 Refunding COPs were used to purchase U.S. Government Securities which were deposited in the irrevocable trust. The investments and fixed earnings from such investments are sufficient to fully service the defeased debt until the debt is called or matures.

On August 31, 2017, the District executed and delivered $9,425,000 aggregate principal amount of its Refunding Certificates of Participation, Series 2017 (the "2017 Refunding COPs"). The proceeds from the 2017 Refunding COPs were used to prepay, on a current basis, the outstanding amounts of the 2014 Refunding COPs. The 2017 Refunding COPs bear 2.0 – 5.0% interest and are scheduled to mature on September 1, 2037.

The outstanding certificates of participation at June 30, 2018 are as follows:

Type	Date of Issue	Maturity Date	Amount of Original Issue	Outstanding July 1, 2015	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2016
2014 Refunding COPs	2014	2042	$9,537,362	$9,537,362	-	$9,537,362	-
2017 Refunding COPs	2017	2037	9,425,000	-	$9,425,000	-	$9,425,000
	Totals		$18,962,000	$9,537,362	$9,425,000	$9,537,362	$9,425,000

The certificates of participation mature annually as follows:

Year Ended June 30	Principal	Interest	Total
2019	$ 315,000	$350,225	$665,225
2020	320,000	342,275	662,275
2021	330,000	330,875	660,875
2022	345,000	315,650	660,650
2023	360,000	298,025	658,025
2024-2028	2,100,000	1,192,625	3,292,625
2029-2033	2,615,000	685,450	3,300,450
2034-2038	3,040,000	249,288	3,289,288
Totals	$9,425,000	$3,764,413	$13,189,413

Source: Dixon Unified School District Audited Financial Report for fiscal year 2017-18.

Other Post-Employment Benefits (OPEBs). In addition to the retirement plan benefits with CalSTRS and the State Public Employees' Retirement System ("CalPERS") (see "– Retirement Benefits" below), the District provides retiree medical benefits (including prescription drug benefits) and dental benefits to eligible retirees (the "Plan"). The District's financial obligation is to pay a monthly allocation for medical and dental benefits equal to the amount the retiree was receiving at retirement. If a retiree was not previously electing coverage and wishes to join the Plan, the retiree shall receive an amount equal to the single allocation for the plan in which the retiree enrolls. The retiree shall receive these benefits for a period of five years. In the event of a retiree's death, District-paid benefits to the surviving spouse would continue until the following June 30. Retirees also have the option to elect coverage for eligible dependents but must pay the entire cost of coverage in excess of the District contribution. Any retiree or surviving spouse not receiving a District contribution shall be allowed to remain on the Plan, with the retiree or surviving spouse paying the full cost of his or her premiums. For part-time employees, the District contribution at retirement would be prorated proportionately. Any unused portion of the District's maximum allowance reverts back to the District. Eligibility for a District contribution towards retiree health and dental coverage requires retirement with at least 15 years of District service on or after age 55. As of June 30, 2018, the Plan membership consisted of 54 inactive employees or beneficiaries currently receiving benefit payments and 313 active employees for a total Plan membership of 367. For a description of the District's program, see Note 8 to the District's financial statements attached hereto as APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

In June 2015, the Governmental Accounting Standards Board ("GASB") issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("Statement Number 75"). Other post-employment benefits (meaning other than pension benefits) ("OPEB") generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long-term care benefits. The objective of Statement Number 75 is to improve accounting and financial reporting by the State and local governments for OPEB by requiring the recognition of entire OPEB liability, a more comprehensive measure of OPEB expense, new note disclosures and certain required supplementary information. In addition, Statement Number 75 sets forth additional accounting methods to improve the usefulness of information about OPEB included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. Statement Number 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. Statement Number 75 replaces GASB Statements Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and Number 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The District has implemented Statement No. 75 beginning with its audited financial statements for fiscal year 2017-18. As a result, the beginning of the year net position has been restated as follows:

Net position previously reported, June 30, 2017	$ (15,746,822)
OPEB previously reported	1,107,002
Net OPEB liability	(9,425,958)
Net position as restated	$ (24,065,778)

Source: Dixon Unified School District Audited Financial Report for fiscal year 2017-18.

Nyhart Actuary & Employee Benefits has prepared an actuarial valuation (the "Actuarial Valuation") covering the District's retiree health benefits and reports that, as of June 30, 2018 valuation date, the District's total OPEB liability is $9,885,759, and the net OPEB liability is the same because the Plan is nonfunded; the District has not contributed funds into an irrevocable trust, so the Plan's fiduciary net position is zero. The Actuarial Valuation assumes, among other things, 2.75% inflation per year, 3.5% discount rate per year and 3.0% payroll increase per year. For more information about the Plan and the District's OPEB liability, see Note 8 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Tax and Revenue Anticipation Notes. The District borrowed $4,000,000 on July 1, 2017 and another $4,000,000 on July 1, 2018 from the County as an advance under Section 6 of Article XVI of the California Constitution. The District is permitted to borrow up to 85% of its anticipated property tax revenues for each fiscal year and will be charged an interest rate equal to the rate the County applies to funds on deposit with the County Treasury. Each borrowing was to supplement cash flow. Both advances have been repaid.

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Employment

As of March 31, 2019, the District employed 198.7 full-time equivalent certificated employees and 133.2 full-time equivalent classified employees. For fiscal year 2017-18, the total certificated and classified payrolls for all funds were approximately $14.89 million and $5.78 million, respectively, and are projected to be approximately $14.97 million and $6.03 million, respectively, in fiscal year 2018-19. These employees, except management and some part-time employees, are represented by the bargaining units as noted below.

Name of Bargaining Unit	Number of FTEs Represented	Current Contract Expiration Date
Dixon Teachers Association ("DTA")	184.7	June 30, 2022[1]
Service Employees International Union, AFL-CIO Local 1021 ("SEIU")	115.8	September 30, 2019

(1) The District's contract with the DTA was set to expire on June 30, 2019 but was extended to June 30, 2022 as a result of the Board's approval of such contract in April 2019. The new contract did not result in changes in salary or benefits from the prior agreement.
(2) The District's contract with SEIU for fiscal year 2018-19 may be subject to negotiation later this year.
Source: Dixon Unified School District.

Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, including teachers and administrators, and CalPERS, which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, covered employees contributed 8.00% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Prior to fiscal year 2014-15 and unlike typical defined benefit programs such as those administered by CalPERS, neither the CalSTRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the member and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to system-wide unfunded liability resulting from recent benefit enhancements.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. However, on July 1, 2018, for members hired on or after January 1, 2013, the rate increased from 9.205% of pay to 10.250% of pay. The State's total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 9.328%. In addition, AB 1469 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.

As of June 30, 2017, an actuarial valuation (the "2017 CalSTRS Actuarial Valuation") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of $107.3 billion, an increase of approximately $10.6 million from the June 30, 2016 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 62.6%, 63.7%, and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions. The following are certain of the actuarial assumptions set forth in the 2017 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," a 7.00% investment return assumption consistent with the State Teachers' Retirement Board's decision on February 1, 2017, 3.00% interest on member accounts, projected 3.50% wage growth, projected 2.75% inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2017 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "−Governor's Pension Reform" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

Pursuant to Assembly Bill 1469, school district's contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	School District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	17.10
2020	18.10

Source: Assembly Bill 1469.

The following table sets forth the District's employer contributions to CalSTRS as well as the State's required non-employer contribution for fiscal years 2014-15 through 2017-18 and the projected contributions for fiscal year 2018-19.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
Contributions to CalSTRS for Fiscal Years 2014-15 through 2018-19

Fiscal Year	District Contribution	State's On-Behalf Contribution
2014-15	$1,204,348	$690,749
2015-16	1,513,951	928,834
2016-17	1,769,201	884,719
2017-18	2,068,624	1,027,963
2018-19[1]	2,452,622	1,106,108

[1] Second interim report for fiscal year 2018-19.
Source: Dixon Unified School District

The District's total employer contributions to CalSTRS for fiscal years 2014-15 through 2017-18 were equal to 100% of the required contributions for each year. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years.

The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such school districts share the same contribution rate in each year. However, unlike school districts' participating in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

School districts are currently required to contribute to CalPERS at an actuarially determined rate, which was 11.847%, 13.888% and 15.531% of eligible salary expenditures for fiscal years 2015-16, 2016-17, and 2017-18, respectively, and 18.062% of eligible salary expenditures for fiscal year 2018-19. Plan participants enrolled in CalPERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which was 6% of their respective salaries in fiscal years 2015-16 and 2016-17, 6.50% in fiscal year 2017-18 and 7.00% in fiscal year 2018-19.

Since the June 30, 2015 valuation, CalPERS has employed an amortization and smoothing policy that apportions all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a five-year period. In contrast, the previous policy spread investment returns over a 15-year period with experience gains and losses spread over a rolling 30-year period. On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the CalPERS Schools Pool Actuarial Valuation as of June 30, 2017 (the "2017 CalPERS Schools Pool Actuarial Valuation"). The amounts of the pension/award benefit obligation or UAAL will vary from time to time depending upon actuarial assumptions, and actual rates of return on investments, salary scales, and levels of contribution.

The actuarial funding method used in the 2017 CalPERS Schools Pool Actuarial Valuation is the "Entry Age Normal Cost Method". The 2017 CalPERS Schools Pool Actuarial Valuation assumes, among other things, 2.75% inflation and payroll growth of 3.00% compounded annually. The 2017 CalPERS Schools Pool Actuarial Valuation reflects a discount rate of 7.375% compounded annually (net of administrative expenses) as of June 30, 2017, 7.25% compounded annually (net of administrative expenses) as of June 30, 2018, and 7.0% compounded annually (net of administrative expenses) as of June 30, 2019. The first reduction in the investment rate of return will impact the District's employer contribution rates beginning in fiscal year 2018-19. The CalPERS Board also adopted new demographic assumptions on December 19, 2017, including a reduction in the inflation assumption from 2.75% as of June 30, 2017, to 2.625% as of June 30, 2018, and finally to 2.50% as of June 30, 2019. The reduction in the inflation assumption results in decreases in both the normal cost and the accrued liabilities in the future. The overall payroll growth will be reduced from 3.0% annually as of June 30, 2017, to 2.875% as of June 30, 2018, and finally to 2.75% as of June 30, 2019.

On April 16, 2019, the CalPERS Board established the employer contribution rates for fiscal year 2019-20 and released certain information from the CalPERS Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date, to those hired after such date, the projected contribution for fiscal year 2020-21 is projected to be 23.6%, with annual increases and decreases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2014-15 through 2017-18 and the projected contribution for fiscal year 2018-19.

DIXON UNIFIED SCHOOL DISTRICT
(Solano County, California)
Contributions to CalPERS for Fiscal Years 2014-15 through 2018-19

Fiscal Year	Contribution
2014-15	$501,277
2015-16	598,382
2016-17	773,204
2017-18	924,391
2018-19[1]	1,056,850

[1] Second interim report for fiscal year 2018-19.
Source: Dixon Unified School District

The District's total employer contributions to CalPERS for fiscal years 2014-15 through 2017-18 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "−Governor's Pension Reform" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

Governor's Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is $127,200 for 2017, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in Note 7 to the District's financial statements attached hereto as APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("Statement Number 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaces the current requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were typically included as notes to the government's financial statements); (ii) full pension costs are shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates are required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements, which generally increases pension expenses. Statement Number 67 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures

The District participates in the North Bay Schools Insurance Authority ("NBSIA"), a joint venture under a joint powers agreement ("JPA") among 12 school districts, two community colleges and two county offices of education in the County. The District purchases comprehensive general liability, property damage, and workers compensation coverage from NBSIA, in coverage amounts comparable to other school districts participating in NBSIA. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for its financial reporting purposes. The JPA is governed by a board consisting of representatives from each member. Each member pays a premium commensurate with the level of coverage requested and shares of surpluses and deficits proportionate to their participation in the JPA. See Note 10 to the District's audited financial statements attached hereto as APPENDIX B—"FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018" for more information.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the State Constitution ("Article XIIIA"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. 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 has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

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 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment 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.

The tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the California Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979, thereby adding Article XIIIB to the State Constitution ("Article XIIIB"). Under Article XIIIB state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which 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 which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID ("Article XIIIC" and "Article XIIID," respectively), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

Statutory Limitations

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 *in Santa Clara County Transportation Authority v. Guardino.* This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 districts and community college districts (collectively, "K-14 districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

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

On June 5, 1990, California voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "first test") or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos*

On February 1, 2012, pursuant to the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26") dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency were transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

It is possible that there will be additional legislation proposed and/or enacted to clarify various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years beginning with the 2012 tax year and ending with the 2019 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "– Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the Education Protection Account), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative ("Proposition 55"), approved by the voters on November 8, 2016, extends by 12 years the temporary personal income tax increases on incomes over $250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales and use tax increases imposed by Proposition 30. Revenues from the income tax increase under Proposition 55 will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "DISTRICT FINANCIAL MATTERS — State Funding of Education; State Budget Process."

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

Rainy Day Fund. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the "Public School System Stabilization Account") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediate after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance. The Series 2019 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Series 2019 Bonds as and when due.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 2, 30, 55, 62, 98, 111 and 218, were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

APPENDIX B

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

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DIXON UNIFIED SCHOOL DISTRICT

COUNTY OF SOLANO
DIXON, CALIFORNIA

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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DIXON UNIFIED SCHOOL DISTRICT

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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Dixon Unified School District
Dixon, 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 the Dixon Unified School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 opinion.

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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 the Dixon Unified School District (the "District"), as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As described in Note 1 to the financial statements, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions which required a restatement of net position as of July 1, 2017. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting and compliance.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS

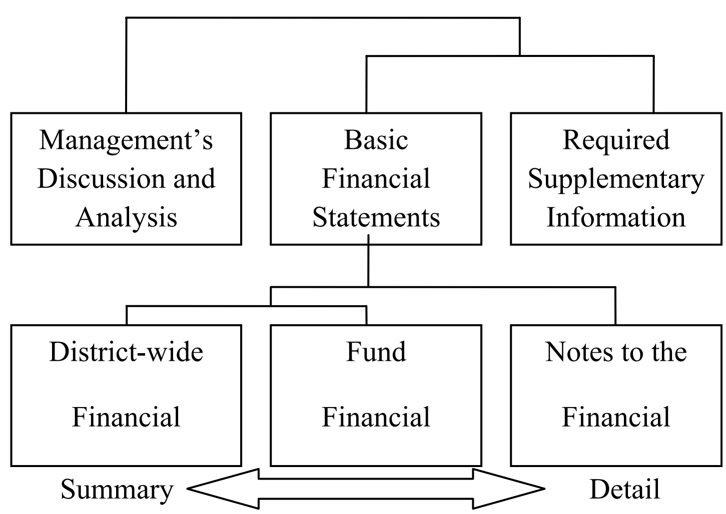
This section of the Dixon Unified School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of the report and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and the Management's Discussion and Analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, district-wide and funds.



District-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
  - Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

- Short and long-term financial information about the activities of the District that operate like businesses are provided in the proprietary funds statements.
- Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary fund statements.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's General Fund budget for the year is included.

Reporting the District as a Whole

The District as a whole is reported in the District-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.

Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

Governmental Activities

The basic services provided by the District, such as regular and special education, and administration are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition is also included here, but is financed by a combination of state and federal contract and grants, and local revenues.

Reporting the District's Most Significant Funds:

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

Governmental Funds

The major governmental funds of the Dixon Unified School District are the General Fund, the Bond Interest and Redemption Fund and the Special Reserve Fund for Capital Outlay Projects. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship, deferred compensation and student activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's net position was a deficit $24.8 million. A comparative analysis of government-wide data is presented in Table 1.

Table 1
Comparative Statement of Net Position

	Governmental Activities			Percent
	June 30, 2017	June 30, 2018	Change	Change
Assets				
Current	$ 28,479,963	$ 30,039,556	$ 1,559,593	5.5%
Capital Assets, net	49,152,179	49,309,646	157,467	0.3%
Total Assets	77,632,142	79,349,202	1,717,060	2.2%
Deferred Outflows of Resources				
Debt Refunding	454,644	540,905	86,261	19.0%
Pensions	5,770,511	12,558,574	6,788,063	117.6%
Total Deferred Inflows	6,225,155	13,099,479	6,874,324	110.4%
Liabilities				
Current	3,434,336	4,724,425	1,290,089	37.6%
Long-Term	101,523,971	104,185,972	2,662,001	2.6%
Total Liabilities	104,958,307	108,910,397	3,952,090	3.8%
Deferred Inflows of Resources				
Bond Premium Revenue	1,894,368	2,313,635	419,267	22.1%
OPEB	-	52,694	52,694	0.0%
Pensions	1,070,400	5,969,629	4,899,229	457.7%
Total Deferred Inflows	2,964,768	8,335,958	5,371,190	181.2%
Total Net Position	$ (24,065,778)	$ (24,797,674)	$ (731,896)	-3.0%

The increases in pension liability and the increase in Postemployment Benefits due to new standard requirements increased the deficit.

GOVERNMENTAL ACTIVITIES

The District's net position decreased by $732 thousand during fiscal year 2017-18. The District's expenses for instructional and pupil services represented 76% of total expenses. The purely administrative activities of the District accounted for just 7% of total costs. The remaining 17% was spent in the areas of plant services, interest, and other outgo (See Table 2).

Table 2
Comparative Statement of Changes in Net Position

	Governmental Activities			Change
	2017	2018	Change	Change
Program Revenues				
Charges for Services	$ 209,977	$ 246,999	$ 37,022	17.6%
Operating Grants & Contributions	5,259,386	5,809,162	549,776	10.5%
General Revenues				
Taxes Levied	10,841,986	12,580,122	1,738,136	16.0%
Federal & State Aid	20,003,163	19,419,808	(583,355)	-2.9%
Interest & Investment Earnings	43,436	71,906	28,470	65.5%
Miscellaneous	1,180,059	1,304,227	124,168	10.5%
Special and Extraordinary Items	-	8,270	8,270	0.0%
Total Revenues	37,538,007	39,440,494	1,902,487	5.1%
Expenses				
Instruction	23,657,701	22,501,832	(1,155,869)	-4.9%
Instruction-Related Services	3,920,843	3,967,347	46,504	1.2%
Pupil Services	4,261,228	3,942,975	(318,253)	-7.5%
General Administration	2,682,627	2,746,498	63,871	2.4%
Plant Services	4,117,256	4,487,312	370,056	9.0%
Ancillary Services	283,748	302,654	18,906	6.7%
Interest on Long-Term Debt	2,243,871	1,769,838	(474,033)	-21.1%
Other Outgo	582,453	453,934	(128,519)	-22.1%
Total Expenses	41,749,727	40,172,390	(1,577,337)	-3.8%
Change in Net Position	$ (4,211,720)	$ (731,896)	$ 3,479,824	82.6%

Overall revenues increased $1.9 million (5.1%).

Total expenses decreased almost $1.6 million (-3.8%) during fiscal year 2017-18. The District's expenses were predominantly related to educating and caring for students (76%).

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was $40.2 million. The amount that our local taxpayers financed for these activities through property taxes was $12.6 million. Federal and State aid not restricted to specific purposes totaled $19.4 million. State and Federal Categorical revenue totaled $5.8 million or 15% of the revenue of the entire District. (See Figure 1).

Figure 1
Sources of Revenues for the Fiscal Year 2017-2018

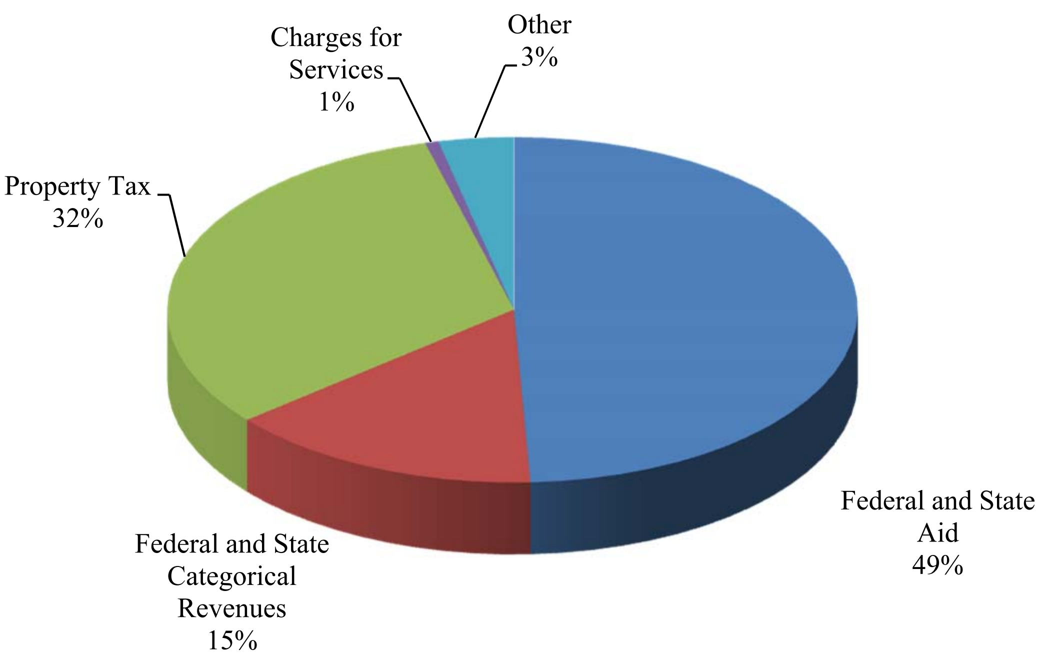
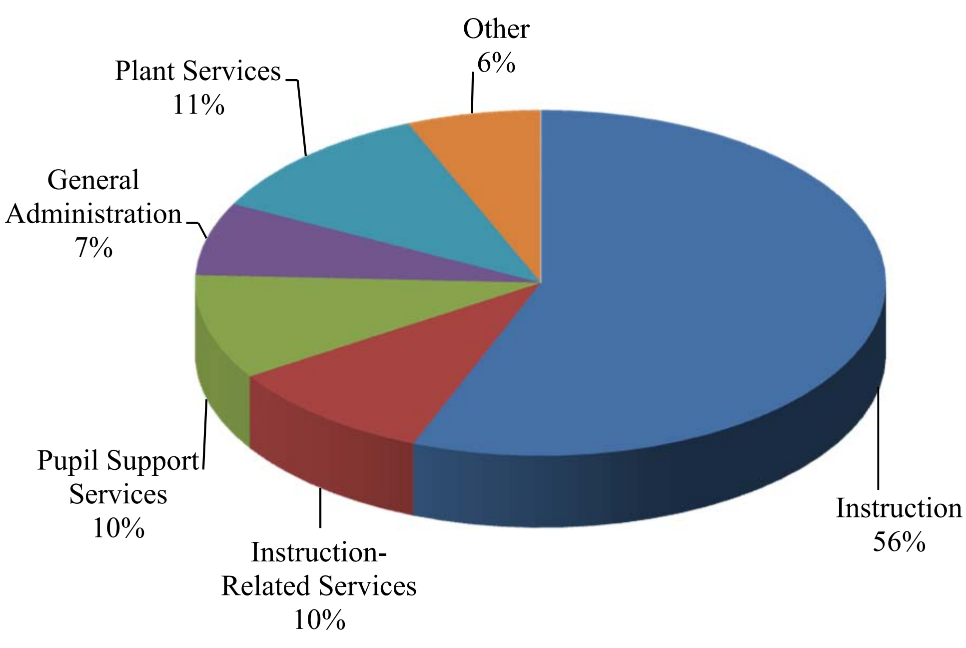


Figure 2
Expenses for the Fiscal Year 2017-2018



FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of $26.7 million. The fund balance decreased in the building fund due to bond expenditures and increased due to revenue from developer fees.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget periodically. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The District ended the year with $3.1 million in the General Fund ending balance, including $1 million available reserve. The State recommends a minimum ending available reserve of 3% of total expenditures and other outgo. The District has met that requirement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2017-2018 fiscal year, the District invested $81.4 million in a broad range of capital assets, including school buildings, athletic facilities, administrative buildings, site improvements, vehicles and equipment. The capital assets net of depreciation were $49.3 million at June 30, 2018, which is a increase of $157 thousand from the previous year.

Table 3
Comparative Statement of Changes in Net Position

	2017	2018
Land	$ 2,687,615	$ 2,687,615
Site Improvements	5,038,498	6,124,932
Building Improvements	69,575,129	69,627,602
Furniture and Equipment	2,397,154	2,984,205
Subtotals	79,698,396	81,424,354
Less: Accumulated Depreciation	(30,546,217)	(32,114,708)
Totals	$ 49,152,179	$ 49,309,646

The District has begun to incur capital expenses in the building fund for Measure Q projects. The District recognized $1.6 million in depreciation expense during 2017-2018.

Table 4

Comparative Schedule of Outstanding Debt

	2017	2018
General Obligation Bonds	$ 50,316,999	$ 49,496,999
Accreted Interest	240,571	520,253
Net OPEB Liability	9,425,958	9,885,759
Certificates of Participation	9,537,362	9,425,000
Compensated Absences	318,206	298,534
Net Pension Liability	31,684,875	34,559,427
Totals	$ 101,523,971	$ 104,185,972

The District has continued to meet the debt service requirements for its bonded debt and certificates of participation.

The notes to the financial statements are an integral part of the financial presentation and contain information that is more detailed as to interest, principal, retirement amounts, and future debt retirement dates.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The District currently provides health benefits to all employees who retire after attaining the age of 55 provided the employee has met certain service requirements, for a period not to exceed five years. The District's cost for health benefits is currently not fully capped; this is a concern for future costs to the District along with the continued increases in PERS and STRS.

Based on the most recent student enrollment information available, the District anticipates declining enrollment during fiscal year 2018-19 and flat enrollment in 2019-20. Since student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California, the slight decrease indicates that the District's LCFF funding should also decrease.

Other concerns are state and federal forecasts and volatility, unknown impacts of federal tax reform on state revenue, forecasted revenue versus projected expenditures, and saving for one time and unanticipated expenditures.

The future predictions require management to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

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 questions regarding this report or need additional financial information, contact Melissa Mercado, Chief Business Official, Dixon Unified School District, 180 South First Street, Dixon, California 95620, (707) 693-6300, extension 8040.

BASIC FINANCIAL STATEMENTS

DIXON UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	28,781,819
Receivables		1,246,019
Stores inventory		11,718
Capital assets, net of accumulated depreciation		49,309,646
Total Assets		79,349,202
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on debt refundings		540,905
Deferred outflows on pensions (note 7)		12,558,574
Total deferred outflows		13,099,479
LIABILITIES		
Accounts payable and other current liabilities		4,217,657
Unearned revenue		506,768
Long-term liabilities:		
Due within one year		2,265,000
Due in more than one year		101,920,972
Total Liabilities		108,910,397
DEFERRED INFLOWS OF RESOURCES		
Deferred bond premium revenue		2,313,635
Deferred inflows on OPEB (note 8)		52,694
Deferred inflows on pensions (note 7)		5,969,629
Total deferred inflows		8,335,958
NET POSITION		
Net investment in capital assets		7,928,784
Restricted		22,254,648
Unrestricted		(54,981,106)
Total Net Position	$	(24,797,674)

See accompanying notes to the basic financial statements.

DIXON UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		Program Revenues		Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	$ 22,501,832	$ -	$ 2,412,408	$ (20,089,424)
Instruction - related services:				
Supervision of instruction	1,421,984	-	421,330	(1,000,654)
Instructional library, media and technology	98,581	-	183	(98,398)
School site administration	2,446,782	-	112,395	(2,334,387)
Pupil Services:				
Home-to-school transportation	327,785	-	8,129	(319,656)
Food services	1,156,531	213,576	884,919	(58,036)
All other pupil services	2,458,659	-	492,277	(1,966,382)
General administration:				
Centralized data processing	681,843	-	895	(680,948)
All other general administration	2,064,655	12,321	112,398	(1,939,936)
Plant services	4,487,312	21,102	752,424	(3,713,786)
Ancillary services	302,654	-	5,429	(297,225)
Interest on long-term debt	1,769,838	-	-	(1,769,838)
Other outgo	453,934	-	606,375	152,441
Total governmental activities	$ 40,172,390	$ 246,999	$ 5,809,162	(34,116,229)

General Revenues	
Taxes and subventions:	
Taxes levied for general purposes	9,648,595
Taxes levied for debt service	2,931,527
Federal and state aid not restricted to specific purposes	19,419,808
Interest and investment earnings	71,906
Miscellaneous	1,304,227
Special and extraordinary items	8,270
Total general revenues	33,384,333
Change in net position	(731,896)
Net Position, July 1, 2017	(15,746,822)
Prior period adjustment (note 1)	(8,318,956)
Net Position - beginning, As restated	(24,065,778)
Net Position, June 30, 2018	$ (24,797,674)

DIXON UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	All Non-Major Funds	Total
ASSETS						
Cash	$ 3,261,759	$ 18,061,390	$ 3,328,292	$ 3,056,624	$ 1,073,754	$ 28,781,819
Accounts receivable	1,228,653	-	-	-	17,366	1,246,019
Due from other funds	63,404	-	-	-	112,745	176,149
Stores Inventory	-	-	-	-	11,718	11,718
Total Assets	$ 4,553,816	$ 18,061,390	$ 3,328,292	$ 3,056,624	$ 1,215,583	$ 30,215,705
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 824,333	$ 337,975	$ 1,614,260	$ -	$ 9,870	$ 2,786,438
Due to other funds	112,745	-	-	-	63,404	176,149
Unearned revenue	506,768	-	-	-	-	506,768
Total Liabilities	1,443,846	337,975	1,614,260	-	73,274	3,469,355
Fund balances						
Nonspendable	16,000	-		-	11,718	27,718
Restricted	1,360,274	17,723,415	-	3,056,624	114,335	22,254,648
Assigned	707,288	-	1,714,032	-	1,016,256	3,437,576
Unassigned	1,026,408	-	-	-	-	1,026,408
Total Fund Balances	3,109,970	17,723,415	1,714,032	3,056,624	1,142,309	26,746,350
Total liabilities and fund balances	$ 4,553,816	$ 18,061,390	$ 3,328,292	$ 3,056,624	$ 1,215,583	$ 30,215,705

DIXON UNIFIED SCHOOL DISTRICT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total fund balances - governmental funds		$ 26,746,350
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost	$ 81,424,354	
Accumulated depreciation	(32,114,708)	
Net		49,309,646
Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.		
Deferred inflows of resources relating to OPEB		(52,694)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are reported.		
Deferred outflows of resources relating to pensions		12,558,574
Deferred inflows of resources relating to pensions		(5,969,629)
Unamortized costs: In governmental funds, debt issuance premiums, gain or loss on refunding, and defeasance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, these amounts are amortized over the life of the debt.		
Unamortized premiums consist of:		(2,313,635)
Unamortized loss on debt refundings consist of:		540,905
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(1,431,219)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
General obligation bonds payable	$ 49,496,999	
Accreted Interest	520,253	
Net pension liability	34,559,427	
Net OPEB liability	9,885,759	
Compensated absences payable	298,534	
Certificates of participation payable	9,425,000	
		(104,185,972)
Total net position, governmental activities:		$ (24,797,674)

DIXON UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	All Non-Major Funds	Total
REVENUES						
LCFF sources	$ 28,090,696	$ -	$ -	$ -	$ -	$ 28,090,696
Federal revenue	1,393,109	-	-	-	914,311	2,307,420
Other state revenues	3,251,693	-	-	18,505	69,411	3,339,609
Other local revenues	1,367,852	234,796	862,633	2,938,972	290,249	5,694,502
Total revenues	34,103,350	234,796	862,633	2,957,477	1,273,971	39,432,227
EXPENDITURES						
Certificated salaries	14,893,669	-	-	-	-	14,893,669
Classified salaries	5,777,295	12,265	-	-	547,473	6,337,033
Employee benefits	7,822,183	3,361	-	-	258,535	8,084,079
Books and supplies	823,645	-	-	-	403,179	1,226,824
Services and other operating expenditures	4,095,434	81,946	308,082	-	15,286	4,500,748
Capital outlay	410,843	1,315,115	-	-	-	1,725,958
Other outgo	390,530	-	177,669	-	63,404	631,603
Debt service expenditures						
Principal	-	-	-	820,000	-	820,000
Interest	-	-	-	1,467,502	-	1,467,502
Total expenditures	34,213,599	1,412,687	485,751	2,287,502	1,287,877	39,687,416
Excess(deficiency) of revenues over expenditures	(110,249)	(1,177,891)	376,882	669,975	(13,906)	(255,189)
OTHER FINANCING SOURCES (USES)						
Other sources	-	-	9,982,305	8,270	-	9,990,575
Other uses			(9,674,223)			(9,674,223)
Total other financing sources (uses)	-	-	308,082	8,270	-	316,352
Net change in fund balances	(110,249)	(1,177,891)	684,964	678,245	(13,906)	61,163
Fund balances, July 1, 2017	3,220,219	18,901,306	1,029,068	2,378,379	1,156,215	26,685,187
Fund balances, June 30, 2018	$ 3,109,970	$ 17,723,415	$ 1,714,032	$ 3,056,624	$ 1,142,309	$ 26,746,350

DIXON UNIFIED SCHOOL DISTRICT

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

JUNE 30, 2018

Total net change in fund balances - governmental funds		$ 61,163
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$ 1,725,958	
Depreciation expense:	(1,568,491)	
		157,467
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		10,357,362
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount were:		(9,425,000)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:		208,342
Accreted interest on capital appreciation bonds is not recognized as an expenditure in the governmental fund financial statements until paid. In the statement of activities, accreted interest is recognized as an expense as the capital appreciation bonds accrete in value. The net amount of accreted interest recognized in the current year was:		(279,682)
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is:		(333,007)
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:		(985,718)
Other postemployment benefits (OPEB): In government funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		(512,495)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measure by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		19,672
Total change in net position - governmental activities		$ (731,896)

DIXON UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

TRUST AND AGENCY FUNDS

JUNE 30, 2018

	Trust Fund	Agency Funds			Total
	Foundation	Student Body	Deferred Compensation	Total Agency Funds	Fiduciary Funds
ASSETS					
Cash and Equivalents	$ 81,652	$ 276,911	$ 25,152	$ 302,063	$ 383,715
Investments	278,347	-	52,955	52,955	331,302
Accounts receivable	945	-	-	-	945
Total assets	$ 360,944	$ 276,911	$ 78,107	$ 355,018	$ 715,962
LIABILITIES					
Liabilities					
Accounts Payable	14,500	$ -	$ -	$ -	$ 14,500
Due to Student Groups	-	276,911	-	276,911	276,911
Other Accrued Expenses	-	-	78,107	78,107	78,107
Total Liabilities	14,500	276,911	78,107	355,018	369,518
NET POSITION					
Held in Trust	$ 346,444	$ -	$ -	$ -	$ 346,444

DIXON UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

TRUST FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Private-Purpose Trust Fund
	Foundation
REVENUES	
All Other Local Revenue	$ 3,045
Net Increase (Decrease) in Fair Value of Investments	34,621
Interest	1,026
Total revenues	38,692
EXPENSES	
Scholarships Awarded	18,700
Total expenditures	18,700
Change in Net Position	19,992
Net Position, July 1, 2017	326,452
Net Position, June 30, 2018	$ 346,444

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the 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 (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. REPORTING ENTITY

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Dixon Unified School District, this includes general operations, food service and student related activities of the District. The District has considered all potential component units in determining how to define the reporting entity, using criteria set forth in generally accepted accounting principles generally accepted in the United States of America. The District and the Mello-Roos Community Facilities District #1 (the Facilities District) have a financial and operational relationship, which meets the reporting entity definition criteria of the GASB Statement No. 14, The Financial Reporting Entity for inclusion of the Facilities District as a component unit of the District. Accordingly, the financial activities of the Agency are reported as a non-major debt service fund in the financial statements of the District.

The following are those aspects of the relationship between the District and the Facilities District which satisfy GASB Statement No. 14 criteria:

<u>Manifestation of Oversight</u>

A. The Facilities District's Board of Directors are the same as the District's Governing Board.

<u>Accounting for Fiscal Matters</u>

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

- All major financing arrangements, contracts, and other transactions of the Facilities District must have the consent of the District.
- The District exercises significant influence over operations of the Facilities District as it is anticipated that the District will be the sole lessee of all facilities owned by the Facilities District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. REPORTING ENTITY (CONTINUED)

B. The Facilities District provides specific financial benefits or imposes specific financial burdens on the District based upon the following:

- Any deficits incurred by the Facilities District will be reflected in the lease payments of the District.
- Any surpluses of the Facilities District will be reflected in the lease payments of the District.
- The District has assumed a "moral obligation", and potentially a legal obligation, of any debt incurred by the Facilities District.

Scope of Public Service and Financial Presentation

A. The Facilities District was formed for the sole purpose of providing financing assistance to the District for construction and acquisition of major capital facilities.

B. The Facilities District is a community facilities district pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended by Chapter 2.5 Part I, Division 2, Title 5 of the government code of the State of California on March 30, 1989.

C. The Facilities District's financial activity is presented in the financial statements as the Mello-Roos Community Facilities District #1 Fund.

C. BASIS OF PRESENTATION

Government-wide Financial Statements

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION (CONTINUED)

contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

Fund Financial Statements

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

Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

E. FUND ACCOUNTING

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

<u>Governmental Funds</u>

General Fund is the general operating fund of the District. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund.

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

> The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District’s cafeterias.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. FUND ACCOUNTING (CONTINUED)

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

The *Building Fund* is used primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

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

The *Special Reserve Fund for Capital Outlay Projects* is used to provide for the accumulation of general fund moneys for capital outlay purposes.

The *Capital Project Fund for Blended Component Units* is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the LEA under generally accepted accounting principles (GAAP).

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

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

The *Debt Service Fund for Blended Component Units* is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the LEA under generally accepted accounting principles (GAAP).

<u>Fiduciary Funds</u>

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The *Private Purpose Trust Funds* are used to account for assets held by the District as trustee. The District maintains a *Foundation Fund* to provide educational assistance to students of the Districts. *Student Body Funds* are used to account for the raising and expending of money to promote the general welfare, morale and educational experience of the student body.

The District has a Section 457 Plan. The assets of the Plan are held in a Trust/Custodial Fund, with the District serving as the trust/custodian, for the exclusive benefit of the Plan participants and their beneficiaries, and the assets cannot be used for any other purpose.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. FUND ACCOUNTING (CONTINUED)

These funds' activities are reported in a separate statement of fiduciary net position. These funds are custodial in nature and do not involve measurement of results of operations. Accordingly, the District presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

F. BUDGETS AND BUDGETARY ACCOUNTING

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

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund and Major Special Revenue Funds as required supplementary information in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. INVENTORY

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. CAPITAL ASSETS

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

Asset Class	Years
Sites and Improvements	10-36
Buildings and Improvements	7-40
Furniture and Equipment	5-15

I. COMPENSATED ABSENCES

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

J. ACCUMULATED SICK LEAVE

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

K. RESTRICTED NET POSITION

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

L. UNEARNED REVENUE

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. PROPERTY TAX

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

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

Tax revenues are recognized by the District when received.

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

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

N. FUND BALANCE RESERVES AND DESIGNATIONS

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. FUND BALANCE RESERVES AND DESIGNATIONS (CONTINUED)

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

O. 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.

P. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. ELIMINATIONS AND RECLASSIFICATIONS

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

R. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. PENSIONS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Dixon Unified School District's California Public Employees' Retirement System (CalPERS) and California State Teachers Retirement System (CalSTRS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

U. CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2017, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), which supersedes GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement addresses accounting and financial reporting for other postemployment benefits offered by the District and requires various note disclosures (Note 7) and required supplementary information. As a result, beginning of year net position has been restated as follows:

Net position previously reported, June 30, 2017	$ (15,746,822)
OPEB previously reported	1,107,002
Net OPEB liability	(9,425,958)
Net position as restated	$ (24,065,778)

Information on beginning of year deferred outflows and deferred inflows of OPEB resources, and all information for the prior years is not available and therefore such amounts have not been restated.

2. CASH AND INVESTMENTS

Cash and Investments as of June 30, 2018 consist of the following:

	Governmental Activities	Fiduciary Activities	Total
Cash in County Treasury	$ 28,765,019	$ 358,563	$ 29,123,582
Cash on hand and in banks	800	25,152	25,952
Cash in revolving fund	16,000	-	16,000
Investments	-	331,302	331,302
	$ 28,781,819	$ 715,017	$ 29,496,836

A. CASH IN COUNTY TREASURY

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The weighted average maturity of the pool is 411 days. The pool is rated AAA by Standard and Poor's.

B. CASH IN REVOLVING FUNDS AND IN BANKS

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

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

2. CASH AND INVESTMENTS (CONTINUED)

C. INVESTMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2018:

- Mutual funds – valued at the daily closing price as reported by the fund. Mutual funds held by the District are open-ended mutual funds that are registered with the Securities and Exchange Commission. The mutual funds held by the District are deemed to be actively traded (Level 1 input).

- Common stock – Valued at quoted market prices for identical assets in active markets (Level 1 input).

3. ACCOUNTS RECEIVABLE

Accounts receivable balances at June 30, 2018 consisted of:

	General Fund	All Non-Major Funds	Total
Federal government:			
Federal programs	$ 655,394	$ 17,366	$ 672,760
State government:			
Lottery	42,868	-	42,868
Other - State	278,667	-	278,667
Total state government	321,535	-	321,535
Local government:			
Other	251,724	-	251,724
Totals	$ 1,228,653	$ 17,366	$ 1,246,019

4. INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables

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

	Due To	Due From
General Fund	$ 112,745	$ 63,404
Cafeteria Fund	63,404	112,745
	$ 176,149	$ 176,149

Interfund Transfers

There were no interfund transfers for the year ended June 30, 2018.

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions and Transfers	Deductions and Transfers	Balance June 30, 2018
Non-depreciable assets:				
Land	$ 2,687,615	$ -	$ -	$ 2,687,615
Work in Progress	-	-	-	-
	2,687,615	-	-	2,687,615
Depreciable assets:				
Site Improvements	5,038,498	1,086,434	-	6,124,932
Buildings	69,575,129	52,473	-	69,627,602
Equipment	2,397,154	587,051	-	2,984,205
Total depreciable assets	77,010,781	1,725,958	-	78,736,739
Totals, at cost	79,698,396	1,725,958	-	81,424,354
Accumulated depreciation:				
Site Improvements	(3,249,241)	(199,044)	-	(3,448,285)
Buildings and Improvements	(25,720,584)	(1,324,707)	-	(27,045,291)
Furniture and Equipment	(1,576,392)	(44,740)	-	(1,621,132)
	(30,546,217)	(1,568,491)	-	(32,114,708)
Depreciable assets, net	46,464,564	157,467	-	46,622,031
Capital assets, net	$49,152,179	$ 157,467	$ -	$49,309,646

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 1,321,461
School Site Administration	2,589
Food Services	13,164
Other Pupil Services	780
Data Processing Services	4,657
Other General Administration	1,022
Plant Services	224,818
Total depreciation expense	$ 1,568,491

6. LONG-TERM LIABILITIES

A. GENERAL OBLIGATION BONDS

The District's outstanding general obligation bonded debt as of June 30, 2018 is as follows:

Description	Date Of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding July 1, 2017	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2018
Series 2012	2012	2.0-5.0%	8/1/2044	$ 19,395,000	$ 18,930,000	$ -	$ -	$ 18,930,000
Series 2016	2016	2.0-5.0%	8/1/2035	12,747,000	12,156,999	-	820,000	11,336,999
Series 2017	2017	2.0-5.0%	8/1/2042	19,230,000	19,230,000	-	-	19,230,000
			Totals	$ 51,372,000	$ 50,316,999	$ -	$ 820,000	$ 49,496,999

In July, 2012, the District issued 2012 General Obligation Refunding Bonds in an aggregate principal amount of $19,395,000. The bonds were issued to refund a portion of the District's General Obligation Bonds Series 2003, 2005, and 2006. The bonds were comprised of Current Interest Bonds, bear an interest rate ranging from 2.00% to 5.00%, and are scheduled to mature through August, 2044.

On March 23, 2016, the District issued 2016 General Obligation Refunding Bonds in an aggregate amount of $12,747,000. The bonds were issued to refund a portion of the District's General Obligation Bonds Election of 2002, Series 2005 and 2006. The bonds were comprised of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds. The Current Interest Bonds comprise $3,965,000 of the issuance with interest rates ranging between 2% and 5% and a scheduled maturity date of August 1, 2035. The Capital Appreciation Bonds comprise $1,440,282 of the issuance with an accretion rate of 3.26% and a scheduled maturity date of August 1, 2028. The Convertible Capital Appreciation Bonds comprise $7,341,718 of the issuance with accretion rates ranging from 3.44% to 3.91% and are scheduled to mature on August 1, 2034.

On February 17, 2017, the District issued 2017 Series A General Obligation Refunding Bonds in an aggregate amount of $19,230,000. The bonds were issued to finance specific construction, repair and improvement projects approved by the voters of the District. The bonds consist of serial bonds bearing various fixed interest rates from 2% to 5% and mature in staggered amounts each year starting in August 1, 2017 up through August 1, 2042.

The Bonds are payable from the proceeds of ad valorem property taxes which the Board of Supervisors of the County of Solano are obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of, and premium, if any, and interest on each Bond as the same becomes due and payable.

6. LONG-TERM LIABILITIES (CONTINUED)

A. GENERAL OBLIGATION BONDS (CONTINUED)

The annual requirements to amortize the refunding bonds as of June 30, 2018 are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	$ 1,950,000	$ 1,576,113	$ 3,526,113
2020	1,390,000	1,529,463	2,919,463
2021	1,250,000	1,484,063	2,734,063
2022	1,425,000	1,421,563	2,846,563
2023	1,605,000	1,351,263	2,956,263
2024-2028	10,470,000	5,010,563	15,480,563
2029-2033	8,890,893	9,982,732	18,873,625
2034-2038	9,341,106	5,365,378	14,706,484
2039-2043	10,015,000	1,613,000	11,628,000
2044-2048	3,160,000	83,400	3,243,400
Totals	$ 49,496,999	$ 29,417,538	$ 78,914,537

B. ACCRETED INTEREST

Date of Issue	Interest Rate	Maturity Date	Outstanding July 1, 2017	Accreted Current Year	Payment Current Year	Outstanding June 30, 2018
2016	2.0-5.0%	2036	$ 240,571	$ 279,682	$ -	$ 520,253
		Totals	$ 240,571	$ 279,682	$ -	$ 520,253

C. CERTIFICATES OF PARTICIPATION

On August 20, 2014 the District issued $9,537,362 of Refunding Certificates of Participation (COP). The proceeds from the 2014 Refunding COP were used to advance refund the outstanding COP (2007 Refinancing Project and 2007 Capital Improvement Project). The 2015 Refunding COP bears 2.87 percent interest and is scheduled to mature through September, 2042. The refunding reduces the District's annual debt service through September 1, 2026. The outstanding balance was paid off due to the issuance of the 2017 COP refunding issuance.

On August 24, 2017 the District issued $9,425,000 of Refunding Certificates of Participation (COP). The proceeds from the 2017 Refunding COP were used to advance refund the outstanding 2014 Refunding COP. The 2017 Refunding COP bears 3 to 3.25 percent interest and is scheduled to mature through September, 2042.

6. LONG-TERM LIABILITIES (CONTINUED)

C. CERTIFICATES OF PARTICIPATION (CONTINUED)

The outstanding certificates of participation at June 30, 2018 are as follows:

Description	Date Of Issue	Maturity Date	Amount of Original Issue	Outstanding July 1, 2017	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2018
COP 2014	2014	2042	$ 9,537,362	$ 9,537,362	$ -	$9,537,362	$ -
COP 2017	2017	2037	9,425,000	-	9,425,000	-	9,425,000
		Totals	$ 18,962,362	$ 9,537,362	$ 9,425,000	$9,537,362	$ 9,425,000

The certificates mature annually as follows:

Year Ended June 30,	Principal	Interest	Total
2019	$ 315,000	$ 350,225	$ 665,225
2020	320,000	342,275	662,275
2021	330,000	330,875	660,875
2022	345,000	315,650	660,650
2023	360,000	298,025	658,025
2024-2028	2,100,000	1,192,625	3,292,625
2029-2033	2,615,000	685,450	3,300,450
2034-2038	3,040,000	249,288	3,289,288
Totals	$ 9,425,000	$ 3,764,413	$ 13,189,413

D. 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	Additions	Deletions	Balance June 30, 2018	Balance Due In One Year
General Obligation Bonds	$ 50,316,999	$ -	$ 820,000	$ 49,496,999	$ 1,950,000
Accreted Interest	240,571	279,682	-	520,253	-
Net OPEB Liability	9,425,958	459,801	-	9,885,759	-
Certificates of Participation	9,537,362	9,425,000	9,537,362	9,425,000	315,000
Compensated Absences	318,206	-	19,672	298,534	-
Net Pension Liability	31,684,875	2,874,552	-	34,559,427	-
Totals	$101,523,971	$13,039,035	$10,377,034	$104,185,972	$ 2,265,000

7. EMPLOYEE RETIREMENT SYSTEMS

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

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, CA 95811.

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Headquarters, 100 Waterfront Place, West Sacramento, CA 95605.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	CalPERS		CalSTRS	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	2.0%
Required employee contribution rates	7%	6%	10.25%	9.205%
Required employer contribution rates	15.531%	15.531%	14.43%	14.43%

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Contributions

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

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

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were:

	CalPERS	STRS	Total
Contributions - employer	$ 924,391	$ 2,068,624	$ 2,993,015
On behalf contributions - state	-	1,027,963	1,027,963
Total	$ 924,391	$ 3,096,587	$ 4,020,978

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

As of June 30, 2018, Dixon Unified School District reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	Proportionate Share of Net Pension Liability
CalPERS	$ 10,457,519
STRS	24,101,908
Total Net Pension Liability	$ 34,559,427

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Dixon Unified School District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. Dixon Unified School District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	CalPERS	STRS
Proportion - June 30, 2016	0.04141%	0.02906%
Proportion - June 30, 2017	0.04381%	0.02606%
Change - Increase (Decrease)	0.00239%	-0.00300%

For the year ended June 30, 2018, the District recognized pension expense of $1,587,319 and $(601,601) for CalPERS and STRS, respectively. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS		STRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 924,391	$ -	$ 3,096,587	$ -	$ 4,020,978	$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2016-17.	-	220,853	-	701,912	-	922,765
Changes of Assumptions	1,135,822	291,655	3,827,280	-	4,963,102	291,655
Differences between Expected and Actual Experience	524,738	-	76,398	950,262	601,136	950,262
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	657,755	2,281,665	2,314,539	2,281,665	2,972,294
Net differences between projected and actual investment earnings on pension plan investments	691,694	-	-	832,653	691,694	832,653
Total	$ 3,276,645	$ 1,170,264	$ 9,281,930	$ 4,799,365	$ 12,558,574	$ 5,969,629

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred (inflows)/outflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	CalPERS	STRS	Total Deferred Outflows/ (Inflows) of Resources
2019	$ 53,102	$ (870,227)	$ (817,125)
2020	458,881	(45,818)	413,063
2021	597,654	262,148	859,802
2022	72,352	497,681	570,032
2023	-	659,981	659,981
Thereafter	-	882,213	882,213
Total	$ 1,181,990	$ 1,385,977	$ 2,567,967

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	STRS
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.75%	2.75%
Payroll Growth Rate	3.00%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

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

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

CalPERS
The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.00 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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 pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and 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 for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The table below reflects the 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. These rates of return are net of administrative expenses.

	CalPERS		
Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	100.0%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

STRS

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 Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The table on the following page reflects the 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. These rates of return are net of administrative expenses.

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

	STRS	
Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47.0%	6.30%
Private Equity	13.0%	9.30%
Real Estate	13.0%	5.20%
Fixed Income	12.0%	0.30%
Absolute Return/Risk Mitigating Strategies	9.0%	2.90%
Inflation Sensitive	4.0%	3.80%
Cash/Liquidity	2.0%	-1.00%
Total	100%	

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

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalPERS		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	$ 15,386,362	$ 10,457,519	$ 6,368,631

	STRS		
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability	$ 35,389,253	$ 24,101,908	$ 14,941,463

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2018, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

8. OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description: The District provides retiree medical benefits (including prescription drug benefits) and dental benefits to eligible retirees. The District's financial obligation is to pay a monthly allocation for medical and dental benefits equal to the amount the retiree was receiving at retirement. If a retiree was not previously electing coverage and wishes to join the District's plan at retirement, the retiree shall receive an amount equal to the single allocation for the plan in which the retiree enrolls.

Benefits provided: The retiree shall receive these benefits for a period of 5 years. In the event of a retiree's death, District-paid benefits to the surviving spouse would continue until the following June 30. Retirees also have the option to elect coverage for eligible dependents but must pay the entire cost of coverage in excess of the District contribution. Any retiree or surviving spouse not receiving a District contribution shall be allowed to remain on the District's plan, with the retiree or surviving spouse paying the full cost of his or her premiums. For part-time employees, the District contribution at retirement would be prorated proportionately. Any unused portion of the District's maximum allowance reverts back to the District. Eligibility for a District contribution towards retiree health and dental coverage requires retirement with at least 15 years of District service on or after age 55.

Employees covered by benefit terms: At June 30, 2018, the following employees were covered by the benefit terms

Inactive employees or beneficiaries currently receiving benefit payments	54
Inactive employees entitles to but not yet receiving benefit payments	-
Active employees	313
	367

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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:

Salary Increases	3.00%
Discount rate	3.50%
Inflation	2.75%

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	$ 9,425,958	$ -	$ 9,425,958
Changes for the year:			
Service cost	668,625	-	668,625
Interest	334,995	-	334,995
Differences between expected and actual experience	-	-	-
Changes in assumptions	(60,222)	-	(60,222)
Contributions - employer	-	483,597	(483,597)
Net investment income	-	-	-
Benefit payments	(483,597)	(483,597)	-
Administrative expense	-	-	-
Net changes	459,801	-	459,801
Balances at June 30, 2018	$ 9,885,759	$ -	$ 9,885,759

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability (asset)	$ 10,502,554	$ 9,885,759	$ 9,301,956

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current healthcare cost trend rates:

	1% Decrease (5.5%)	Healthcare Cost Trend Rates (6.5%)	1% Increase (7.5%)
Net OPEB liability (asset)	$ 9,129,905	$ 9,885,759	$ 10,750,757

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

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 $512,495. Certain types of TOL changes are subject to deferral, as are investment gains/losses. To qualify for deferral, gains and losses must be based on GASB 74/75 compliant valuations. Below is a schedule of the amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2018:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	(52,694)
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	$ -	$ (52,694)

Below is the schedule of the total deferred outflows and inflows amortized.

Year ended June 30	Total Deferred Outflows/(Inflows) of Resources
2019	$ (7,528)
2020	(7,528)
2021	(7,528)
2022	(7,528)
2023	(7,528)
Thereafter	(15,054)
Total	$ (52,694)

9. FUND BALANCES

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

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Funds	Total
Nonspendable:						
Revolving Cash	$ 16,000	$ -	$ -	$ -	$ -	$ 16,000
Inventory	-	-	-	-	11,718	11,718
Total Nonspendable	16,000	-	-	-	11,718	27,718
Restricted:						
Medi-Cal Billing Option	334,734	-	-	-	-	334,734
California Clean Energy Jobs Act	491,819	-	-	-	-	491,819
Lottery: Instructional Materials	48,781	-	-	-	-	48,781
Special Education	234,476	-	-	-	-	234,476
Special Ed: Mental Health Services	32,981	-	-	-	-	32,981
College Readiness Block Grant	13,703	-	-	-	-	13,703
Other Restricted Local	203,780	-	-	3,056,624	-	3,260,404
Child Nutrition: School Programs	-	-	-	-	70,450	70,450
Child Nutrition: Child Care Food Program	-	-	-	-	43,885	43,885
Capital Outlay	-	17,723,415	-	-	-	17,723,415
Total Restricted	1,360,274	17,723,415	-	3,056,624	114,335	22,254,648
Assigned:						
COP Reserve	333,538	-	-	-	-	333,538
Other Assignments	373,750	-	1,714,032	-	1,016,256	3,104,038
Total Assigned	707,288	-	1,714,032	-	1,016,256	3,437,576
Unassigned:						
Reserve for Economic Uncertainties	1,026,408	-	-	-	-	1,026,408
Total Unassigned	1,026,408	-	-	-	-	1,026,408
Total Fund Balances	$ 3,109,970	$17,723,415	$ 1,714,032	$ 3,056,624	$ 1,142,309	$26,746,350

10. JOINT POWERS AGREEMENTS

The District is a member with other school districts in Joint Powers Authorities (JPAs). North Bay Schools Insurance Authority (NBSIA) provides workers' compensation coverage and property and liability coverage.

The following is a summary of latest financial information available for the JPA:

	NBSIA June 30, 2018
Total Assets	$ 69,002,947
Deferred Outflows of Resources	757,440
Total Liabilities	34,191,002
Deferred Inflows of Resources	131,003
Net Position	$ 35,438,382
Revenues	$ 28,791,356
Expenditures	28,310,800
Change in Net Position	$ 480,556

Each member of the JPAs has an ongoing financial responsibility in the event of the JPA's total liabilities exceed its total assets.

The relationship between the District and the Joint Powers Authorities is such that they are not a component unit of the District for financial reporting purposes. Financial statements for the JPAs are available from the individual JPAs.

11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no excess expenditures over appropriations for the year ended June 30, 2018.

12. TAX AND REVENUE ANTICIPATION NOTES

On July 1, 2017, the District borrowed $4,000,000 from the County of Solano as a constitutional Advance under Article XVI, Section 6 of the California Constitution. The District is permitted to borrow up to 85% of fiscal year 2018 anticipated property tax revenues and will be charged an interest rate equal to the rate the County applies to funds on deposit with the County Treasury. The borrowing is to supplement cash flow.

On July 1, 2018, the District borrowed $4,000,000 from the County of Solano as a constitutional Advance under Article XVI, Section 6 of the California Constitution. The District is permitted to borrow up to 85% of fiscal year 2019 anticipated property tax revenues and will be charged an interest rate equal to the rate the County applies to funds on deposit with the County Treasury. The borrowing was to supplement cash flow.

13. SUBSEQUENT EVENTS

The District's management evaluated its June 30, 2018 financial statements for subsequent events through December 12, 2018, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

DIXON UNIFIED SCHOOL DISTRICT

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
LCFF sources	$ 28,197,528	$ 28,126,172	$ 28,090,696	$ (35,476)
Federal revenue	1,279,462	1,674,034	1,393,109	(280,925)
Other state revenues	2,243,059	3,791,225	3,251,693	(539,532)
Other local revenues	880,057	909,148	1,367,852	458,704
Total revenues	32,600,106	34,500,579	34,103,350	(397,229)
EXPENDITURES				
Certificated salaries	14,553,133	14,893,699	14,893,669	30
Classified salaries	5,618,888	5,777,295	5,777,295	-
Employee benefits	7,992,767	7,822,183	7,822,183	-
Books and supplies	890,007	823,645	823,645	-
Services and other operating expenditures	3,817,786	4,096,948	4,095,434	1,514
Capital outlay	-	410,843	410,843	-
Other outgo	303,000	300,004	390,530	(90,526)
Total expenditures	33,175,581	34,124,617	34,213,599	(88,982)
Net change in fund balances	(575,475)	375,962	(110,249)	(486,211)
Fund balances, July 1, 2017	3,220,219	3,220,219	3,220,219	-
Fund balances, June 30, 2018	$ 2,644,744	$ 3,596,181	$ 3,109,970	$ (486,211)

DIXON UNIFIED SCHOOL DISTRICT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2018
Total OPEB liability	
Service cost	$ 668,625
Interest	334,995
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(60,222)
Benefit payments, including refunds of member contributions	(483,597)
Net change in total OPEB liability	459,801
Total OPEB liability - beginning	9,425,958
Total OPEB liability - ending (a)	$ 9,885,759
Plan fiduciary net position	
Contributions - employer	$ 483,597
Net investment income	-
Benefit payments, including refunds of member contributions	(483,597)
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	$ -
District's net OPEB liability - ending (a) - (b)	$ 9,885,759
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%
Covered-employee payroll	$16,841,000
District's net OPEB liability as a percentage of covered-employee payroll	58.7%

DIXON UNIFIED SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CalPERS	June 30, 2014 [(1)]	June 30, 2015 [(1)]	June 30, 2016 [(1)]	June 30, 2017 [(1)]
Proportion of the net pension liability	0.03609%	0.03846%	0.04141%	0.04381%
Proportionate share of the net pension liability	$ 4,097,142	$ 5,669,076	$ 8,179,284	$ 10,457,519
Covered-employee payroll [(2)]	$ 3,682,703	$ 4,230,598	$ 4,238,278	$ 4,995,119
Proportionate Share of the net pension liability as percentage of covered-employee payroll	111.25%	134.00%	192.99%	209.35%
Plans fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%	71.87%
Proportionate share of aggregate employer contributions [(3)]	$ 433,491	$ 501,199	$ 588,612	$ 775,792

STRS	June 30, 2014 [(1)]	June 30, 2015 [(1)]	June 30, 2016 [(1)]	June 30, 2017 [(1)]
Proportion of the net pension liability	0.02865%	0.02806%	0.02906%	0.02606%
Proportionate share of the net pension liability	$ 16,739,399	$ 18,889,880	$ 23,505,591	$ 24,101,908
Covered-employee payroll [(2)]	$ 11,853,480	$ 10,777,745	$ 12,353,704	$ 12,041,719
Proportionate Share of the net pension liability as percentage of covered-employee payroll	141.22%	175.27%	190.27%	200.15%
Plans fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%
Proportionate share of aggregate employer contributions [(3)]	$ 1,052,589	$ 1,156,452	$ 1,554,096	$ 1,737,620

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

(2) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

(3) The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

DIXON UNIFIED SCHOOL DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CalPERS	Fiscal Year 2013-14 [1]	Fiscal Year 2014-15 [1]	Fiscal Year 2015-16 [1]	Fiscal Year 2016-17 [1]
Actuarially Determined Contribution [2]	$ 433,491	$ 501,199	$ 588,612	$ 775,792
Contributions in relation to the actuarially determined contributions [2]	(500,035)	(589,716)	(773,204)	(924,391)
Contribution deficiency (excess)	$ (66,544)	$ (88,517)	$ (184,592)	$ (148,599)
Covered-employee payroll [3]	$ 3,682,703	$ 4,230,598	$ 4,238,278	$ 4,995,119
Contributions as a percentage of covered-employee payroll [3]	11.771%	11.847%	13.888%	15.531%

STRS	Fiscal Year 2013-14 [1]	Fiscal Year 2014-15 [1]	Fiscal Year 2015-16 [1]	Fiscal Year 2016-17 [1]
Actuarially Determined Contribution [2]	$ 1,052,589	$ 1,156,452	$ 1,554,096	$ 1,737,620
Contributions in relation to the actuarially determined contributions [2]	(1,195,429)	(1,512,280)	(1,769,201)	(2,068,624)
Contribution deficiency (excess)	$ (142,840)	$ (355,828)	$ (215,105)	$ (331,004)
Covered-employee payroll [3]	$ 11,853,480	$ 10,777,745	$ 12,353,704	$ 12,041,719
Contributions as a percentage of covered-employee payroll [3]	8.880%	10.730%	12.580%	14.430%

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

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

(3) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

DIXON UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

1. PURPOSE OF SCHEDULES

A - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

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

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

Benefit changes: There were not changes to benefits.

Changes of Assumptions: The discount rate increased from 3.40 percent as of June 30, 2017 to 3.50 percent as of June 30, 2018.

Fiscal year 2018 was the first year of implementation, therefore only one year is shown.

The Schedule of Funding Progress presents multi-year trend information which compares, overtime, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

C - Schedule of Proportionate Share of the Net Pension Liability

Changes in assumptions

CalPERS
In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

STRS
During fiscal year 2016-17, 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. The changes to the assumptions as a result of the experience study follow:

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%

Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

D - Schedule of Pension Contributions

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

	CalPERS	**STRS**
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.75%	2.75%
Payroll Growth Rate	3.00%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

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

SUPPLEMENTARY INFORMATION

DIXON UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

JUNE 30, 2018

	Cafeteria Special Revenue Fund	Special Reserve Fund for Capital Outlay Projects	Mello-Roos Community Facilities District #1	Debt Service Fund for Blended Component Units	Total
ASSETS					
Cash and cash equivalents	$ 57,498	$ 902,727	$ 113,116	$ 413	$ 1,073,754
Accounts receivable	17,366	-	-	-	17,366
Due from other funds	112,745	-	-	-	112,745
Stores Inventory	11,718	-	-	-	11,718
Total Assets	$ 199,327	$ 902,727	$ 113,116	$ 413	$ 1,215,583
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 9,870	$ -	$ -	$ -	$ 9,870
Due to other funds	63,404	-	-	-	63,404
Total Liabilities	73,274	-	-	-	73,274
Fund balances					
Nonspendable	11,718	-	-	-	11,718
Restricted	114,335	-	-	-	114,335
Assigned	-	902,727	113,116	413	1,016,256
Total Fund Balances	126,053	902,727	113,116	413	1,142,309
Total liabilities and fund balances	$ 199,327	$ 902,727	$ 113,116	$ 413	$ 1,215,583

DIXON UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

ALL NON-MAJOR FUNDS

JUNE 30, 2018

	Cafeteria Special Revenue Fund	Special Reserve Fund for Capital Outlay Projects	Mello-Roos Community Facilities District #1	Debt Service Fund for Blended Component Units	Total
REVENUES					
Federal revenue	$ 914,311	$ -	$ -	$ -	$ 914,311
Other state revenues	69,411	-	-	-	69,411
Other local revenues	278,297	10,510	1,437	5	290,249
Total revenues	1,262,019	10,510	1,437	5	1,273,971
EXPENDITURES					
Classified salaries	547,473	-	-	-	547,473
Employee benefits	258,535	-	-	-	258,535
Books and supplies	403,179	-	-	-	403,179
Services and other operating expenditures	8,168	-	7,118	-	15,286
Other outgo	63,404	-	-	-	63,404
Total expenditures	1,280,759	-	7,118	-	1,287,877
Net change in fund balances	(18,740)	10,510	(5,681)	5	(13,906)
Fund balances, July 1, 2017	144,793	892,217	118,797	408	1,156,215
Fund balances, June 30, 2018	$ 126,053	$ 902,727	$ 113,116	$ 413	$ 1,142,309

DIXON UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

STUDENT BODY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 01, 2017	Additions	Deductions	Balance June 30, 2018
Assets:				
Cash on hand and in banks				
CA Jacobs Middle School	$ 54,044	$ 46,646	$ 54,212	46,478
Dixon High School	164,620	361,744	348,067	178,297
Gretchen Higgins School	12,770	23,063	21,125	14,707
Linford Anderson Elementary	6,986	22,898	21,250	8,634
Tremont Elementary School	30,249	30,258	31,712	28,795
Total Assets	$ 268,669	$ 437,962	$ 476,366	$ 276,911
Liabilities:				
Due to student groups	$ 268,669	$ 437,962	$ 476,366	$ 276,911
Total Liabilities	$ 268,669	$ 437,962	$ 476,366	$ 276,911

DIXON UNIFIED SCHOOL DISTRICT

ORGANIZATION

JUNE 30, 2018

The Dixon Unified School District was established in 1947 and encompasses an area of approximately 200 square miles in the County of Solano, California. There were no changes in the boundaries of the District duing the current year. The District operates three elementary schools, one middle school, one high school, one continuation high school, and one community day school.

GOVERNING BOARD

Name	Office	Term Expires December
Melissa Maseda	President	2020
Luke Foster	Vice President	2020
Guy Garcia	Member	2018
John Gabby	Member	2018
Caitlin O’Halloran	Member	2018

ADMINISTRATION

Brian Dolan
Superintendent

Melissa Mercado
Chief Business Officer

DIXON UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Second Period Report	Revised Second Period Report*	Annual Report
Elementary			
TK through third	794	794	800
Fourth through sixth	623	623	627
Seventh and eighth	502	502	503
Subtotal	1,919	1,919	1,930
Secondary			
Ninth through Twelfth	1,132	1,132	1,127
Special Education	3	3	4
Extended Year	6	6	6
Subtotal	1,141	1,141	1,137
Total	3,060	3,060	3,067

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

DIXON UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Grade Level	Standard Minutes Requirement	2017-18 Actual Minutes	Instructional Days	Status
Kindergarten	36,000	44,765	180	In compliance
Grade 1	50,400	53,720	180	In compliance
Grade 2	50,400	53,720	180	In compliance
Grade 3	50,400	53,720	180	In compliance
Grade 4	54,000	54,620	180	In compliance
Grade 5	54,000	54,620	180	In compliance
Grade 6	54,000	54,620	180	In compliance
Grade 7	54,000	55,095	180	In compliance
Grade 8	54,000	55,095	180	In compliance
Grade 9	64,800	65,698	180	In compliance
Grade 10	64,800	65,698	180	In compliance
Grade 11	64,800	65,698	180	In compliance
Grade 12	64,800	65,698	180	In compliance

DIXON UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Charter School ID Number	Charter Schools Chartered by the District	Included in the District Financial Statements, or Separate Report
1210	Dixon Montessori Charter School	Separately Reported

DIXON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL AND BUDGET FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

There were no adjustments to any funds of the District.

DIXON UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number		Federal Expenditures
U.S. Department of Education				
Passed through California Department of Education				
	Special Education Cluster:			
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379		$ 515,643
84.173	Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	13430		22,617
84.027A	Special Ed: IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	13682		71,656
84.027A	Special Ed: Supporting Inclusive Practices	13693		4,972
	Subtotal Special Education Cluster			614,888
84.010	ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	14329		475,650
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894		26,973
84.365	ESEA (ESSA): Title III, English Learner Student Program	14346		69,973
84.367	ESEA (ESSA): Title II, Part A, Improving Teacher Quality Local Grants	14341		116,918
	Total U.S. Department of Education			1,304,402
U.S. Department of Agriculture				
Passed through California Department of Education				
10.555	Child Nutrition: School Programs (NSL Sec 4)	13391	*	860,760
10.558	Child Nutrition: Child and Adult Care Food Program (Cash Advance)	13666	*	53,551
	Total Cash Assistance Subtotal			914,311
10.555	School Lunch Program - Nonmonetary Assistance	13391	*	115,724
	Total Non-Cash Assistance Subtotal			115,724
	Total U.S. Department of Agriculture			1,030,035
U.S. Department of Health and Human Services				
Passed through California Department of Education				
93.778	Dept of Health Care Services (DHCS): Medi-Cal Billing Option	10013		88,707
	Total U.S. Department of Health and Human Services			88,707
	Total Federal Programs			$ 2,423,144

* Tested as a major program.

DIXON UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Adopted Budget 2018/2019	Actuals 2017/2018	Actuals 2016/2017	Actuals 2015/2016
General Fund				
Revenues and Other Financial Sources	$ 36,074,780	$ 34,103,350	$ 33,498,761	$ 33,568,832
Expenditures	36,602,106	34,213,599	33,931,486	32,105,945
Other Uses and Transfers Out	-	-	30,000	-
Total Outgo	36,602,106	34,213,599	33,961,486	32,105,945
Change in Fund Balance	(527,326)	(110,249)	(462,725)	1,462,887
Ending Fund Balance	$ 2,582,644	$ 3,109,970	$ 3,220,219	$ 3,682,944
Available Reserves	$ 1,098,063	$ 1,026,408	$ 1,027,000	$ 1,327,625
Reserve for Economic Uncertainties	$ 1,098,063	$ 1,026,408	$ 1,027,000	$ 1,327,625
Unassigned Fund Balance	$ -	$ -	$ -	$ -
Available Reserves as a Percentage of Total Outgo	3.0%	3.0%	3.0%	4.1%
Total Long-Term Debt	$101,920,972	$ 104,185,972	$101,523,971	$ 67,213,231
Average Daily Attendance at P-2	3,078	3,060	3,089	3,159

The general fund balance has increased by $889,913 over the past three years. The fiscal year 2018-19 budget projects a decrease of $527,326. For a District this size, the State of California recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District has incurred an operating deficit in two of the past three fiscal years and anticipates a deficit in 2018-19.

Total long-term liabilities have increased by $36,972,741 over the past two years due to issuance of bonds, increases in the net pension liability, and recognition of the net OPEB liability due to the implementation of GASB 75.

Average Daily Attendance (ADA) has decreased by 99 over the past two years and attendance is budgeted to increase by 18 for fiscal year 2018-19.

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. 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.

The District participated in the Longer Day incentives and met or exceeded its target funding.

C. Schedule of Charter Schools

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

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

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

E. Schedule of Expenditures of Federal Awards

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

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

1. PURPOSE OF SCHEDULES (CONTINUED)

E. Schedule of Expenditures of Federal Awards (continued)

	Federal Catalog Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance		$ 2,307,420
Reconciling items		
Food Distribution - Commodities	10.555	115,724
Total Schedule of Expenditures of Federal Awards		$ 2,423,144

F. Schedule of Financial Trends And Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

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.

OTHER INDEPENDENT AUDITOR'S REPORTS

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

Board of Trustees
Dixon Unified School District
Dixon, California

Report on Compliance for Each State Program

We have audited Dixon Unified School District's (the "District") 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") to the state laws and regulations listed below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

701 Howe Avenue, Suite E3, Sacramento, CA 95825 916-993-9494 fax 916-993-9489
jmarta@jpmcpa.com www.jpmcpa.com

Local Education Agencies Other Than Charter Schools

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

School Districts, County Offices of Education and Charter Schools

Description	Procedures Performed
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before Schools Education and Safety Program	
General requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below

Charter Schools

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

We did not perform any procedures related to Early Retirement Incentive Program, Juvenile Court Schools, Before School portion of the After/Before School Education and Safety Program, Independent Study-Course Based, Middle or Early College High School and Apprenticeship: Related and Supplemental Instruction because the District did not offer these programs in the current year.

We did not perform any procedures related to Independent Study because the Average Daily Attendance reported for the program is not material for compliance purposes.

We did not perform any procedures related to Contemporaneous Records of Attendance for Charter Schools, Mode of Instruction for Charter Schools, Nonclassroom-Based Instruction/Independent Study for Charter Schools, Determination of Funding for Nonclassroom-Based Instruction for Charter Schools, Annual Instructional Minutes-Classroom-Based for Charter Schools, and Charter School Facility Grant Program because the District did not have any charter schools.

Opinion

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Finding **2018-02** in the accompanying Schedule of Audit Findings and Questioned Costs, Dixon Unified School District did not comply with requirements regarding the Instructional Materials. Compliance with such requirements is necessary, in our opinion, for Dixon Unified School District to comply with state laws and regulations applicable to that program.

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Dixon Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other State Programs

In our opinion, Dixon Unified School District complied, in all material respects, with the other applicable state compliance requirements referred to above for the year ended June 30, 2018.

Other Matters

Dixon Unified School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2018

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Dixon Unified School District
Dixon, 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 Dixon Unified School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Dixon Unified School District's basic financial statements, and have issued our report thereon dated December 12, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the district'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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs to be significant deficiencies: **2018-01**.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Dixon Unified School District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2018

REPORT ON COMLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of Education
Dixon Unified School District
Dixon, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, 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 the 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 of Federal Awards (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. 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 the 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 the District's compliance.

Opinion on Each Major Federal Program

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

Internal Control Over Compliance

Management of the 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 the 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 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 the 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2018

FINDINGS AND RECOMMENDATIONS

DIXON UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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)?	__X__ Yes _____ None reported
Noncompliance material to financial statements noted?	_____ Yes __X__ No

Federal Awards

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.555, 10.558	National School Lunch Cluster

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**:**	Qualified
Internal control over state programs:	
Material weakness(es) identified?	_____ Yes __X__ No
Significant deficiency(ies) identified not considered to be material weaknesses?	__X__ Yes _____ None reported

Section II – Financial Statement Findings

2018-01 Associated Student Body (30000)

Criteria:
Education Code Section 48930 (and the California Department of Education's "Accounting Procedures for Student Organizations Handbook") requires student body organizations to follow the regulations set by the Governing Board of the school district.

a. Pre-numbered tickets should be utilized to track cash receipts for events.
b. Bank statement reconciliations should be completed in a timely manner

Condition:
At C.A. Jacobs we noted the following items:

c. Fundraising approval forms were not prepared for events that generated revenues at the site during the year.
d. The bank statement reconciliation for November 2017 was not completed until March 13, 2018.

Cause:
The policies and procedures for account and cash handling procedures, as outlined by the District, were not properly implemented by the school site personnel.

Effect:

a. Fundraising activity may be unauthorized or inappropriate
b. Errors on the bank statements may not be discovered in a timely manner

Recommendation:

a. All fundraising activities should have a fundraising approval form completed prior to the revenue generating event. The fundraising approval form is a vital internal control tool and it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project and, in addition, would provide assurance that all moneys earned are properly receipted and deposited.
b. Bank reconciliations should be prepared and reviewed by site personnel in a timely manner.

Corrective Action Plan:
The Fiscal Services Team will visit the school sites to provide training to site staff based on the Accounting Procedures for Student Organizations as well as FCMAT's ASB Accounting Manual. The Principals will be advised and informed that the recommended best practices pertaining to ASB administration must be followed. Fiscal Services will address policies, procedures, and best practices during site visits, support services meetings and Administrative Team Meetings (Principals).

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – State Award Findings and Questioned Costs

2018-02 DEFICIENCY – INSTRUCTIONAL MATERIALS (40000)

Criteria:
Education Code Section 60119(B) requires that: "the public hearing shall take place on or before the end of the eighth week from the first day pupils attend school for that year."

Condition:
Per review of the July 20, 2017 Board of Director meeting minutes, instructional materials was approved before the first day of school.

Effect:
A deficiency of instructional materials for students may occur but not reported to the board.

Cause:
The public hearing was not held in during the required period detailed in Education Code Section 60119(B).

Fiscal Impact:
There is no fiscal impact.

Recommendation:
We recommend management hold the public hearing for instructional materials between the first day and eighth week of school, per the CDE requirements.

Corrective Action Plan
Management will hold the public hearing between the first day and eighth week of school.

Findings and Recommendation	Current Status	Explanation If Not Implemented
Internal Controls		
2017-01 Associated Student Body (30000)	Not implemented	See Finding 2018-1
Education Code Section 48930 (and the California Department of Education's "Accounting Procedures for Student Organizations Handbook") requires student body organizations to follow the regulations set by the Governing Board of the school district.		
The policies and procedures for account and cash handling procedures, as outlined by the District, were not properly implemented by the school site personnel.		
All receipts should be documented and deposited in a timely manner.		
State Compliance		
2017-02 Deficiency – Unduplicated Local Control Funding Formula Pupil Counts (40000)	Implemented	N/A
Students classified as "English Learner" status and are not directly certified on the CALPADS 1.18 FRPM English Learner/Foster Youth-Student List Report must have supporting documentation that indicates the student was eligible for the designation. Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 2574(b)(3)(C), 44238.02(b)(3)(B), and 41020, Education Code.		
Management oversight led to pupils being misclassified on the CALPADS 1.18 report		
The District should have a process of review in place to ensure the accuracy of the data contained in the CALPADS reports.		

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Series 2019 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Series 2019 Bonds in substantially the following form:

[Date of Delivery]

Dixon Unified School District
Dixon, California

Dixon Unified School District
(Solano County, California)
General Obligation Bonds, Election of 2016, Series 2019
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Dixon Unified School District (the "District"), which is located in the County of Solano (the "County"), in connection with the issuance by the District of $11,170,000 aggregate principal amount of bonds designated as "Dixon Unified School District (Solano County, California) General Obligation Bonds, Election of 2016, Series 2019" (the "Series 2019 Bonds"), representing part of an issue in the aggregate principal amount of $30,400,000 authorized at an election held in the District on November 8, 2016. The Series 2019 Bonds are issued under and pursuant to a resolution of the Board of Education of the District adopted on April 18, 2019 (the "Resolution").

In such connection, we have reviewed the Resolution, the Tax Certificate of the District, dated the date hereof (the "Tax Certificate"), certificates of the District, the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2019 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Series 2019 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2019 Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against school districts or counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated May 14, 2019, or other offering material relating to the Series 2019 Bonds and express no opinion with respect thereto.

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

1. The Series 2019 Bonds constitute valid and binding obligations of the District.

2. The Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.

3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Series 2019 Bonds and the interest thereon.

4. Interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Series 2019 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2019 Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the Dixon Unified School District (the "District") in connection with the issuance of $11,170,000 aggregate principal amount of Dixon Unified School District (Solano County, California) General Obligation Bonds, Election of 2016, Series 2019 (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on April 18, 2019 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

"Beneficial Owner" shall mean any person which 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).

"Dissemination Agent" shall mean Cooperative Strategies, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean, for the purposes of the Listed Events set out in Section 5 (a)(x) and 5(b)(viii), 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) hereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" shall mean the Official Statement, dated May 14, 2019 (including all exhibits or appendices thereto), relating to the offer and sale of Bonds.

"Participating Underwriter" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports. (a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which due date shall be April 1 of each year, so long as the District's fiscal year ends on June 30), commencing with the report for the 2018-19 Fiscal Year (which is due not later than April 1, 2020), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, 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. If the District's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; and

(ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

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

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, 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 provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) The adopted budget of the District for the then current fiscal year, or a summary thereof.

(ii) The District's average daily attendance for the last completed fiscal year.

(iii) The District's outstanding debt.

(iv) Information regarding total assessed valuation (secured, unsecured and total) of taxable properties within the District for the then current fiscal year, if and to the extent made available by the County of Solano (the "County"). If and to the extent such information is not made available by the County, a statement to that effect shall be included in the Annual Report.

(v) Information regarding twenty taxpayers with the greatest combined ownership of taxable property in the District for the then current fiscal year, if and to the extent made available by the County. If and to the extent such information is not made available by the County, a statement to that effect shall be included in the Annual Report.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB's website. The District shall clearly identify each such other document so included by reference.

Section 5. <u>Reporting of Significant Events</u>. (a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

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

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

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

(v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) tender offers;

(vii) defeasances;

(viii) rating changes;

(ix) bankruptcy, insolvency, receivership or similar event of the obligated person; or

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

For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) unless described in paragraph 5(a)(v), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) modifications to rights of Bond Holders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) non-payment related defaults;

(vi) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) appointment of a successor or additional paying agent or the change of name of a paying agent; or

(viii) incurrence of a Financial Obligation of the District, 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 security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3 hereof, as provided in Section 3(b) hereof.

(d) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the District determines would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(e) The District intends to comply with the Listed Events described in subsection (a)(x) and subsection (b)(viii), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. <u>Format for Filings with MSRB</u>. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. <u>Termination of Reporting Obligation</u>. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in a filing with the MSRB.

Section 8. <u>Dissemination Agent</u>. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. 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 Cooperative Strategies, LLC.

Section 9. <u>Amendment; Waiver</u>. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, 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) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, 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

(c) the proposed amendment or waiver either (i) is approved by the Holders in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next 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 a filing with the MSRB, 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 required to be filed pursuant to this Disclosure Certificate, 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 in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner 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; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and (if the Dissemination Agent is other than the District), the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which 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 obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: May 30, 2019

DIXON UNIFIED SCHOOL DISTRICT

By: ___________________________________

ACCEPTED AND AGREED TO:

COOPERATIVE STRATEGIES, LLC, as Dissemination Agent

By: ___________________________________
Authorized Signatory

EXHIBIT A

NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	**DIXON UNIFIED SCHOOL DISTRICT**
Name of Issue:	Dixon Unified School District (Solano County, California) General Obligation Bonds, Election of 2016, Series 2019
Date of Issuance:	May 30, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated May 30, 2019. [The District anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

DIXON UNIFIED SCHOOL DISTRICT

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APPENDIX E

SOLANO COUNTY INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL

The following information has been furnished by the Office of the Treasurer/Tax Collector/County Clerk, County of Solano. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Treasurer and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer/Tax Collector/County Clerk, 675 Texas Street, Suite 1900, Fairfield, CA 94533.

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

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2018

SOLANO COUNTY TREASURER

INVESTMENT POLICY

Table of Contents

Purpose

This policy provides guidance, control, and direction for the management of surplus funds entrusted to the care of the Solano County Treasurer. These funds are invested collectively and referred to as the Treasury Pool. In addition, the Treasurer is entrusted with segregated investments related to debt issuance and other sources. These funds are invested within the scope of all applicable bond issuance documents, government codes, trust agreements, or other restrictions in affect at the time of the deposit and during the holding period. Any funds entrusted and invested outside the Treasury Pool are accounted for separately.

Scope

This policy applies to all funds over which the Treasurer has been granted fiduciary responsibility and direct control for their management.

Implementation

The guidelines and restrictions found herein shall be applied to all actions taken after its adoption by the Board of Supervisors and shall remain in effect until replaced.

Participants

This investment policy generally restricts deposits to those funds mandated by law or contractual agreement to be held in care of the County Treasurer.
On the consent of the Treasurer, exemptions may be granted pursuant to Government Code §53684 for non-mandatory depositing agencies or non-mandated funds, if it is determined that the additional deposit provides a benefit to the Treasury Pool as a whole while not creating an unmanageable liquidity risk.

Non-mandated depositors or funds may be subject to specific transactional limitations that mitigate the non-mandated deposit liquidity risk. These restrictions may include but are not limited to restrictions on the number of transactions per month, on the size of individual transactions, and on the amount of notification time required before processing a transaction. Non-mandated depositors must agree to the terms and conditions of deposit prior to the Treasurer's acceptance of any non-mandated funds. As a default, these restrictions shall be not more than five transactions per month, not more than the lesser of five million dollars or one percent of the portfolio in aggregate transaction totals per month, and a minimum of thirty days' prior notification for any transaction.

General Policy Statement

It shall be the policy of the Solano County Treasurer to manage the Treasury Pool in accordance with applicable State codes and for the benefit of the pool participants. The Treasurer will make every reasonable effort to maintain the composition of the Treasury Pool within an acceptable risk – return profile. To achieve and maintain this profile, the Treasurer may direct investment purchases or sales to adjust the credit risk, interest rate risk, liquidity risk, or other risks inherent in investment pools.

Objectives

It is the objective of the Solano County Treasurer to invest public funds in a manner that provides security of principal, sufficient liquidity to ensure that the specific portfolio is able to meet its cash flow needs, and generates returns consummate with the inherent risks being managed. This practice is generally referred to as the "SLY" principal; which is Safety, Liquidity, and Yield.

Safety: Safety of principal seeks to insure the preservation of capital. The objective will be to manage credit risk and liquidity risk

Credit risk, also known as default risk, is the risk that the issuer of a fixed income security may be unable to make timely principal and interest payments. This risk is mitigated through diversification, a process whereby funds are invested in multiple issuers as opposed to a single name.

Liquidity risk, is the risk that an investment will be difficult or impossible to sell at a reasonable price relative to its potential return. Marketability risk increases or decreases based on a number of factors including the notoriety of the debt issuer and the frequency at which they issue debt. The size, structure, and complexity of the particular deal, and the size of the market it is issued in are also factors that impact marketability of the security. Market risk is mitigated in the portfolio through the purchase and holding of securities issued by larger, more well-known, and higher rated issuers, such as the United States Treasury and Federal Agencies.

Liquidity: The investment pool shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by purchasing securities from large, well known, and highly rated issuers. As well as maintaining a ladder of investment whose maturities are timed to match the historical needs of depositors. This includes structuring the ladder to provide additional maturities in summer months when cash demands exceed deposits. The Treasury Pool also maintains cash balances in several Money Market and Money Market-like instruments including the Local Agency Investment Fund.

Yield: The Treasury Pool shall be managed with the objective of maintaining a rate of return commensurate with the risk through various budgetary and economic cycles. Taking into account prevailing interest rates, liquidity needs as described above, and the limits on the types of securities the Treasury Pool is authorized to purchase.
A prudent balancing of liquidity needs results in an investment return for Treasury pool participants that is higher, under most conditions, than that which would be available to them in an overnight investment. However, as a consequence of purchasing longer maturity investments with higher yields, the yield on the Treasury Pool can be expected to lag changes in market interest rates. The result is a buffered Treasury Pool yield that moves slowly and steadily in the direction of market rates, while providing higher long term rates of return, and an increased ability to forecast depositor yields for budgetary purposes.

Standard of Care

The following policies are designed in accordance with Government Code §53600 et al and the recommended best practices of the Government Finance Officers Association (GFOA) to provide transparency to Treasury operations while enhancing portfolio controls.

a) Mark to Market: The portfolio will be marked to market on a monthly or more frequent basis.

b) Wires, ACH's, and other electronic transfers: Electronic transfers will require either dual control in the establishment of a repetitive transaction or dual control in the release of a non-repetitive transaction.

c) Prudent Investor: Treasury staff will at all times be held to the "Prudent Investor Standard" when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds. The County Treasurer and his/her deputies shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of investing funds of a like character and with like aims to safeguard the principal and maintain the liquidity needs of the County and other depositors.

d) Indemnification: The Treasurer and his or her staff, when acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes. Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs. Investments will not be made for speculation but for investment consistent with the stated objectives.

e) Ethics and Conflicts of Interest: County officers, employees, agents and any others who may be directly involved in the investment decision making process shall adhere to all applicable laws regarding conflicts of interest and refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. Individuals making or advising on investment decisions shall refrain from conducting personal investment transactions with the same individual firm with whom business is conducted on behalf of the County. The receipt of gifts is subject to the disclosure requirements and limitations set forth in sections §87200 and §89503 of the Government Code. In addition, the receipt of honoraria is prohibited.

f) Delegation of Authority – Government Code §53607: California Government Code §53607 authorizes the County Board of Supervisors the authority to delegate the investment function to the County Treasurer for a one-year period. The Treasurer shall thereafter assume full responsibility for those transactions until the authority is revoked or expires.

g) Transactions Records: All Treasury records will be maintained in accordance with the County's adopted records retention policy.

Banking

Banking services are utilized to facilitate the financial transactions required by the pool participants. The bank or banks providing these services will be selected in accordance with Government Code §53635.2. Where possible the Treasurer will strive to consolidate banking services in order to achieve the most cost effective means of meeting the needs of the pool participants.

In addition, the Treasurer works with the County Auditor, the Department of Information Technology, and representatives from School and other districts depositing funds into the Treasury. The objective is to as far as possible automate the transfer of financial information between the disparate groups. These efforts are intended to provide enhanced internal controls, reduce staff workloads, and generate cost savings to the pool participants.

Safekeeping and Custody

Delivery vs. Payment: Purchased, or otherwise acquired, investment securities will be delivered by Fed Book Entry, DTC, or physical deliver, and to the extent feasible, held in third party safekeeping with a designated custodian. To the greatest extent possible, all transactions will be conducted on a Delivery Versus Payment (DVP) methodology where funds for payment are released simultaneously with the arrival of the investment.

Third-party Safekeeping: The trust department of a bank or other qualified provider will be designated as custodian for safekeeping specific securities. The custodian shall provide reporting and as needed real time access to financial records that show the specific instrument, selling broker/dealer, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, and other pertinent information.

Reporting

In accordance with the recommendations of Government Code §53646 the Treasurer will publish on the County public website, or make available through other electronic means, a detailed report of the investment transactions on a monthly basis. The report will also disclose the amount of liquidity available to meet cash flow demands for the subsequent six month period.

In addition, it is the practice of the Treasurer to provide additional and more frequent information to provide transparency in Treasury operations. These reports include:

a) A monthly summary report showing the ending assets, monthly average assets, summary income, and net asset value of the Treasury Pool portfolio.
b) Detailed supporting documentation for asset balances, income, and net asset values.

Transaction records, bank statements, account reconciliations, and associated accounting materials are filed and maintained in accordance with Government Code §27000 - §27013 inclusive; and the County's adopted records retention policy.

Compensation

In accordance with Government Code §§ 27013 and 53684, the Treasurer will charge all pool participants for administrative and overhead costs. Costs include, but are not limited to, employee salaries and benefits, portfolio management, bank and custodial fees, software maintenance fees, and other direct and indirect costs incurred from handling or managing funds Costs will be deducted from interest earnings on the pool prior to apportioning and payment of interest. The Treasurer shall annually prepare a proposed budget providing a detailed itemization of all estimated costs which comprises the administrative fee charged in accordance with California Government Code § 27013. The administrative fee will be subject to change annually. At the end of each fiscal year the amount of the administrative fee is adjusted to reflect the actual Treasury costs for the year.

Financial Dealers and Institutions

As a trustee of public funds held on behalf of other governing bodies it is the Treasurer's policy to use those financial institutions and financial service providers who provide the greatest investment benefit to the pool participants.

a) Issues of public social concern and benefit will be evaluated on a case by case basis using the minimum criteria that to be eligible to receive County funds, all banks, savings associations or federally insured industrial loan companies must have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record meeting the credit needs of California's communities, including low, moderate income neighborhoods pursuant to Section 2906 of Title 12 of the United States Code.

b) Any decision to conduct financial transactions with an entity shall be made exercising the care, skill, prudence and diligence under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs.

c) Authorization of Broker/Dealers to conduct business with the County is in the sole discretion of the Treasurer. In order to assist in the determination process, Broker/Dealers must provide reasonable proof of qualifications. The criteria for authorization of Broker/Dealers are as follows:

   i. Any individual Broker/Dealer or Broker/Dealer firm that has made any political contribution to any agency, individual, or campaign within the potential scope of this policy, at any time during the prior 48 months that exceeds the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board shall be barred from consideration.
   ii. Individual Broker/Dealers and Broker/Dealer firms must be in good standing with the NASD.
   iii. Individual Broker/Dealer and Broker/Dealer firms must be licensed to conduct business in the State of California.

Constitutionally Mandated Temporary Transfers

Pursuant to Article XVI, section 6 of the California Constitution, the County Treasurer, upon resolution of the Board of Supervisors, has the power and the duty to make temporary transfers of Treasury Pool funds to districts whose funds are in the custody of and paid out solely through the Treasurer's Office. In accordance with statute, these temporary transfers will be limited to 85% of all anticipated revenues accruing to the district that are mandated for deposit with the Treasury.

Calculating and Apportioning Pool Earnings

The Solano County Investment Pool is comprised of monies from multiple units of the county, schools, agencies and districts. Each entity has unique cash flow demands, which dictate the type of investments the Treasurer must purchase. To ensure parity among the pool participants when apportioning interest, the following procedures have been developed.

a) Interest is apportioned on an at least quarterly basis in accordance with the California Government Code.

b) Interest is apportioned to pool participants based on the participants' average daily fund balance as determined by the Auditor-Controller.

c) Interest is calculated on an accrual basis for all investments in the Treasurer's Pool by the Treasurer and reported to the Auditor-Controller for distribution into the funds of the participants.

d) The Auditor-Controller deducts accounting fees and makes any adjustments from the interest earning and apportions the remaining earnings to all participants based on the positive average daily balance.

e) Negative average daily fund balance will be charged interest at the rate of interest that is being apportioned.

Deposit and Withdrawal Requests

Solano County operates a Pooled Investment Portfolio that allows optimal liquidity and diversification for depositing agencies. Unless otherwise specified, monies from all units of government, schools, agencies and districts deposited into the Treasury are combined into the Treasury Pool. The purpose of the combined portfolio is to increase participant's liquidity and not limit them to specific investments. This portfolio is managed as a unit based on a calculated combined cash flow of all the participants. See "Participants" section for additional information and restrictions on deposits.

Per Government Code §27136, the Treasurer will approve all material withdrawals from the investment pool that are made for the purpose of investing or depositing those funds outside the County Treasury Pool. Transactions by non-mandatory depositors will be at a minimum subject to the limitations as described in Treasurer's pool participants section of this policy.

Exceptions to the combined pool are allowed for bond proceeds and other funds that must be segregated by applicable bond documents, trust agreements, statutes, or other restrictions in place at or during the time the funds are entrusted to the Solano County

Treasurer. Investment and reporting of these funds will be segregated from the Treasury Pool. For additional information see “Bond Proceeds Portfolios.”

Authorized Investments and Restrictions

The Solano County Treasurer’s Pool shall be governed by the tenets of Government Code § 53600 et seq. In addition to these tenets the portfolio is further restricted to the following percentages based on book value at the time of purchase.

a) Bonds issued by Solano County as the local agency
   i. Not more than 20% of the portfolio
   ii. Maximum maturity of 30 years in accordance with Resolution 2008-96

b) Treasury Bills, Notes, Bonds, and other Certificates of Indebtedness backed by the full faith and credit of the United States Government
   i. No restrictions above those mandated by §53601

c) Registered state warrants or treasury notes or bonds of the State of California
   i. Not more than 20% of the portfolio
   ii. Maximum maturity of 30 years in accordance with Resolution 2008-96

d) Registered treasury notes or bonds issued by any of the other 49 states in accordance with §53601 (d)
   i. Not more than 20% of the portfolio.
   ii. Maximum maturity of 30 years in accordance with Resolution 2008-96

e) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California not including Solano County
   i. Not more than 20% of the portfolio
   ii. Maximum maturity of 30 years in accordance with Resolution 2008-96

f) Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments
   i. Not more than 80% of the portfolio
   ii. Not more than 50% of the portfolio in any single agency

g) Bankers Acceptances
   i. No restrictions above those mandated by §53601

h) Commercial Paper
   i. Must be credit rated the equivalent of “A-1” or higher by at least two nationally recognized statistical rating organizations.

i) Negotiable Certificates of Deposit
   i. Not more than 20% of the portfolio

j) Repurchase Agreement or Reverse Repurchase Agreements Collateral
   i. No restrictions above those mandated by §53601

k) Corporate Bonds, Notes, or other Certificates of Indebtedness
   i. No restrictions above those mandated by §53601

l) Shares of Beneficial Interest
   i. No restrictions above those mandated by §53601

m) Bond Proceeds
   i. No restrictions above those mandated by §53601

n) Security Interests
   i. No restrictions above those mandated by §53601

o) Any mortgage or other asset backed pass-through security or collateralization
   i. No restrictions above those mandated be §53601

p) JPA Participations
   i. No restrictions above those mandated by §53601

q) International Bank for Reconstruction and Development, International Finance Corporation, Inter-American Development Bank
   i. Dollar denominated senior unsecured unsubordinated rated AA or better.

r) Other Restrictions
   i. Currently callable securities restricted to not more than 60% of the portfolio. Restriction does not apply to make whole calls.
   ii. Securities downgraded to below investment grade shall be reviewed and sold at market prices if the determination is made that they present a material risk to the portfolio liquidity.

s) Commercial Bank, Savings Bank, Savings and Loan Association, or Credit Union Certificate distribution mechanisms.
   i. No Restrictions above those mandated by §53601

Any investment currently held in the portfolio that does not meet the guidelines established in this policy is exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

In accordance with California Government Code Section §53601 the Treasurer retains the right to petition the Solano County Board of Supervisors for approval to invest in securities with a final maturity in excess of five years. The Solano County Board of Supervisors adoption of any resolution allowing maturities beyond five years shall be considered an allowed modification to this policy and any investments made in accordance with the modification shall be allowable under this policy.

The Board's previously granted exception in the form of Resolution 2009-65 on April 07, 2009 shall remain in effect regarding the purchase of extended maturity securities, pursuant to Government Code §53601.

Other Policy Considerations

Disaster Recovery: The County Treasury maintains disaster recovery policies, procedures, and practices that are tested and updated on a regular basis as technologies and conditions change. These items are intended first and foremost to provide the maximum protection to Treasury assets in the event of a natural or manmade disaster.

The Treasury also maintains contingency operating procedures to provide business continuity in the event that key County facilities or equipment are unavailable for extended periods of time.

Auditing: Pursuant to Government Code § 26920 the Treasury undergoes a quarterly review of the Treasurer's statement of assets conducted by the Internal Audit division of the Auditor-Controller's office. The Auditor's review shall be accomplished in accordance with the appropriate professional standards, as determined by the County Auditor. The Treasurer shall prepare a statement showing the amount and type of assets in the County Treasury as of the date of the review. The review shall include:

a) Counting cash in the Treasury.

b) Verifying that the records of the Treasurer and Auditor are reconciled pursuant to California Government Code § 26905.

c) Issuing a report to the Board of Supervisors in accordance with the Statements on Standards of Accounting and Review Services issued by the American Institute of Certified Public Accountants.

d) On an annual basis, the Internal Audit Division of the Auditor-Controller's Office shall perform or cause to be performed an audit of the assets in the County Treasury and express an opinion whether the Treasurer's statement of assets is presented fairly and in accordance with generally accepted accounting principles.

e) The report shall be addressed to the Board of Supervisors. The quarterly review referenced above need not be performed for the period when an audit is conducted.

Investment of Segregated Funds

As needed, the Treasurer may be entrusted to manage the proceeds of specific bond issuances or other deposited funds as separate investments from the Treasury Pool.

These include, but are not limited to General Obligations of the County, County TRANs, Pension Trust Fund, School General Obligations, School TRANs, and State or other entity provided loans or deposits to local agencies including School Districts.

Participation: Participation in a "segregated funds" portfolio is restricted to the terms of the specific issues trust agreement or as directed by the appropriate legal counsel. Establishment of a segregated investment will be by mutual agreement of the requesting agency and the Treasurer

Portfolio Restrictions: Funds in any segregated portfolio will be governed by the tenets of the trust agreement, and any other agreed upon governance. Segregated investment will be held to the prudent investor standard.

a) Investments in this portfolio are not subject to the limitations of §53601 - §53609 inclusive.
b) For tax purposes portfolio investments may be restricted to tax exempt or other specific tax treatment securities.
c) As a result of spending restrictions, portfolio funds may be invested in securities with durations of up to forty years or as otherwise proscribed in the trust agreement

Withdrawing funds from the Portfolio: Withdrawals are subject to the limitations and restrictions as described in the trust agreement. Any gains or losses realized as a result of changes in the anticipated withdrawal schedule will be apportioned to the depositor's fund.

Special Investments: Special investments are subject to the restrictions of the individual bond issuance as described in the trust agreement or as directed by the appropriate legal counsel.

Roles and Responsibilities: The Treasurer manages these funds on behalf of the depositor and relies on the depositor to provide accurate information with regard to liquidity and other specific investment needs. It shall be the responsibility of the depositor to notify the Treasurer of any changes in the investment requirements. Balances are validated against records maintained by the Auditor – Controller's office.

California Government Code Sections Referenced:

§26900-26922
§27000-27137
§53600-53610
§53630-53692

Solano County

675 Texas Street
Fairfield, California 94533
www.solanocounty.com

Meeting Minutes - Action Only

Board of Supervisors

Erin Hannigan (Dist. 1) Chairwoman
(707) 553-5363
Monica Brown (Dist. 2), Vice-Chair
(707) 784-3031
James P. Spering (Dist. 3)
(707) 784-6136
John M. Vasquez (Dist. 4)
(707) 784-6129
Skip Thomson (Dist. 5)
(707) 784-6130

Tuesday, February 5, 2019 **8:30 AM** **Board of Supervisors Chambers**

6 **19-98** Accept the Solano County Treasurer's Quarterly Report for the period of October 1, 2018 through December 31, 2018

Accepted

Agenda Submittal

Agenda #:	6	**Status:**	Consent Calendar
Type:	Report	**Department:**	Treasurer-Tax Collector-County Clerk
File #:	19-98	**Contact:**	Charles Lomeli, 784-3419
Agenda date:	2/5/2019	**Final action:**	2/5/2019
Title:	Accept the Solano County Treasurer's Quarterly Report for the period of October 1, 2018 through December 31, 2018		
Governing body:	Board of Supervisors		
District:	All		
Attachments:	1. A - Letter to the Board, 2. B - Statement of Compliance, 3. C - PARS 115 Report, 4. D - Treasury Portfolio, 5. E - Balance Sheet and Income Statement, 6. Minute Order		

Date	Ver.	Action By	Action	Result
2/5/2019	1	Board of Supervisors		

Published Notice Required? Yes ____ No _X_
Public Hearing Required? Yes ____ No _X_

DEPARTMENTAL RECOMMENDATION:

It is recommended that the Board accept the County Treasurer's Quarterly Report for the period of October 1, 2018 through December 31, 2018.

SUMMARY:

Submitted herein is the Treasurer's FY2018/19 Second Quarter Report, which contains the Treasurer's Statement of Compliance.

This report is provided for informational purposes only. All information contained in this report pertains to all county, district, agency and school district funds. This report is also available on the Treasurer's web site at www.solanocounty.com.

FINANCIAL IMPACT:

There is no financial impact in accepting this report; all costs associated with preparing the agenda item are nominal and absorbed by the department's FY2018/19 Adopted Budget.

ALTERNATIVES:

The Board could elect not to accept this report at this time or request a change in content or format.

OTHER AGENCY INVOLVEMENT:

This report will be promulgated to the distribution list on the Statement of Compliance and published on the Treasurer's website.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION

CHARLES LOMELI
Treasurer-Tax Collector-County Clerk
calomeli@solanocounty.com

MICHAEL COOPER
Assistant Treasurer-Tax Collector-County Clerk
mrcooper@solanocounty.com

ttccc@solanocounty.com
www.solanocounty.com

TREASURER-TAX COLLECTOR-COUNTY CLERK

SOLANO COUNTY

LORI BUTLER-SLAPPY
Tax Collections Manager
leslappy@solanocounty.com

DENISE DIX
County Clerk Manager
dmdix@solanocounty.com

675 Texas Street, Suite 1900
Fairfield, CA 94533-6342
(707) 784-7485
Treasurer (707) 784-6295
Fax (707) 784-6311

January 15, 2019

The Honorable Members of the Board of Supervisors
County of Solano County
675 Texas Street, Suite 6500
Fairfield CA 94533

Honorable Members of the Board:

It is my pleasure to present the quarterly report for the second quarter of FY2018/19.

State of the Treasury

The $1.2 billion Treasurer's pool is managed in accordance with the tenets of California Government Code §53600.5 to provide for the safety of principal, adequate liquidity for all anticipated cash flow requirements, and a consistent rate of return commensurate with the established risk profile.

The 544.0 million currently held in cash and investments with six months or less left to maturity should provide adequate funding for all anticipated cash needs, while also affording the Treasury an opportunity to invest excess liquidity at higher rates.

To mitigate various risks identified below, the treasury pool is maintained with a duration designed to stabilize yields and prevent rapid increases or decreases in earnings. The treasury pool is also diversified from a credit risk perspective by maintaining a mix of investments that includes 15.6% in cash and cash equivalents, 15.0% in US Treasuries, 39.1% in Government Sponsored Enterprises, 13.4% in US Corporations, and 10.7% in Municipals; with the balance of 6.2% held in a variety of assets including mutual funds, commercial paper, and other holdings allowable under §53600.5.

Current Market Conditions Impacting the Treasury Pool

At the December meeting, the Federal Open Market Committee (FOMC) by unanimous vote raised the Federal Funds rate by .25% which currently stands at 2.5% citing continued strong employment data, moderate inflation and a strong economy. The committee also signaled additional rate increases in 2019 which will be data dependent. In the minutes of the meeting, concerns were raised and discussed regarding signs of slowing global growth and financial market volatility. These concerns were cited as reasons to be "patient" with the announced normalization of interest rates and continued reduction of the balance sheet or holding of treasury and mortgage backed securities.

Treasury Managers monitor FOMC releases, and other data, to remain abreast of economic changes that may potentially impact the performance of the Treasurer's pool to ensure the portfolio is properly positioned on the yield curve to balance risk and return. A material portion of the monitored information from the FOMC can be found in the regional reports from the 12 Federal Reserve Districts that are compiled in Beige Book reports published 8 times a year.

Expectations going forward

The FOMC has announced it expects funds rates to continue to increase in 2019; therefore, the market value of the portfolio will likely remain lower than the book value for the foreseeable future. This difference is recognized in the Treasury accounting as an unrealized mark to market loss. Additionally, the interest earning on the investment pool are anticipated to increase accordingly. The weighted average yield on investments maturing in the next six months is 2.0% with a reasonable replacement yield for projection purposes of 2.5%. Should the funds replacement take place as anticipated, the treasury pool should produce an additional $2.7 million in earnings on an annualized basis when the benefits of repricing are fully realized.

In addition to the expectation for rising rates, a number of macro-economic and political issues are monitored by treasury managers to detect any impacts on elements of the portfolio. A trade dispute with China is impacting our corporations and banks due to the imposition of sanctions on Chinese goods into the US and US goods into China. Additional sanctions have been announced and are scheduled to be imposed this quarter. Additionally, the Brexit or United Kingdom withdrawal from the European Union is expected to cause some degree of uncertainty and disruption in European markets. These events are not expected to have significant lasting impacts but can result in short term volatility in our markets in the coming quarters.

Respectfully Submitted,
CHARLES LOMELI
Treasurer – Tax Collector – County Clerk

CHARLES LOMELI
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Assistant Treasurer-Tax Collector-
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TREASURER-TAX COLLECTOR-COUNTY CLERK

SOLANO COUNTY

LORI BUTLER-SLAPPY
Tax Collections Manager
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County Clerk Manager
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675 Texas Street, Suite 1900
Fairfield, CA 94533-6342
(707) 784-7485
Treasurer (707) 784-6295
Fax (707) 784-6311

STATEMENT OF COMPLIANCE

December 31, 2018

Liquidity:

The Treasury has a cash and cash equivalent position (securities maturing within 6 months) of $544 million dollars as of December 31, 2018. Based on historical trend analysis and projections by the various school districts, it is estimated that this cash position is adequate to meet projected liquidity requirements of the pool participants for the next six months.

Should the treasury experience unusual demands on cash, the liquidity position will be adjusted accordingly.

Investments:

The investment portfolio has been reviewed by the Treasurer-Tax Collector-County Clerk on December 31, 2018 and found to be in compliance with the Investment Policy.

Reporting and Distribution:

In accordance with Government code section 53607, a monthly report is submitted to the Clerk of the Board electronically.

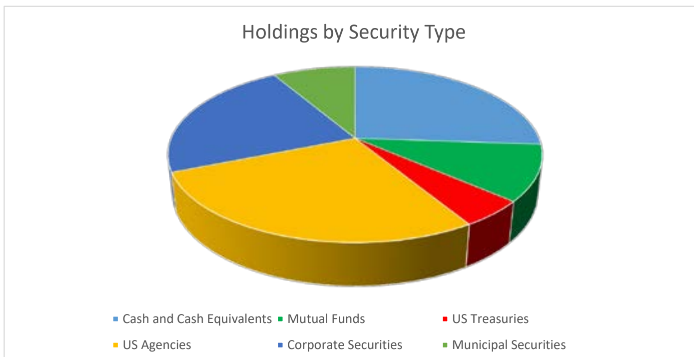
In accordance with the Government Code section 53646 this non-mandated quarterly report is submitted to provide full disclosure to the Board and public.

This report is also made available to the Superintendent of Schools, the business managers of each district, many pool participants and the public at large via the Internet.

Respectfully Submitted,
CHARLES LOMELI
Treasurer-Tax Collector-County Clerk

Solano County
PARS 115 Trust
Account Summary Report
December 31, 2018

Holdings by Security Type	Book Value	Market Value
Cash and Cash Equivalents	7,976,698.44	7,976,943.88
Mutual Funds	3,220,000.00	3,130,000.00
US Treasuries	1,508,904.25	1,493,203.50
US Agencies	8,487,336.59	8,440,554.00
Corporate Securities	6,939,410.69	6,896,622.56
Municipal Securities	2,659,560.03	2,599,092.40
Total Security Holdings	**30,791,910.00**	**30,536,416.34**
Accrued Income	**63,234.43**	**63,234.43**
Grand Total	**30,855,144.43**	**30,599,650.77**
Estimated Annual Income		582,909.25
Yield on Total Assets		2.00%



Attachment C

BOOK VALUE VS MARKET REPORT

Solano County Treasurer

INVESTMENT PORTFOLIO ACCOUNTING 7.80 **LAST INTEREST ACCRUAL DATE: 12/31/2018**

SECURITY ID/LOT NO.	DESCRIPTION	FAS115 CLASS	MATURITY/ CALL DATE	PAR VALUE	BOOK VALUE	MARKET VALUE	MARKET GAIN/LOSS	MARKET DATE
PORTFOLIO: PARS115								
SECURITY TYPE: 115CORPS								
78658QS95/001	SAFRA NATIONAL BANK C D	AFS	01/28/2019	250,000.00	250,000.00	250,000.00	0.00	12/31/2018
46640QP47/002	JP MORGAN SECURITIES LLC	AFS	02/04/2019	2,000,000.00	1,995,480.93	2,000,000.00	4,519.07	12/31/2018
92937CFX1/001	WEX BANK C D	AFS	02/04/2019	250,000.00	250,000.00	249,840.75	-159.25	12/31/2018
909557GP9/001	UNITED BANKERS BANK C D	AFS	02/11/2019	250,000.00	250,000.00	249,799.25	-200.75	12/31/2018
575718AC5/001	MASS INSTITUTE OF TECH	AFS	07/01/2019	570,000.00	568,867.47	568,060.86	-806.61	12/31/2018
575718AC5/002	MASS INSTITUTE OF TECH	AFS	07/01/2019	127,000.00	126,748.29	126,567.95	-180.34	12/31/2018
132555AM5/001	CAMBRIDGE TRUST C D	AFS	07/22/2019	250,000.00	250,000.00	248,650.75	-1,349.25	12/31/2018
624786CZ0/001	MUFG UNION BANK	AFS	07/24/2019	250,000.00	250,000.00	249,582.75	-417.25	12/31/2018
1404203W8/001	CAPITAL ONE C D	AFS	07/26/2019	250,000.00	250,000.00	248,626.25	-1,373.75	12/31/2018
14042RGQ8/001	CAPITAL ONE NATL C D	AFS	07/26/2019	250,000.00	250,000.00	248,626.25	-1,373.75	12/31/2018
2546726J2/001	DISCOVER BANK C D	AFS	07/26/2019	250,000.00	250,000.00	248,767.25	-1,232.75	12/31/2018
872278F84/001	TCF NATIONAL BANK C D	AFS	07/26/2019	250,000.00	250,000.00	248,626.25	-1,373.75	12/31/2018
87270LAF0/001	TIAA FSB C D	AFS	07/26/2019	250,000.00	250,000.00	248,619.50	-1,380.50	12/31/2018
02006L4K6/001	ALLY BANK C D	AFS	07/29/2019	250,000.00	250,000.00	248,746.75	-1,253.25	12/31/2018
949763JS6/001	WELLS FARGO BANK C D	AFS	07/29/2019	250,000.00	250,000.00	248,741.75	-1,258.25	12/31/2018
55266CWA0/001	MB FINANCIAL BANK C D	AFS	07/31/2019	250,000.00	250,000.00	248,655.25	-1,344.75	12/31/2018
89236TEX9/002	TOYOTA MOTOR CREDIT CORP	AFS	04/26/2021	1,000,000.00	998,314.00	964,711.00	-33,603.00	12/31/2018
	TOTAL FOR SECURITY TYPE 115CORPS			**6,947,000.00**	**6,939,410.69**	**6,896,622.56**	**-42,788.13**	
SECURITY TYPE: 115FEDAG								
3132XORZ6/001	FAMCA	AFS	04/18/2019	2,000,000.00	1,994,671.29	1,993,080.00	-1,591.29	12/31/2018
3135G0ZE6/002	FNMA	AFS	06/20/2019	3,500,000.00	3,529,192.78	3,487,239.00	-41,953.78	12/31/2018
3135G0R39/001	FNMA	AFS	10/24/2019	3,000,000.00	2,963,472.52	2,960,235.00	-3,237.52	12/31/2018
	TOTAL FOR SECURITY TYPE 115FEDAG			**8,500,000.00**	**8,487,336.59**	**8,440,554.00**	**-46,782.59**	
SECURITY TYPE: 115MUNI								
13063CSQ4/001	CALIFORNIA STATE TXBL GOB	AFS	04/01/2020	2,000,000.00	2,024,560.03	1,973,900.00	-50,660.03	12/31/2018
913366HU7/001	UNIVERSITY OF CA REGENTS	AFS	05/15/2020	500,000.00	500,000.00	489,890.00	-10,110.00	12/31/2018
697364DV6/001	PALO ALTO CA COPS	AFS	11/01/2020	135,000.00	135,000.00	135,302.40	302.40	12/31/2018
	TOTAL FOR SECURITY TYPE 115MUNI			**2,635,000.00**	**2,659,560.03**	**2,599,092.40**	**-60,467.63**	
SECURITY TYPE: 115UST								
912828WS5/001	U S TREASURY	AFS	06/30/2019	1,500,000.00	1,508,904.25	1,493,203.50	-15,700.75	12/31/2018

SECURITY ID/LOT NO.	DESCRIPTION	FAS115 CLASS	MATURITY/ CALL DATE	PAR VALUE	BOOK VALUE	MARKET VALUE	MARKET GAIN/LOSS	MARKET DATE
	TOTAL FOR PORTFOLIO PARS115			19,582,000.00	19,595,211.56	19,429,472.46	-165,739.10	

BOOK VALUE VS MARKET REPORT

Solano County Treasurer
INVESTMENT PORTFOLIO ACCOUNTING 7.80 **LAST INTEREST ACCRUAL DATE: 12/31/2018**

SECURITY ID/LOT NO.	DESCRIPTION	FAS115 CLASS	MATURITY/ CALL DATE	PAR VALUE	BOOK VALUE	MARKET VALUE	MARKET GAIN/LOSS	MARKET DATE
PORTFOLIO: POOL								
SECURITY TYPE: CD								
65590AK62/001	NORDEA BANK NY CD	AFS	06/28/2019	10,000,000.00	10,000,000.00	10,000,000.00	0.00	12/31/2018
SECURITY TYPE: COMPAP								
46640QP47/001	JP MORGAN SECURITIES LLC	AFS	02/04/2019	10,000,000.00	9,977,238.58	10,000,000.00	22,761.42	12/31/2018
89233HPE8/001	TOYOTA MOTOR CREDIT CORP	AFS	02/14/2019	10,000,000.00	9,968,589.98	10,000,000.00	31,410.02	12/31/2018
	TOTAL FOR SECURITY TYPE COMPAP			**20,000,000.00**	**19,945,828.56**	**20,000,000.00**	**54,171.44**	
SECURITY TYPE: CORP								
478160BR4/001	JOHNSON & JOHNSON	AFS	03/01/2019	10,000,000.00	10,002,031.42	9,973,670.00	-28,361.42	12/31/2018
478160BR4/002	JOHNSON & JOHNSON	AFS	03/01/2019	5,000,000.00	4,995,333.98	4,986,835.00	-8,498.98	12/31/2018
717081DU4/001	PFIZER INC	AFS	06/03/2019	12,812,000.00	12,810,763.77	12,737,049.80	-73,713.97	12/31/2018
575718AC5/003	MASS INSTITUTE OF TECH	AFS	07/01/2019	4,650,000.00	4,636,205.05	4,634,180.70	-2,024.35	12/31/2018
594918BN3/001	MICROSOFT CORP	AFS	08/08/2019	1,768,000.00	1,762,312.70	1,750,399.56	-11,913.14	12/31/2018
594918BN3/002	MICROSOFT CORP	AFS	08/08/2019	10,000,000.00	9,978,855.96	9,900,450.00	-78,405.96	12/31/2018
594918BN3/003	MICROSOFT CORP	AFS	08/08/2019	4,268,000.00	4,251,904.15	4,225,512.06	-26,392.09	12/31/2018
084664CK5/001	BERKSHIRE HATHAWAY FIN	AFS	08/15/2019	10,000,000.00	9,952,277.31	9,895,030.00	-57,247.31	12/31/2018
90331HML4/001	US BANK NA OHIO	AFS	09/28/2019	5,000,000.00	4,979,674.39	4,964,675.00	-14,999.39	12/31/2018
931142DY6/001	WALMART INC	AFS	10/09/2019	8,323,000.00	8,259,774.86	8,264,564.22	4,789.36	12/31/2018
89236TDH5/001	TOYOTA MOTOR CREDIT CORP	AFS	10/18/2019	2,155,000.00	2,136,472.33	2,129,812.36	-6,659.97	12/31/2018
438516BQ8/001	HONEYWELL INTERNATIONAL	AFS	10/30/2019	8,540,000.00	8,479,475.56	8,456,316.54	-23,159.02	12/31/2018
037833DH0/001	APPLE INC	AFS	11/13/2019	10,000,000.00	9,987,787.43	9,918,300.00	-69,487.43	12/31/2018
94988J5L7/001	WELLS FARGO BANK N.A.	AFS	01/15/2020	10,000,000.00	9,929,598.78	9,914,940.00	-14,658.78	12/31/2018
30231GAG7/002	EXXON MOBIL CORPORATION	AFS	02/06/2020	13,175,000.00	13,043,841.99	13,056,556.75	12,714.76	12/31/2018
166764AR1/001	CHEVRON CORP	AFS	03/03/2020	6,700,000.00	6,628,703.90	6,632,732.00	4,028.10	12/31/2018
30231GAG7/001	EXXON MOBIL CORPORATION	AFS	03/06/2020	4,310,000.00	4,295,461.29	4,271,253.10	-24,208.19	12/31/2018
89236TDU6/001	TOYOTA MOTOR CREDIT CORP	AFS	04/17/2020	10,000,000.00	10,001,831.69	9,875,800.00	-126,031.69	12/31/2018
191216BT6/001	COCA COLA CO	AFS	10/27/2020	10,000,000.00	9,830,983.52	9,828,660.00	-2,323.52	12/31/2018
037833BS8/001	APPLE INC	AFS	01/23/2021	10,000,000.00	9,818,865.64	9,882,840.00	63,974.36	12/31/2018
89236TEX9/001	TOYOTA MOTOR CREDIT CORP	AFS	04/26/2021	4,000,000.00	3,993,256.04	3,858,844.00	-134,412.04	12/31/2018
	TOTAL FOR SECURITY TYPE CORP			**160,701,000.00**	**159,775,411.76**	**159,158,421.09**	**-616,990.67**	
SECURITY TYPE: FEDCOUP								
3135G0H63/001	FNMA	AFS	01/28/2019	7,000,000.00	6,996,991.91	6,994,498.00	-2,493.91	12/31/2018
3134G9MU8/001	FHLMC	AFS	02/24/2019	10,000,000.00	9,951,585.67	9,952,850.00	1,264.33	12/31/2018

SECURITY ID/LOT NO.	DESCRIPTION	FAS115 CLASS	MATURITY/ CALL DATE	PAR VALUE	BOOK VALUE	MARKET VALUE	MARKET GAIN/LOSS	MARKET DATE
3133EGBR5/001	FFCB	AFS	02/25/2019	1,500,000.00	1,499,167.68	1,497,015.00	-2,152.68	12/31/2018
3135G0J53/001	FNMA	AFS	02/26/2019	1,000,000.00	999,526.17	997,772.00	-1,754.17	12/31/2018
3130AFFB8/001	FHLB	AFS	02/28/2019	10,000,000.00	10,000,000.00	10,007,200.00	7,200.00	12/31/2018
3135G0K77/001	FNMA	AFS	03/13/2019	1,900,000.00	1,889,734.32	1,889,133.90	-600.42	12/31/2018
742651DG4/001	PRIVATE EXPORT FUNDING	AFS	03/15/2019	5,000,000.00	5,021,655.02	5,017,025.00	-4,630.02	12/31/2018
3133EFN94/001	FFCB	AFS	03/21/2019	2,000,000.00	1,995,504.77	1,994,674.00	-830.77	12/31/2018
3130ADQH8/001	FHLB	AFS	03/22/2019	2,000,000.00	1,990,443.95	1,993,790.00	3,346.05	12/31/2018
3134GSH73/001	FHLMC	AFS	03/26/2019	15,000,000.00	15,000,000.00	15,005,130.00	5,130.00	12/31/2018
3134G8QE2/001	FHLMC	AFS	03/29/2019	2,000,000.00	1,995,136.47	1,994,910.00	-226.47	12/31/2018
3137EADZ9/001	FHLMC	AFS	04/15/2019	10,000,000.00	10,001,679.97	9,962,720.00	-38,959.97	12/31/2018
3130AFB71/001	FHLB	AFS	05/02/2019	5,000,000.00	4,997,705.78	5,004,445.00	6,739.22	12/31/2018
3136G3K38/001	FNMA	AFS	05/02/2019	10,000,000.00	9,989,483.13	9,921,100.00	-68,383.13	12/31/2018
3136G3K46/001	FNMA	AFS	05/02/2019	10,000,000.00	9,989,488.68	9,921,470.00	-68,018.68	12/31/2018
3130ACN83/001	FHLB	AFS	05/15/2019	10,000,000.00	9,997,319.38	9,884,970.00	-112,349.38	12/31/2018
3133X72S2/001	FHLB	AFS	05/15/2019	10,000,000.00	10,111,917.45	10,098,840.00	-13,077.45	12/31/2018
3133EF7L5/001	FFCB	AFS	05/16/2019	3,000,000.00	2,986,739.62	2,984,700.00	-2,039.62	12/31/2018
3130ABF92/001	FHLB	AFS	05/28/2019	10,000,000.00	9,978,643.38	9,951,240.00	-27,403.38	12/31/2018
3130ABF92/002	FHLB	AFS	05/28/2019	20,000,000.00	19,952,324.41	19,902,480.00	-49,844.41	12/31/2018
3130ABF92/003	FHLB	AFS	05/28/2019	10,000,000.00	9,954,587.60	9,951,240.00	-3,347.60	12/31/2018
3130ABF92/004	FHLB	AFS	05/28/2019	10,000,000.00	9,955,783.22	9,951,240.00	-4,543.22	12/31/2018
3130AEFV7/001	FHLB	AFS	06/11/2019	3,500,000.00	3,496,759.63	3,494,753.50	-2,006.13	12/31/2018
313379EE5/001	FHLB	AFS	06/14/2019	19,460,000.00	19,480,491.67	19,375,640.90	-104,850.77	12/31/2018
313379EE5/002	FHLB	AFS	06/14/2019	3,000,000.00	3,003,389.16	2,986,995.00	-16,394.16	12/31/2018
313379EE5/003	FHLB	AFS	06/14/2019	2,070,000.00	2,062,352.77	2,061,026.55	-1,326.22	12/31/2018
3135G0ZE6/001	FNMA	AFS	06/20/2019	10,000,000.00	10,009,907.91	9,963,540.00	-46,367.91	12/31/2018
3130A8DB6/001	FHLB	AFS	06/21/2019	1,000,000.00	993,893.93	993,130.00	-763.93	12/31/2018
3130A8DB6/002	FHLB	AFS	06/21/2019	3,505,000.00	3,483,598.21	3,480,920.65	-2,677.56	12/31/2018
3130A8NN9/001	FHLB	AFS	06/28/2019	1,000,000.00	992,147.32	991,136.00	-1,011.32	12/31/2018
3130A8NN9/002	FHLB	AFS	06/28/2019	1,135,000.00	1,126,087.23	1,124,939.36	-1,147.87	12/31/2018
3130AADN5/001	FHLB	AFS	06/28/2019	3,000,000.00	2,984,875.86	2,982,111.00	-2,764.86	12/31/2018
3137EAEB1/001	FHLMC	AFS	07/19/2019	10,000,000.00	9,946,302.56	9,907,000.00	-39,302.56	12/31/2018
3137EAEB1/002	FHLMC	AFS	07/19/2019	10,000,000.00	9,909,296.56	9,907,000.00	-2,296.56	12/31/2018
3137EAEB1/003	FHLMC	AFS	07/19/2019	5,000,000.00	4,952,434.61	4,953,500.00	1,065.39	12/31/2018
3135G0N33/001	FNMA	AFS	08/02/2019	25,000,000.00	24,921,750.55	24,747,525.00	-174,225.55	12/31/2018
3135G0N33/002	FNMA	AFS	08/02/2019	10,000,000.00	9,898,054.96	9,899,010.00	955.04	12/31/2018
3135G0N33/003	FNMA	AFS	08/02/2019	7,729,000.00	7,647,039.16	7,650,944.83	3,905.67	12/31/2018

SECURITY ID/LOT NO.	DESCRIPTION	FAS115 CLASS	MATURITY/ CALL DATE	PAR VALUE	BOOK VALUE	MARKET VALUE	MARKET GAIN/LOSS	MARKET DATE
3135G0R70/001	FNMA	AFS	08/25/2019	5,000,000.00	4,998,492.76	4,937,750.00	-60,742.76	12/31/2018
3135G0P49/001	FNMA	AFS	08/28/2019	5,000,000.00	4,946,869.91	4,946,720.00	-149.91	12/31/2018
3135G0ZG1/001	FNMA	AFS	09/12/2019	10,000,000.00	9,937,314.69	9,938,850.00	1,535.31	12/31/2018
3135G0ZG1/002	FNMA	AFS	09/12/2019	10,000,000.00	9,934,687.54	9,938,850.00	4,162.46	12/31/2018
313383VN8/001	FHLB	AFS	09/13/2019	10,000,000.00	10,013,683.95	9,954,700.00	-58,983.95	12/31/2018
3133XUMS9/001	FHLB	AFS	09/13/2019	8,070,000.00	8,185,626.25	8,169,979.23	-15,647.02	12/31/2018
3130A9EP2/001	FHLB	AFS	09/26/2019	10,000,000.00	9,878,658.71	9,879,080.00	421.29	12/31/2018
3137EADM8/001	FHLMC	AFS	10/02/2019	20,000,000.00	19,971,721.73	19,793,340.00	-178,381.73	12/31/2018
3130AF7C5/001	FHLB	AFS	10/18/2019	5,000,000.00	4,997,033.11	4,997,075.00	41.89	12/31/2018
3133EGNE1/001	FFCB	AFS	01/21/2020	2,000,000.00	2,000,000.00	1,973,738.00	-26,262.00	12/31/2018
3130AASN9/001	FHLB	AFS	03/30/2020	2,000,000.00	2,001,906.92	1,974,756.00	-27,150.92	12/31/2018
3134GBXV9/001	FHLMC	AFS	04/13/2020	20,000,000.00	19,743,246.72	19,774,160.00	30,913.28	12/31/2018
3134GSHT5/001	FHLMC	AFS	04/30/2020	2,000,000.00	1,992,189.64	1,994,998.00	2,808.36	12/31/2018
313370E38/001	FHLB	AFS	06/12/2020	10,500,000.00	10,596,901.25	10,625,055.00	28,153.75	12/31/2018
313370US5/001	FHLB	AFS	09/11/2020	15,000,000.00	15,030,459.16	15,079,350.00	48,890.84	12/31/2018
3134GSAP0/001	FHLMC	AFS	09/21/2020	10,000,000.00	10,000,000.00	9,886,590.00	-113,410.00	12/31/2018
3130AD4Y5/001	FHLB	AFS	09/28/2020	10,000,000.00	10,000,000.00	9,880,020.00	-119,980.00	12/31/2018
3134GSHS7/001	FHLMC	AFS	10/19/2020	1,890,000.00	1,880,666.19	1,889,450.01	8,783.82	12/31/2018
3130AF3M7/001	FHLB	AFS	04/15/2021	17,375,000.00	17,426,420.41	17,517,266.50	90,846.09	12/31/2018
313383ZU8/001	FHLB	AFS	09/10/2021	13,000,000.00	13,066,603.21	13,136,955.00	70,351.79	12/31/2018
	TOTAL FOR SECURITY TYPE FEDCOUP			**467,634,000.00**	**466,766,282.82**	**465,686,298.43**	**-1,079,984.39**	

SECURITY TYPE: MUNICAL

SECURITY ID/LOT NO.	DESCRIPTION	FAS115 CLASS	MATURITY/ CALL DATE	PAR VALUE	BOOK VALUE	MARKET VALUE	MARKET GAIN/LOSS	MARKET DATE
13066YTY5/001	CA STATE DEPT OF WATER RESOURCES	AFS	05/01/2019	1,519,461.44	1,485,604.67	1,484,088.38	-1,516.29	12/31/2018
7976462R6/001	SAN FRANCISCO CITY & CTY GOB	AFS	06/15/2019	5,000,000.00	5,013,192.98	5,002,100.00	-11,092.98	12/31/2018
91412GSB2/001	UNIV OF CA -AH	AFS	07/01/2019	5,000,000.00	4,993,673.97	4,977,800.00	-15,873.97	12/31/2018
91412GSB2/002	UNIV OF CA -AH	AFS	07/01/2019	10,000,000.00	10,010,132.32	9,955,600.00	-54,532.32	12/31/2018
13063DGM4/001	CALIFORNIA ST TXBLE-VARIOUS PURPOSE	AFS	08/01/2019	10,000,000.00	10,041,796.61	10,028,700.00	-13,096.61	12/31/2018
798170AB2/001	SAN JOSE REDEVELOPMENT AG	AFS	08/01/2019	3,000,000.00	3,000,000.00	2,987,760.00	-12,240.00	12/31/2018
801546PD8/001	SANTA CLARA CNTY TXBL SER A	AFS	08/01/2019	10,000,000.00	10,017,223.02	9,957,600.00	-59,623.02	12/31/2018
358266CQ5/001	FRESNO CTY CA PENSN OBLG	AFS	08/15/2019	7,000,000.00	7,000,000.00	6,985,510.00	-14,490.00	12/31/2018
15324VAL2/001	CENTRL CONTRA COSTA CA SAN DIST	AFS	09/01/2019	630,000.00	630,000.00	629,622.00	-378.00	12/31/2018
13063DDD7/001	CALIFORNIA ST TXBL-VARIOUS PURPOSE	AFS	10/01/2019	10,000,000.00	10,022,441.99	9,961,800.00	-60,641.99	12/31/2018
76913CAQ2/001	RIVERSIDE CNTY CA PENSION OBLG	AFS	02/15/2020	10,000,000.00	10,206,683.33	10,204,800.00	-1,883.33	12/31/2018
83412PDY5/001	SOLANO CTY CA CMNTY COLLEGE DISTR	AFS	08/01/2020	5,460,000.00	5,527,007.36	5,478,181.80	-48,825.56	12/31/2018
79730PDE2/001	SAN DIEGO CA REDEVELOPMENT AGENCY	AFS	09/01/2020	10,000,000.00	10,976,183.06	10,804,700.00	-171,483.06	12/31/2018

SECURITY ID/LOT NO.	DESCRIPTION	FAS115 CLASS	MATURITY/ CALL DATE	PAR VALUE	BOOK VALUE	MARKET VALUE	MARKET GAIN/LOSS	MARKET DATE
79771PZ65/001	SAN FRANCISCO CITY & CNTY CA REDEV AUTH	AFS	02/01/2021	7,855,000.00	8,799,171.94	8,850,856.90	51,684.96	12/31/2018
899154AT5/001	TULARE CO PENSN-TXBLE	AFS	06/01/2021	5,000,000.00	5,000,000.00	5,019,000.00	19,000.00	12/31/2018
797398DK7/001	SAN DIEGO CTY CA PENSION OBLIGATION	AFS	08/15/2021	10,905,000.00	11,922,552.52	11,766,604.05	-155,948.47	12/31/2018
			TOTAL FOR SECURITY TYPE MUNICAL	**111,369,461.44**	**114,645,663.77**	**114,094,723.13**	**-550,940.64**	
SECURITY TYPE: MUNINAT								
010411CM6/001	ALABAMA STATE TXBL - SER B	AFS	11/01/2020	4,720,000.00	4,720,000.00	4,745,960.00	25,960.00	12/31/2018
68607VJ97/001	OREGON ST LOTTERY REVENUE	AFS	04/01/2021	1,350,000.00	1,377,047.41	1,340,604.00	-36,443.41	12/31/2018
5946107Z4/001	MICHIGAN STATE TXBL REF A	AFS	05/15/2022	3,000,000.00	3,035,666.08	3,015,000.00	-20,666.08	12/31/2018
			TOTAL FOR SECURITY TYPE MUNINAT	**9,070,000.00**	**9,132,713.49**	**9,101,564.00**	**-31,149.49**	
SECURITY TYPE: SOL								
834SCFCP7G/001	SOLANO CTY 2013 COPS	AFS	11/15/2019	355,000.00	355,000.00	355,000.00	0.00	12/31/2018
834SCFCP7H/001	SOLANO CTY 2013 COPS	AFS	11/15/2020	365,000.00	365,000.00	365,000.00	0.00	12/31/2018
834SCFCP7I/001	SOLANO CTY 2013 COPS	AFS	11/15/2021	380,000.00	380,000.00	380,000.00	0.00	12/31/2018
834SCFCP7J/001	SOLANO CTY 2013 COPS	AFS	11/15/2022	390,000.00	390,000.00	390,000.00	0.00	12/31/2018
834SCFCP7K/001	SOLANO CTY 2013 COPS	AFS	11/15/2023	405,000.00	405,000.00	405,000.00	0.00	12/31/2018
834SCFCP7L/001	SOLANO CTY 2013 COPS	AFS	11/15/2024	415,000.00	415,000.00	415,000.00	0.00	12/31/2018
834SCFCP7M/001	SOLANO CTY 2013 COPS	AFS	11/15/2025	430,000.00	430,000.00	430,000.00	0.00	12/31/2018
834SCFCP7N/001	SOLANO CTY 2013 COPS	AFS	11/15/2026	445,000.00	445,000.00	445,000.00	0.00	12/31/2018
834SCFCP7O/001	SOLANO CTY 2013 COPS	AFS	11/15/2027	460,000.00	460,000.00	460,000.00	0.00	12/31/2018
			TOTAL FOR SECURITY TYPE SOL	**3,645,000.00**	**3,645,000.00**	**3,645,000.00**	**0.00**	
SECURITY TYPE: SUPRA								
459058EV1/001	IBRD	AFS	07/26/2019	10,000,000.00	9,990,993.03	9,922,260.00	-68,733.03	12/31/2018
SECURITY TYPE: TREASURY								
912828Q52/001	U S TREASURY	AFS	04/15/2019	100,000,000.00	99,652,612.46	99,560,600.00	-92,012.46	12/31/2018
912828WL0/001	U S TREASURY	AFS	05/31/2019	10,000,000.00	9,987,272.14	9,959,380.00	-27,892.14	12/31/2018
912828S43/001	U S TREASURY	AFS	07/15/2019	20,000,000.00	19,824,073.44	19,808,600.00	-15,473.44	12/31/2018
912828D80/001	U S TREASURY	AFS	08/31/2019	25,000,000.00	25,045,858.18	24,834,950.00	-210,908.18	12/31/2018
912828F39/001	U S TREASURY	AFS	09/30/2019	10,000,000.00	9,947,131.28	9,935,160.00	-11,971.28	12/31/2018
912828XH8/001	U S TREASURY	AFS	06/30/2020	15,000,000.00	14,728,691.33	14,797,260.00	68,568.67	12/31/2018
			TOTAL FOR SECURITY TYPE TREASURY	**180,000,000.00**	**179,185,638.83**	**178,895,950.00**	**-289,688.83**	
			TOTAL FOR PORTFOLIO POOL	**972,419,461.44**	**973,087,532.26**	**970,504,216.65**	**-2,583,315.61**	

Solano County Treasury
Treasurer Charles Lomeli
Statement of Assets
December 31, 2018

	Fiscal Year 2019 December
Cash & Cash Equivalents	
Cash on Hand	$700,022.94
Cash in Bank	$3,173,427.82
Cash in Money Markets	$122,816,874.17
LAIF	$58,624,396.23

Total Cash & Cash Equivalents	**$185,314,721.16**
Non Cash Assets	
Accrued Interest	$5,210,288.32

Total Non Cash Assets	**$5,210,288.32**
Investments	
Mutual Funds	$29,925,899.94
Securities	$970,504,216.98

Total Investments	**$1,000,430,116.92**
Total Pooled Investment At Market Value	**$1,190,955,126.40**
Mark to Market Equity	($2,764,100.35)

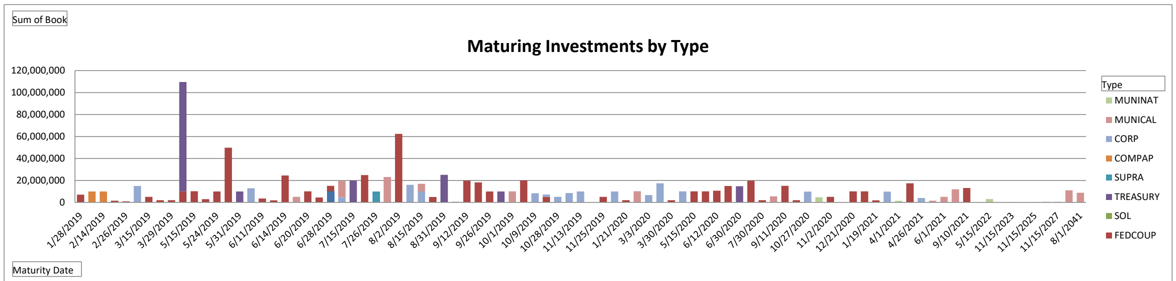
Total Pooled Investments At Book Value	**$1,193,719,226.75**
Other Treasury Holdings	
Other Treasury Holdings	$13,334,978.52
PARS115	$30,599,650.77
PARS OPEB Trust	$41,637,730.03

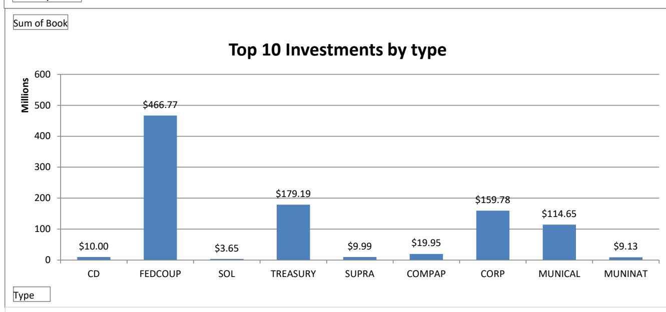
Total Other Treasury Holdings	**$85,572,359.32**
TOTAL ASSETS AT MARKET VALUE	**$1,276,527,485.72**
	=================
NET ASSET VALUE OF POOLED INVESTMENTS*	**0.9977**

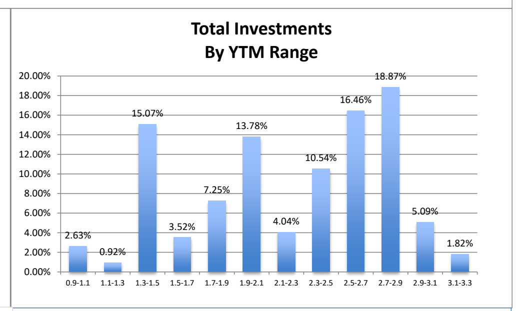
Charles Lomeli: Treasurer - Tax Collector - County Clerk **Date**

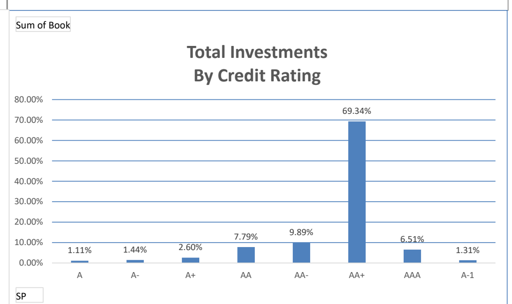
*NAV is calculated by dividing Pooled Assets at Market Value by Pooled Assets at Book Value.
Bond Proceed Totals are not included in the calculation.

Solano County Treasury
Treasurer Charles Lomeli
Portfolio Statistical Graphs
31-Dec-18









Attachment E

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Detail (EOP)
December 31, 2018

	Fiscal Year 2019 December
ASSETS	
Cash & Cash Equivalents	
Physical Cash	$1,002.92
Sealed Bags	$179,859.90
Deposits in Transit	$519,160.12
Total Cash on Hand	**$700,022.94**
Wells Fargo Deposit Account	$3,159,252.00
Bank of America Deposit Account	$8,481.33
First Northern Bank Lake Solano Park	$2,605.87
Bank of Stockton	$3,088.62
Total Cash in Bank	**$3,173,427.82**
WF Money Market Account	$2,133,559.37
UB Safekeeping Money Market Account	$30,806.48
CAMP Money Market Account	$38,257,845.62
CalTrust Liquidity Fund	$48,194,662.70
CalTrust Blackrock FedFund	$34,200,000.00
Total Cash in Money Markets	**$122,816,874.17**
LAIF	$58,624,396.23
Total LAIF	**$58,624,396.23**

Total Cash & Cash Equivalents	**$185,314,721.16**
Non Cash Assets	
Acc Int Money Markets	$49,648.20
Acc Int LAIF	$318,934.82
Acc Int CT Short	$40,285.49
Acc Int CT Medium	$18,645.41
Acc Int Investment Securities	$4,782,774.40
Total Accrued Interest	**$5,210,288.32**
Total Items in Transit	**$0.00**

Total Non Cash Assets	**$5,210,288.32**
Mutual Funds	
CT Short Book Value	$20,034,374.07
CT Short Mrk to Market	($36,978.75)
CT Medium Book Value	$10,072,310.94
CT Medium Mrk to Market	($143,806.32)

Total Mutual Funds	**$29,925,899.94**
Securities	
Solano County Bonds Par	$3,645,000.00

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Detail (EOP)
December 31, 2018

	Fiscal Year 2019 December
US Treasuries Par	$180,000,000.00
US Treasuries Premium	$45,858.18
US Treasuries Discount	($860,219.35)
US Treasuries Mk to Mkt	($289,689.04)
Municipals Par	$120,439,461.44
Municipals Premium	$3,379,098.62
Municipals Discount	($40,182.80)
Municipals Mk to Mkt	($582,090.26)
Fed Agencies Par	$467,634,000.00
Fed Agencies Premium	$545,642.33
Fed Agencies Discount	($1,413,359.51)
Fed Agencies Mk to Mkt	($1,079,983.55)
Commercial Paper Par	$20,000,000.00
Commercial Paper Discount	($54,171.44)
Commercial Paper Mk to Mkt	$54,171.44
CD Par	$10,000,000.00
Corporates Par	$160,701,000.00
Corporates Premium	$3,863.11
Corporates Discount	($929,451.35)
Corporates Mk to Mkt	($616,991.08)
Supranational Banks Par	$10,000,000.00
Supranational Banks Discount	($9,006.97)
Supranational Banks Mk to Mkt	($68,732.79)
Total Securities	**$970,504,216.98**

Total Investments	**$1,000,430,116.92**

Total Pool at Market Value	**$1,190,955,126.40**
<u>Other Treasury Holdings</u>	
VCUSD iBank Muni Fund	$7,215,553.49
2009 Cops	$1,798,065.70
2005 Pension Obligation Bonds	$4,058,420.22
2013 Cops	$255,752.39
2017 Cops	$7,186.72

Total Bond Proceeds	**$13,334,978.52**
115 Trust Cash	$8,656.01
115 Trust Money Markets	$7,968,042.43
115 Trust Mutual Funds	$3,220,000.00
115 Trust Mutual Funds Mark to Market	($90,000.00)
115 Trust Accrued Interest	$63,234.43
115 Trust Money Market Mark to Market	$245.44
115 Trust US Treasuries Par	$1,500,000.00
115 Trust US Treasuries Premium	$8,904.25
115 Trust US Treasuries Mk to Mkt	($15,700.75)
115 Trust Fed Agencies Par	$8,500,000.00

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Detail (EOP)
December 31, 2018

	Fiscal Year 2019 December
115 Trust Fed Agencies Premium	$29,192.78
115 Trust Fed Agencies Discount	($41,856.19)
115 Trust Fed Agencies Mk to Mkt	($46,782.59)
115 Trust Corporates Par	$6,947,000.00
115 Trust Corporates Discount	($7,589.31)
115 Trust Corporates Mk to Mkt	($42,788.13)
115 Trust Municipals Par	$2,635,000.00
115 Trust Municipals Premium	$24,560.03
115 Trust Municipals Mk to Mkt	($60,467.63)
Total 115 Trust	**$30,599,650.77**
Total Deposits With Others	**$43,934,629.29**
OPEB Trust Money Markets	$1,358,981.66
OPEB Trust Mutual Funds Equity	$22,236,313.39
OPEB Trust Mutual Funds Fixed Income	$14,329,622.82
OPEB Trust Mk to Mkt	$3,701,278.99
OPEB Trust Accrued Income	$11,533.17
Total OPEB Trust	**$41,637,730.03**
Total Other Treasury Holdings	**$85,572,359.32**
TOTAL ASSETS	**$1,276,527,485.72**

LIABILITIES

Exception Items	
Total Bank Exceptions	**$0.00**
Total Investment Portfolio Exceptions	**$0.00**
Total Auditor - Controller Exceptions	**$0.00**
Total Exception Items	**$0.00**
Auditor - Controller Fund Balance	
OneSolution Cash in Treasury	$1,191,533,033.15
Total OneSolution Cash	**$1,191,533,033.15**
OneSolution Bond Proceeds Dep With Others	$6,119,425.03
OneSolution Pars 115 Trust	$30,855,144.43
OneSolution OPEB Trust	$37,936,451.04

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Detail (EOP)
December 31, 2018

	Fiscal Year 2019 December
OneSolution VCUSD iBank 5390160	$7,210,690.44

Total OneSolution Deposits With Others	**$82,121,710.94**

Total Auditor - Controller Fund Balance	**$1,273,654,744.09**
	=================
TOTAL LIABILITIES	**$1,273,654,744.09**
	=================
EQUITY	
Total Retained Earnings	**$0.00**
Total Pool Mark to Market Equity	($2,764,100.35)
115 Trust Mark to Market Equity	($255,493.66)
OPEB Trust Mark to Market Equity	$3,701,278.99

Total Market to Market	**$681,684.98**
Net Income	**$2,191,056.65**

TOTAL EQUITY	**$2,872,741.63**

	=================
TOTAL LIABILITIES & EQUITY	**$1,276,527,485.72**
	=================

Solano County Treasury
Treasurer Charles Lomeli
Income Statement
December 31, 2018

	Fiscal Year 2019 December
POOL INCOME	
Short Term Investments	
Bank Deposit Income	$0.00
Total Bank Deposit	**$0.00**
Wells Fargo	$3,707.49
Union Bank	$289.22
CAMP	$60,788.13
CalTrust BlackRock TempFund Income	$77,135.79
Cal Trust Money Market	$49,648.20
Total Money Markets	**$191,568.83**
LAIF	$110,037.19
Total LAIF	**$110,037.19**

Total Short Term Income	**$301,606.02**
Mutual Funds	
CT Short Interest Earnings	$40,285.49
CT Medium Interest Earnings	$18,645.41

Total Mutual Fund Income	**$58,930.90**
Long Term Investments	
Interest Earnings 53601A	$10,145.24
Premium Amortization	$0.00
Discount Accretion	$0.00
Gain/Loss on Sale	$0.00
Total County Bonds	**$10,145.24**
Interest Earnings 53601B	$207,154.05
Premium Amortization	($6,341.73)
Discount Accretion	$216,724.46
Gain/Loss on Sale	$0.00
Total US Treasuries	**$417,536.78**
Interest Earnings 53601C	$363,168.90
Premium Amortization	($144,167.56)
Discount Accretion	$2,403.82
Gain/Loss on Sale	$0.00
Total Municipals	**$221,405.16**
Interest Earnings 53601F	$657,471.62
Premium Amortization	($63,228.95)
Discount Accretion	$184,099.69
Gain/Loss on Sale	$0.00
Total Fed Agency	**$778,342.36**

Solano County Treasury
Treasurer Charles Lomeli
Income Statement
December 31, 2018

	Fiscal Year 2019 December
Interest Earnings 53601G	$0.00
Premium Amortization	$0.00
Discount Accretion	$53,654.57
Gain/Loss on Sale	$0.00
Total Commercial Paper	**$53,654.57**
Interest Earnings 53601H	$22,044.44
Premium Amortization	$0.00
Discount Accretion	$0.00
Gain/Loss on Sale	$0.00
Total Certificates of Deposit	**$22,044.44**
Interest Earnings 53601J	$232,774.17
Premium Amortization	($1,219.36)
Discount Accretion	$69,597.96
Gain/Loss on Sale	$0.00
Total Corporates	**$301,152.77**
Interest Earnings 53601Q	$10,416.67
Premium Amortization	$0.00
Discount Accretion	$10,958.69
Gain/Loss on Sale	$0.00
Total Supranational Bonds	**$21,375.36**

Total Long Term Income	**$1,825,656.68**

Total Income	**$2,186,193.60**
Treasury Operating Costs	
Interest Apportionment Expense	$1,829,668.03
Total Treasury Apportioned	**($1,829,668.03)**

Total Expense	**($1,829,668.03)**
	=================
TREASURY POOL UNAPPORTIONED	**$356,525.57**
115 TRUST	
Short Term Investments	
115 Trust Cash & Money Mkt Income	$9,990.02
Total Cash & Money Markets	**$9,990.02**
Mutual Funds	
115 Trust Mutual Fund Income	$12,012.66
Total Mutual Funds	**$12,012.66**

Solano County Treasury
Treasurer Charles Lomeli
Income Statement
December 31, 2018

	Fiscal Year 2019 December
Long Term Investments	
115 Trust US Treasuries Income	$3,682.71
115 Trust Fed Agencies Income	$9,340.54
115 Trust Corporates Income	$14,903.32
115 Trust Municipals Income	$2,285.59
Total Long Term Investments	**$30,212.16**

Total Income	**$52,214.84**
Management Costs	
115 Trust Earnings Distribution	$179,343.48
115 Trust Safekeeping Expense	$1,312.43
115 Trust PARS Expenses	$3,869.34
Total 115 Trust Management Charges	**$5,181.77**

Total Expense	**$184,525.25**
	=================
115 TRUST NET INCOME	**($132,310.41)**
OPEB TRUST	
Short Term Investments	
OPEB Trust Cash & Mny Mkt Inc	$2,337.71
Total Cash & Money Markets	**$2,337.71**
Mutual Funds	
OPEB Trust Mut Fund EQ Inc	$152,721.83
OPEB Trust Mutual Fund FI Income	$30,532.72
Total OPEB Mutual Funds	**$183,254.55**

Total Income	**$185,592.26**
Management Costs	
OPEB Earnings Distribution	$290,930.06
OPEB Trust Safekeeping Expenses	$6,464.13
OPEB Trust PARS Expenses	$5,154.87
Total OPEB Trust Management Charges	**$11,619.00**

Total Expense	**$302,549.06**
	=================
OPEB TRUST NET INCOME	**($116,956.80)**

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Percentages
December 31, 2018

	Fiscal Year 2019 December
TREASURY POOL	
Cash & Cash Equivalents	
Cash on Hand	$700,022.94
	0.06%
Cash in Bank	$3,173,427.82
	0.27%
Cash in Money Markets	$122,816,874.17
	10.31%
LAIF	$58,624,396.23
	4.92%

Total Cash & Cash Equivalents	**15.56%**
Non Cash Assets	
Non Cash Assets	$5,210,288.32
	0.44%

Total Non Cash Assets	**0.44%**
Mutual Funds	
Mutual Funds	$29,925,899.94
	2.51%

Total Mutual Funds	**2.51%**
Securities	
US Treasuries	$178,895,949.79
	15.02%
Federal Agencies	$465,686,299.27
	39.10%
Corporates	$159,158,420.68
	13.36%
Municipals	$126,841,287.00
	10.65%
Commercial Paper	$20,000,000.00
	1.68%
Certificates of Deposit	$10,000,000.00
	0.84%
Supranationals	$9,922,260.24
	0.83%

Total Securities	**81.49%**

TOTAL TREASURY POOL	**100.00%**

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Percentages
December 31, 2018

	Fiscal Year 2019 December
115 TRUST	
Cash & Cash Equivalents	
115 Trust Cash	$8,656.01
	0.03%
115 Trust Money Markets	$7,968,042.43
	26.04%

Total Cash and Cash Equivalents	**26.07%**
Non Cash Assets	
115 Trust Accrued Interest	$63,234.43
	0.21%

Total Non Cash Assets	**0.21%**
Mutual Funds	
Mutual Funds	$3,130,000.00
	10.23%

Total Mutual Funds	**10.23%**
Securities	
US Treasuries	$1,493,203.50
	4.88%
Federal Agencies	$8,440,554.00
	27.58%
Corporates	$6,896,622.56
	22.54%
Municipals	$2,599,092.40
	8.49%

Total Securities	**63.50%**

TOTAL 115 TRUST	**100.00%**
OPEB TRUST	
Cash & Cash Equivalents	
OPEB Trust Cash	$0.00
	0.00%
OPEB Trust Money Markets	$1,358,981.66
	3.26%

Total Cash & Cash Equivalents	**3.26%**
Non Cash Assets	
OPEB Trust Accrued Income	$11,533.17

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Percentages
December 31, 2018

	Fiscal Year 2019 December
	0.03%
Total Non Cash Assets	**0.03%**
<u>Mutual Funds</u>	
Mutual Funds	$40,267,215.20
	96.71%
Total Mutual Funds	**96.71%**
TOTAL OPEB TRUST	**100.00%**

Solano County Treasury
Treasurer Charles Lomeli
Yields
December 31, 2018

	Fiscal Year 2019 December Yield
YIELDS	
Bank Deposits	0.000%
Wells Fargo Money Market	0.361%
Bank Of America Money Market	0.000%
Union Bank Money Market	0.363%
Camp	2.454%
Cal Trust Money Market	0.920%
Wt Ave Of All MMY	**2.132%**
Local Agency Investment Fund	**2.210%**
Cal Trust Short	2.368%
Cal Trust Short TR	2.368%
Cal Trust Medium	2.180%
Cal Trust Medium TR	2.180%
Wt Ave of All Mutual Funds	**2.305%**
Wt Ave of All Mutual Funds TR	**2.305%**
Solano County Bonds	3.277%
Solano County Bonds TR	3.277%
US Treasury Securities	2.099%
US Treasury Securities TR	2.099%
Municipals	2.211%
Municipals TR	2.211%
Federal Agencies	2.108%
Federal Agencies TR	2.108%
Commercial Paper	2.489%
Commerical Paper TR	2.489%
Certificates of Deposit	2.596%
Cerificates of Deposit TR	2.596%
Corporate Securities	2.229%
Corporate Securities TR	2.229%
Sovereign Securities	1.662%
Sovereign Securities TR	1.662%
Wt Ave Of All Securities	**2.149%**
Wt Ave Of All Securities TR	**2.149%**
Total Pool	**2.125%**
Total Pool TR	**2.125%**
Bond Yield	**0.000%**
PARS 115 Yield	**1.998%**

Attachment E

Solano County Treasury
Treasurer Charles Lomeli
Yields
December 31, 2018

	Fiscal Year 2019 December Yield
PARS OPEB Yield	**5.265%**

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC 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 the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Series 2019 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2019 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.

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2019 Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC 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.

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

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities 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, Security certificates are required to be printed and delivered.

10. 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, Security certificates will be printed and delivered to DTC.

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

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APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)