NEW ISSUE - FULL BOOK-ENTRY

RATINGS: Moody's: "Aa2"
Fitch: "AAA"
See "RATINGS" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$45,000,000
VACAVILLE UNIFIED SCHOOL DISTRICT
(Solano County, California)
General Obligation Bonds
Election of 2014, Series C

Dated: Date of Delivery **Due: August 1, as shown on inside front cover**

Authority and Purpose. The above-captioned General Obligation Bonds Election of 2014, Series C (the "Bonds"), are being issued by the Vacaville Unified School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Education of the District adopted on December 6, 2018. The Bonds were authorized at an election of the registered voters of the District held on November 4, 2014, (the "2014 Authorization") which authorized the issuance of $194,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the third series of bonds to be issued under the 2014 Authorization. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by Solano County (the "County"). The County Board of Supervisors is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding which are similarly secured by tax levies. See "SECURITY FOR THE BONDS."

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

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2019. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS –Redemption."

MATURITY SCHEDULE
(See inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Sacramento, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about January 29, 2019.

RAYMOND JAMES®

The date of this Official Statement is January 10, 2019.

MATURITY SCHEDULE

VACAVILLE UNIFIED SCHOOL DISTRICT
(Solano County, California)
General Obligation Bonds
Election of 2014, Series C

Base CUSIP[†]: 918608

$33,340,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†]
2020	$2,800,000	4.000%	1.470%	103.753%	SL5
2021	1,855,000	4.000	1.530	106.048	SM3
2023	1,395,000	4.000	1.600	110.392	SP6
2024	1,595,000	4.000	1.680	112.151	SQ4
2025	365,000	4.000	1.810	113.383	SR2
2026	435,000	4.000	1.930	114.399	SS0
2027	555,000	4.000	2.060	113.427 C	ST8
2028	650,000	4.000	2.180	112.538 C	SU5
2029	750,000	4.000	2.320	111.511 C	SV3
2030	860,000	4.000	2.500	110.207 C	SW1
2031	980,000	4.000	2.670	108.991 C	SX9
2032	1,105,000	4.000	2.840	107.791 C	SY7
2033	1,235,000	4.000	2.970	106.884 C	SZ4
2034	1,375,000	4.000	3.070	106.192 C	TA8
2035	1,525,000	4.000	3.190	105.368 C	TB6
2036	1,685,000	4.000	3.270	104.823 C	TC4
2037	1,855,000	4.000	3.350	104.281 C	TD2
2038	2,030,000	4.000	3.420	103.810 C	TE0
2039	2,220,000	5.000	3.030	113.136 C	TF7
2040	2,445,000	5.000	3.090	112.707 C	TG5
2041	2,685,000	5.000	3.130	112.422 C	TH3
2042	2,940,000	5.000	3.170	112.138 C	TJ9

$11,660,000 4.000% Term Bonds maturing August 1, 2044; Yield: 3.740%; Price: 101.687 C; CUSIP[†]: TL4

C: Priced to par call as of the first optional redemption date of August 1, 2026.

[†] *CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.*

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

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

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

Estimates and Forecasts**.** When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

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

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

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

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

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

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

VACAVILLE UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Sherie Mahlberg, *President*
John Jansen, *Vice President*
Tracee Stacy, *Clerk*
Shelley Dally, *Member*
Michael Kitzes, *Member*
Michael Silva, *Member*
Shawn Windham, *Member*

DISTRICT ADMINISTRATION

Jane Shamieh, *Superintendent*
Jennifer Stahlheber, *Associate Superintendent, Business and Administrative Services*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

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

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

U.S. Bank National Association
Los Angeles, California

TABLE OF CONTENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

$45,000,000
VACAVILLE UNIFIED SCHOOL DISTRICT
(Solano County, California)
General Obligation Bonds
Election of 2014, Series C

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the general obligation bonds captioned above (the **"Bonds"**) by the District.

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 and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The District. The District is a unified school district serving the City of Vacaville (the "**City**") and certain adjacent unincorporated portions of Solano County (the "**County**"), in the State of California (the "**State**"). The District is located approximately 50 miles northeast of San Francisco and 30 miles west of Sacramento. The District operates nine elementary schools (grades K through 6), one of which is a dependent charter school, two middle schools (grades 7 through 8), one independent charter school (grades K through 8), one elementary/middle school (grades K through 8), four high schools (grades 9 through 12), one of which is a dependent charter, and another which is a continuation school and also houses their adult education program, and lastly a dependent charter learning academy (grades K through 12). Total enrollment for the fiscal year 2018-19, which does not include charter school enrollment, is approximately 11,434 students.

For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See also APPENDIX C hereto for demographic and other statistical information regarding the County.

Purpose of Issue. The net proceeds of the Bonds will be used to finance construction and improvements to facilities of the District, as approved by voters in the District at an election held on November 4, 2014 (the **"Bond Election"**). See "THE BONDS - Purpose of Issue" herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election and will be issued pursuant to certain provisions of the Government Code of the State, and pursuant to a resolution adopted by the Board of Education of the District on December 6, 2018 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Description of the Bonds. The Bonds will be issued as current interest bonds. The Bonds will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2019. See "THE BONDS – Description of the Bonds" herein.

Payment and Registration of the Bonds. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Bonds (the "**Beneficial Owners**") in the denominations set forth on the cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through participants in DTC's book-entry only system ("**DTC Participants**") as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See APPENDIX F. If the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Bond Resolution. See "THE BONDS - Registration, Transfer and Exchange of Bonds" herein.

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). The Bonds are the third series of bonds issued pursuant to the 2014 Authorization. See "SECURITY FOR THE BONDS."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS –Redemption."

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, will serve as Disclosure Counsel to the District. Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Sacramento, California, is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel, and Underwriter's Counsel is contingent upon issuance of the Bonds.

Tax Matters. In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" and APPENDIX D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Bonds.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of a continuing disclosure certificate (the "**Continuing Disclosure Certificate**"), the form of which is attached as APPENDIX E. See "CONTINUING DISCLOSURE" for additional information.

Changes Since Preliminary Official Statement. In addition to pricing-related information, this Official Statement contains certain additional changes from the Preliminary Official Statement dated January 2, 2019, including that the Governor of California released the 2019-20 Proposed State Budget. See APPENDIX A - "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS - 2019-20 Proposed State Budget."

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement, and information concerning the Bonds, are available from the District at 401 Nut Tree Road, Vacaville, CA 95687; telephone (707) 453-6117. The District may impose a charge for copying, mailing and handling.

THE BONDS

Authority for Issuance

The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and the Bond Resolution.

The District received authorization by more than the requisite 55% of District voters at the Bond Election to issue general obligation bonds in a principal amount of $194,000,000 (the "**2014 Authorization**").

On August 13, 2015, the District issued an initial series of bonds pursuant to the 2014 Authorization in the aggregate principal amount of $40,000,000. On May 10, 2017, the District issued a second series of bonds pursuant to the 2014 Authorization in the aggregate principal amount of $38,000,000. The Bonds are the third series of bonds issued pursuant to the 2014 Authorization. Following the issuance of the Bonds, there will be $71,000,000 of the 2014 Authorization remaining.

Purpose of Issue

Proceeds of the Bonds will be used for the purposes specified in the ballot measure approved by the District's voters on November 4, 2014, the abbreviated text of which appeared on the ballot as follows:

> *"To improve the quality of education; provide equity among district schools; replace roofing, renovate ageing plumbing and inadequate electrical systems; increase student access to computers/technology; make security/safety improvements; upgrade/modernize/construct classrooms; and improve athletic fields/facilities for school and community use, shall the Vacaville Unified School District issue $194,000,000 of bonds at legal interest rates, have an independent citizens' oversight committee and have NO money used for administrative salaries or be taken by the state?"*

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the **"Project List"**). The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2014 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

Description of the Bonds

The Bonds are being issued as current interest bonds. The Bonds mature in the years and in the amounts set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "Book-Entry Only System" and APPENDIX F.

The Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2019 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2019, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

Book-Entry Only System

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchasers of the Bonds will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or any other action premised on such notice. See APPENDIX F.

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

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2026 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2027 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2026, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2044 (the **"Term Bonds"**), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

$11,660,000 Principal Amount Term Bonds Maturing August 1, 2044

Redemption Date (August 1)	**Sinking Fund Redemption**
2043	$5,640,000
2044 (maturity)	6,020,000

If any Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

Notice of Redemption

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District to be mailed, first class, postage prepaid, at least 20 but not more than 60 days prior to the date fixed for redemption, to the owners of the Bonds designated for redemption. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Neither the failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

Partial Redemption of Bonds

Upon surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Bond Resolution, other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Right to Rescind Notice of Redemption

The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolution.

Registration, Transfer and Exchange of Bonds

If the book entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond registration books shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided the Bond Resolution.

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Dallas, Texas for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

No exchanges of Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Bonds for redemption until the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

Defeasance and Discharge of Bonds

The Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in the Bond Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under the Bond Resolution and will be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the County and the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

“Federal Securities” means: United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

DEBT SERVICE SCHEDULES

The Bonds. The following table shows the annual debt service schedule with respect to the Bonds, assuming no optional redemptions.

Vacaville Unified School District
General Obligation Bonds
Election of 2014, Series C
Debt Service Schedule

Bond Year Ending (August 1)	Principal	Interest	Total Annual Debt Service
2019	-	$962,021.67	$962,021.67
2020	$2,800,000.00	1,902,900.00	4,702,900.00
2021	1,855,000.00	1,790,900.00	3,645,900.00
2022	-	1,716,700.00	1,716,700.00
2023	1,395,000.00	1,716,700.00	3,111,700.00
2024	1,595,000.00	1,660,900.00	3,255,900.00
2025	365,000.00	1,597,100.00	1,962,100.00
2026	435,000.00	1,582,500.00	2,017,500.00
2027	555,000.00	1,565,100.00	2,120,100.00
2028	650,000.00	1,542,900.00	2,192,900.00
2029	750,000.00	1,516,900.00	2,266,900.00
2030	860,000.00	1,486,900.00	2,346,900.00
2031	980,000.00	1,452,500.00	2,432,500.00
2032	1,105,000.00	1,413,300.00	2,518,300.00
2033	1,235,000.00	1,369,100.00	2,604,100.00
2034	1,375,000.00	1,319,700.00	2,694,700.00
2035	1,525,000.00	1,264,700.00	2,789,700.00
2036	1,685,000.00	1,203,700.00	2,888,700.00
2037	1,855,000.00	1,136,300.00	2,991,300.00
2038	2,030,000.00	1,062,100.00	3,092,100.00
2039	2,220,000.00	980,900.00	3,200,900.00
2040	2,445,000.00	869,900.00	3,314,900.00
2041	2,685,000.00	747,650.00	3,432,650.00
2042	2,940,000.00	613,400.00	3,553,400.00
2043	5,640,000.00	466,400.00	6,106,400.00
2044	6,020,000.00	240,800.00	6,260,800.00
TOTAL	$45,000,000.00	$33,181,971.67	$78,181,971.67

Combined General Obligation Bonds. The following table shows the combined annual debt service schedule with respect to all outstanding general obligation bonds of the District secured by *ad valorem* taxes, assuming no optional redemptions. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations" for additional information.

Period Ending (Aug. 1)	**2014 Refunding Bonds**	**2014 Refunding Bonds, Series B**	**2014 Refunding Bonds, Series C (Forward Delivery)**	**Election of 2014, Series A Bonds**	**Election of 2014, Series B Bonds**	**The Bonds**	**Aggregate Annual Debt Service**
2019	$2,381,600.00	$1,661,500.00	$2,104,750.00	$2,040,350.00	$4,867,787.50	$962,021.67	$14,018,009.17
2020	2,449,000.00	1,661,500.00	2,177,000.00	1,990,350.00	2,631,987.50	4,702,900.00	15,612,737.50
2021	2,530,750.00	1,661,500.00	2,247,500.00	940,350.00	3,280,187.50	3,645,900.00	14,306,187.50
2022	2,609,500.00	1,661,500.00	2,316,000.00	940,350.00	3,420,387.50	1,716,700.00	12,664,437.50
2023	1,700,000.00	3,511,500.00	1,487,250.00	940,350.00	1,116,787.50	3,111,700.00	11,867,587.50
2024	1,776,250.00	3,519,000.00	1,555,750.00	940,350.00	1,116,787.50	3,255,900.00	12,164,037.50
2025	1,851,000.00	3,516,500.00	1,623,500.00	940,350.00	1,116,787.50	1,962,100.00	11,010,237.50
2026	1,934,000.00	3,514,250.00	1,695,250.00	940,350.00	1,116,787.50	2,017,500.00	11,218,137.50
2027	2,020,500.00	3,507,000.00	1,770,500.00	940,350.00	1,756,787.50	2,120,100.00	12,115,237.50
2028	2,103,500.00	3,494,750.00	1,853,750.00	940,350.00	1,734,787.50	2,192,900.00	12,320,037.50
2029	2,193,250.00	3,487,500.00	1,939,250.00	940,350.00	1,832,287.50	2,266,900.00	12,659,537.50
2030	2,289,000.00	3,464,750.00	2,026,500.00	2,040,350.00	2,238,887.50	2,346,900.00	14,406,387.50
2031	-	8,327,000.00	-	2,104,600.00	2,327,587.50	2,432,500.00	15,191,687.50
2032	-	8,499,750.00	-	2,175,600.00	2,412,537.50	2,518,300.00	15,606,187.50
2033	-	-	-	2,605,975.00	2,516,912.50	2,604,100.00	7,726,987.50
2034	-	-	-	2,684,300.00	2,606,600.00	2,694,700.00	7,985,600.00
2035	-	-	-	2,770,425.00	1,961,600.00	2,789,700.00	7,521,725.00
2036	-	-	-	2,903,675.00	2,064,600.00	2,888,700.00	7,856,975.00
2037	-	-	-	2,989,425.00	2,166,600.00	2,991,300.00	8,147,325.00
2038	-	-	-	3,078,612.50	2,277,400.00	3,092,100.00	8,448,112.50
2039	-	-	-	3,170,862.50	2,386,400.00	3,200,900.00	8,758,162.50
2040	-	-	-	3,270,800.00	2,503,400.00	3,314,900.00	9,089,100.00
2041	-	-	-	-	5,297,800.00	3,432,650.00	8,730,450.00
2042	-	-	-	-	5,517,200.00	3,553,400.00	9,070,600.00
2043	-	-	-	-	-	6,106,400.00	6,106,400.00
2044	-	-	-	-	-	6,260,800.00	6,260,800.00
TOTAL	$25,838,350.00	$51,488,000.00	$22,797,000.00	$42,288,475.00	$60,268,887.50	$78,181,971.67	$280,862,684.17

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

Sources of Funds	
Principal Amount of Bonds	$45,000,000.00
Original Issue Premium	3,151,306.70
Total Sources	$48,151,306.70
Uses of Funds	
Building Fund	$44,800,000.00
Debt Service Fund	3,029,806.70
Costs of Issuance (1)	321,500.00
Total Uses	$48,151,306.70

---

(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Paying Agent, and the rating agencies.

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes**.** The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

Other Debt Payable from Ad Valorem Property Taxes. In addition to the Bonds, there is other debt issued by the District and other entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Tax Rates" and "- Direct and Overlapping Debt" below.

Levy and Collection. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Bonds, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Natural Disasters. Economic and other factors beyond the District's control, such as economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See " - Assessed Valuation" for additional information about recent notable disasters occurring in the State.

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Bond Resolution and known as the "Vacaville Unified School District, Election of 2014, Series C Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remains excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Debt Service Fund

Amounts to pay debt service on the Bonds will be held in the fund created and established in the Bond Resolution and known as the "Vacaville Unified School District, Election of 2014, Series C Debt Service Fund" (the "**Debt Service Fund**") for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the County shall transfer such amounts to the District's general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the County.

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state assessed public utilities' property and real property, the taxes on which create a lien on such property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

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

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. However, Senate Bill 813 (enacted by Statutes of 1983, Chapter 498) (**"SB 813"**), provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property", a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Historic Assessed Valuations

The assessed valuation of property in the District is established by the respective assessors of the counties, except for public utility property which is assessed by the State Board of Equalization, as described above. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed, see APPENDIX A under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Assessed Valuation

Assessed Valuation History. The table below shows a recent history of the District's assessed valuation.

VACAVILLE UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2005-06 through 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2005-06	$7,354,963,065	$4,543,626	$285,280,771	$7,644,787,462	--
2006-07	8,348,487,423	4,476,880	296,538,884	8,649,503,187	13.1%
2007-08	9,668,885,373	3,874,451	315,064,394	9,987,824,218	15.5
2008-09	9,898,217,833	2,614,229	320,194,605	10,221,026,667	2.3
2009-10	9,312,931,627	2,614,229	366,427,510	9,681,973,366	(5.3)
2010-11	8,930,624,482	2,614,229	360,138,642	9,293,377,353	(4.0)
2011-12	8,661,700,781	2,614,229	382,291,866	9,046,606,876	(2.7)
2012-13	8,889,102,942	496,881	362,387,425	9,251,987,248	2.3
2013-14	8,830,528,421	496,881	345,479,209	9,176,504,511	(0.8)
2014-15	9,542,552,479	496,881	359,368,974	9,902,418,334	7.9
2015-16	9,911,287,709	496,881	362,797,392	10,274,581,982	3.8
2016-17	10,562,109,889	341,713	382,938,516	10,945,390,118	6.5
2017-18	11,086,535,154	341,713	389,609,155	11,476,486,022	4.9
2018-19	11,686,748,034	341,713	390,649,825	12,077,739,572	5.2

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

In addition, wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Although the recent natural disasters do not include territory within the District's boundaries, the District cannot predict or make any representations regarding the effects that wildfires, flooding, mudslides or any other natural disasters and related conditions have or may have on the value of taxable property within the Improvement District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

Notwithstanding any assistance from the State, the District cannot predict or make any representations regarding the effects that natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

Assessed Valuation by Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2018-19. As shown, the majority of the District's assessed valuation is represented by residential property.

VACAVILLE UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2018-19

Non-Residential:	**2018-19 Assessed Valuation**[1]	**% of Total**	**No. of Parcels**	**% of Total**
Agricultural	$ 121,493,479	1.04%	167	0.63%
Commercial	1,536,019,848	13.14	649	2.46
Vacant Commercial	76,935,046	0.66	151	0.57
Industrial	1,314,867,150	11.25	141	0.53
Vacant Industrial	77,438,342	0.66	89	0.34
Government/Social/Institutional	10,313,346	0.09	19	0.07
Subtotal Non-Residential	$3,137,067,211	26.84%	1,216	4.61%
Residential:				
Single Family Residence	$7,396,191,848	63.29%	22,421	85.05%
Condominium/Townhouse	137,888,407	1.18	937	3.55
Mobile Home	17,353,348	0.15	513	1.95
Mobile Home Park	53,249,091	0.46	17	0.06
2+ Residential Units	821,307,756	7.03	673	2.55
Vacant Residential	123,690,373	1.06	585	2.22
Subtotal Residential	$8,549,680,823	73.16%	25,146	95.39%
Total	$11,686,748,034	100.00%	26,362	100.00%

---

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

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2018-19.

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

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	22,421	$7,396,191,848	$329,878	$311,972

2018-19 Assessed Valuation	No. of Parcels [(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	39	0.174%	0.174%	$ 532,877	0.007%	0.007%
$25,000 - $49,999	278	1.240	1.414	11,881,732	0.161	0.168
$50,000 - $74,999	667	2.975	4.389	41,002,756	0.554	0.722
$75,000 - $99,999	522	2.328	6.717	45,672,915	0.618	1.340
$100,000 - $124,999	582	2.596	9.313	66,262,886	0.896	2.236
$125,000 - $149,999	841	3.751	13.064	116,398,351	1.574	3.809
$150,000 - $174,999	1,040	4.639	17.702	168,982,003	2.285	6.094
$175,000 - $199,999	1,216	5.423	23.126	228,669,895	3.092	9.186
$200,000 - $224,999	1,388	6.191	29.316	294,391,648	3.980	13.166
$225,000 - $249,999	1,320	5.887	35.204	313,893,485	4.244	17.410
$250,000 - $274,999	1,356	6.048	41.252	356,098,728	4.815	22.225
$275,000 - $299,999	1,345	5.999	47.250	386,637,152	5.228	27.452
$300,000 - $324,999	1,365	6.088	53.338	427,132,710	5.775	33.227
$325,000 - $349,999	1,342	5.985	59.324	453,188,382	6.127	39.355
$350,000 - $374,999	1,328	5.923	65.247	481,301,694	6.507	45.862
$375,000 - $399,999	1,171	5.223	70.470	453,493,214	6.131	51.994
$400,000 - $424,999	1,175	5.241	75.710	483,994,909	6.544	58.537
$425,000 - $449,999	1,022	4.558	80.268	446,807,322	6.041	64.578
$450,000 - $474,999	889	3.965	84.234	410,622,663	5.552	70.130
$475,000 - $499,999	705	3.144	87.378	343,387,041	4.643	74.773
$500,000 and greater	2,830	12.622	100.000	1,865,839,485	25.227	100.000
Total	22,421	100.000%		$7,396,191,848	100.000%	

---

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

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" in APPENDIX A.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values, adjusted for inflation, when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

Tax Levies and Delinquencies

The Board of Supervisors of 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 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, the County includes the District's general obligation bond levies in its Teeter Plan.

So long as the Teeter Plan remains in effect and the County continues to include the District in the Teeter Plan, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes on the secured roll will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, a Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

Notwithstanding the County's participation in the Teeter Plan, the following table shows historical secured tax charges and delinquencies in the District.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2006-07 through 2017-18
Vacaville Unified School District

Fiscal Year	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
2006-07	$4,060,180	$106,970	2.63%
2007-08	5,166,990	202,454	3.92
2008-09	4,680,399	149,290	3.19
2009-10	5,369,988	118,081	2.20
2010-11	5,486,867	87,412	1.59
2011-12	5,888,037	77,972	1.32
2012-13	5,411,479	59,930	1.11
2013-14	6,113,010	52,211	0.85
2014-15	5,582,278	41,405	0.74
2015-16	11,203,308	67,653	0.60
2016-17	11,749,289	65,612	0.56
2017-18	11,084,478	62,422	0.56

---

(1) Debt service levy only.

Source: California Municipal Statistics, Inc.

Tax Rates

Below are historical typical tax rates in a typical tax rate area (Tax Rate Area 6-001) within the District for fiscal years 2014-15 through 2018-19.

VACAVILLE UNIFIED SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 6-001) (1)
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Vacaville Unified School District	.059207	.114110	.112611	.100967	.103185
Solano County Community College District	.036716	.034918	.035043	.024425	.038889
Solano County State Water Project	.020000	.020000	.020000	.020000	.020000
City of Vacaville	.030800	.030800	.030740	.030670	.030640
Vacaville USD Library District (Excess Tax)	.000000	.000000	(.001210)	.000000	.000000
Total	$1.146723	$1.199828	$1.197184	$1.176062	$1.192714

---

(1) 2018-19 assessed valuation of TRA 6-001 is $2,376,596,048 which is 19.68% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

Top 20 Property Owners

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2018-19. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

VACAVILLE UNIFIED SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2018-19

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total [1]
1.	Genentech Inc.	Industrial	$ 762,145,446	6.52%
2.	CPG Finance II LLC	Commercial	108,070,174	0.92
3.	PW Fund A LP	Industrial	103,194,354	0.88
4.	Alza Corporation	Industrial	102,898,012	0.88
5.	NT Dunhill I LLC	Commercial	97,271,606	0.83
6.	Sequoia Equities-River Oaks	Apartments	57,815,902	0.49
7.	MG North Pointe Apartments LLC	Apartments	57,631,996	0.49
8.	State Compensation Insurance Fund	Commercial	55,871,542	0.48
9.	North Village Development Inc.	Apartments	52,006,019	0.44
10.	Quinn Crossing LLC	Apartments	48,032,988	0.41
11.	NB MSB LL	Medical Facilities	47,134,710	0.40
12.	Travis Credit Union	Commercial	39,932,764	0.34
13.	R/M Vacaville Ltd.	Commercial	38,827,050	0.33
14.	Knickerbocker Prop Inc. XXXVIII	Apartments	38,794,801	0.33
15.	PW Fund B LP	Industrial	35,670,913	0.31
16.	700 Crocker Owner LLC	Industrial	31,000,000	0.27
17.	Brentwood RE Investors LLC	Apartments	30,042,074	0.26
18.	The Parc Apartments LLC	Apartments	29,000,000	0.25
19.	Invitation Homes Inc.	Residential Development	27,686,880	0.24
20.	Wal-Mart Real Estate Business Trust	Commercial	24,529,227	0.21
			$1,787,556,458	15.30%

---

(1) 2018-19 Local Secured Assessed Valuation: $11,686,748,034.

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of December 1, 2018. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

VACAVILLE UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of December 1, 2018)

2018-19 Assessed Valuation: $12,077,739,572

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 12/1/18**
Solano County Community College District	22.721%	$ 62,815,423
Vacaville Unified School District	**100.000**	**132,885,000**(1)
City of Vacaville 1915 Act Bonds	100.000	7,070,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$202,770,423
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Solano County Certificates of Participation	21.942%	$14,770,257
Solano County Pension Obligation Bonds	21.942	5,723,571
Solano Community College District General Fund Obligations	22.721	1,994,239
Vacaville Unified School District Certificates of Participation	**100.000**	**15,890,000**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$38,378,067
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$36,275,510
COMBINED TOTAL DEBT		$277,424,000(2)

Ratios to 2016-17 Assessed Valuation:

Direct Debt ($132,885,000)..1.10%

Total Direct and Overlapping Tax and Assessment Debt 1.68%

Combined Direct Debt ($148,775,000) 1.23%

Combined Total Debt 2.30%

Ratios to Redevelopment Incremental Valuation ($3,840,878,977):

Total Overlapping Tax Increment Debt 0.94%

---

(1) Excludes the Bonds offered for sale hereunder.

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

Source: California Municipal Statistics, Inc.

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, 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, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

Form of Opinion. A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX D.

CERTAIN LEGAL MATTERS

Legality for Investment

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the 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 Bonds are eligible to secure deposits of public moneys in California.

Absence of Litigation

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

The District is routinely 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.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Isom Advisors, a Division of Urban Futures, Inc., as financial advisor to the District, and Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, as counsel to the Underwriter, are contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **“Annual Report”**) not later than nine months after the end of the District’s fiscal year (which currently is June 30), commencing March 31, 2019 with the report for the 2017-18 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as APPENDIX E. These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **“Rule”**). The filing of this Official Statement with the Municipal Securities Rulemaking Board shall serve as the first Annual Report.

The District has existing undertakings pursuant to the Rule in connection with the delivery of prior general obligation bonds. See APPENDIX A under the heading “DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations.”

In the previous five years, the District failed to timely file notices of insured ratings changes. The District has engaged Isom Advisors, a Division of Urban Futures, Inc., to serve as dissemination agent with respect to each of its continuing disclosure undertakings, including the undertaking to be entered into for the Bonds.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

RATINGS

Moody's Investors Services ("**Moody's**") **has** assigned a rating of "Aa2" to the Bonds and Fitch Ratings Group ("**Fitch**") has assigned its rating of "AAA" to the Bonds. The District has provided certain information and materials to Moody's and Fitch (some of which may not appear in this Official Statement). Such ratings reflect only the views of Moody's and Fitch, respectively, and an explanation of the significance of such ratings and outlook may be obtained only from Moody's or Fitch, as applicable. There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by Moody's or Fitch if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $48,029,806.70 which is equal to the initial principal amount of the Bonds of $45,000,000.00, plus original issue premium of $3,151,306.70 less an Underwriter's discount of $121,500.00.

The bond purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

ADDITIONAL INFORMATION

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

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 Bonds.

EXECUTION

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

VACAVILLE UNIFIED SCHOOL DISTRICT

By: *\/s/ Jane Shamieh*
Superintendent

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

The information in this and other sections concerning the District's operations and operating budget 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 Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the Official Statement.

General Information

The Vacaville Unified School District (the "**District**") is a public school district located in Solano County (the **"County"**) in the State of California (the **"State"**). The District provides educational services to residents of the City of Vacaville (the "**City**") and certain adjacent unincorporated portions of the County. The District is located approximately 50 miles northeast of San Francisco and 30 miles west of Sacramento. The District operates nine elementary schools (grades K through 6), one of which is a dependent charter school, two middle schools (grades 7 through 8), one independent charter school (grades K through 8), one elementary/middle school (grades K through 8), four high schools (grades 9 through 12), one of which is a dependent charter, and another which is a continuation school and also houses their adult education program, and lastly a dependent charter learning academy (grades K through 12). Total enrollment for the fiscal year 2018-19, which does not include charter school enrollment, is approximately 11,434 students.

See also APPENDIX C hereto for demographic and other statistical information regarding the City and County.

Administration

The District is governed by a seven-member Board of Education, each member of which is elected to a four-year term. Current members of the Board of Education, together with their office and the date their term expires, are listed below.

Name	Office	Term Expires
Sherie Mahlberg	President	December 2020
John Jansen	Vice President	December 2022
Tracey Stacy	Clerk	December 2020
Shelley Dally	Member	December 2022
Michael Kitzes	Member	December 2020
Michael Silva	Member	December 2022
Shawn Windham	Member	December 2020

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Jane Shamieh serves as the Superintendent of the District and Jennifer Stahlheber serves as Associate Superintendent, Business and Administrative Services.

Recent Enrollment Trends

The following table shows a recent history and budgeted enrollment for the District.

ANNUAL ENROLLMENT
Fiscal Years 2010-11 through 2018-19 (1)
Vacaville Unified School District

Fiscal Year	Student Enrollment	% Change
2010-11	11,539	--
2011-12	11,354	(1.6)%
2012-13	11,414	0.5
2013-14	11,230	(1.6)
2014-15	11,201	(0.3)
2015-16	11,220	0.2
2016-17	11,264	0.4
2017-18	11,349	0.7
2018-19 (2)	11,434	0.7

---

(1) Enrollment figures do not include charter schools in the District's boundaries.
(2) Projected.
Source: California Department of Education for 2010-11 through 2017-18; Vacaville Unified School District for 2018-19.

Employee Relations

The District has 619.8 certificated full-time equivalent ("**FTE**") employees, 387.2 classified FTE employees, and 79.9 management/supervisor/confidential FTE employees.

VACAVILLE UNIFIED SCHOOL DISTRICT
Bargaining Units

Employee Group	No. of FTE Employees	Representation	Contract Expiration Date
Certificated	619.8	Vacaville Teachers Association (VTA)	June 30, 2018*
Classified	387.2	Service Employees International Union (SEIU)	June 30, 2018*

---

* Employees continue to work under expired contracts during negotiations.
Source: Vacaville Unified School District.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

School districts in California receive operating income primarily from two sources: the State funded portion which is derived from the State's general fund, and a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the California Constitution. As a result, decreases or deferrals in education funding by the State could significantly affect a school district's revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the ADA for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues. Districts which had local property tax revenues which exceeded its revenue limit entitlement were deemed "Basic Aid Districts" and received full funding from local property tax revenues, and were entitled to keep those tax revenues which exceeded its revenue limit funding entitlement. Basic Aid Districts are now known as "Community Supported Districts." The District is not a Community Supported District.

The fiscal year 2013-14 State budget package (the "**2013-14 State Budget**") replaced the previous K-12 finance system with a formula known as the Local Control Funding Formula (the **"LCFF"**). Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English 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 local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and has been phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**"), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts have had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2017-18 are set forth in the following table. Most school districts will receive less than the targeted amount while LCFF is being phased in. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

Funding levels used in the LCFF "Target Entitlement" calculations for fiscal year 2018-19 are set forth in the following table.

Fiscal Year 2018-19 Base Grant* Under LCFF by Grade Span
(Targeted Entitlement)

Grade Span	2018-19 Base Grant Per ADA	2018-19 COLA (3.70%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2017-18 Base Grant/Adjusted Base Grant Per ADA
K-3	$7,193	$266	$776	$8,235
4-6	7,301	270	n/a	7,571
7-8	7,518	278	n/a	7,796
9-12	8,712	322	235	9,269

*Does not include supplemental and concentration grant funding entitlements.
Source: California Department of Education.

The new legislation included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the 2013-14 State Budget created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

District Accounting Practices

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

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see Note 1 of APPENDIX B to the Official Statement.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2018 Audited financial statements were prepared by James Marta & Company LLP, Sacramento, California and are attached to the Official Statement as APPENDIX B. The 2018 audited financial statements are expected to be approved by the Board on January 17, 2019.

Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Assistant Superintendent, Business and Fiscal Services of the District, Vacaville Unified School District, 401 Nut Tree Road, Vacaville, California 95687; phone (707) 453-6177. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District for the fiscal years 2013-14 through 2017-18, and do not include the District's charter schools.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2013-14 through 2017-18 (Audited)
Vacaville Unified School District

	2013-14 Audited	2014-15 Audited	2015-16 Audited	2016-17 Audited	2017-18 Audited (1)
Revenues					
LCFF Sources	$70,029,510	$77,060,465	$85,620,338	$91,224,303	$93,203,734
Federal Revenue	3,847,913	3,864,813	4,550,432	4,285,333	4,268,527
Other State Revenue	5,847,312	5,547,497	14,560,558	10,233,900	10,182,329
Other Local Revenue	4,932,689	5,567,582	2,758,225	8,484,491	8,482,454
Total Revenue	84,657,424	92,040,357	110,489,553	114,768,227	116,137,044
Expenditures					
Certificated Salaries	42,499,746	44,236,674	47,463,358	49,776,227	51,383,744
Classified Salaries	14,142,616	14,973,163	17,344,380	18,528,008	19,569,551
Employee Benefits	17,493,392	20,459,193	26,087,590	23,429,309	29,400,979
Books and Supplies	2,948,614	2,984,566	3,544,974	3,187,083	2,912,530
Service & Other Operating Expenditures	6,903,656	7,450,949	7,868,195	7,902,653	13,359,216
Capital Outlay	781,319	167,864	201,320	1,391,329	1,162,175
Other Outgo	1,608,896	1,723,294	1,743,103	1,879,579	448,018
Debt Service Expenditures	--	32,079	--	--	--
Total Expenditures	86,378,239	92,027,782	104,252,920	106,094,613	118,236,213
Excess of Revenues Over (Under) Expenditures	(1,720,815)	12,575	6,236,633	8,673,614	(2,099,169)
Other Financing Sources (Uses)					
Transfer In	103,555	91,576	187,879	--	--
Transfers Out	(85.750)	(85,000)	(694,923)	(61,042)	--
Total Other Sources & Uses	17,805	6,576	(507,044)	(61,042)	--
Net Change in Fund Balance	(1,703,010)	19,151	5,729,589	8,612,572	(2,099,169)
Fund Balance, Beginning of Year	15,684,421	13,981,411	14,000,562	19,730,151	28,342,723
Fund Balance, End of Year	$13,981,411	$14,000,562	$19,730,151	$28,342,723	$26,243,554

---

(1) The 2017-18 Audited financial statements are expected to be approved by the Board on January 17, 2019.

Source: Vacaville Unified School District.

District Budget and Interim Financial Reporting

Budgeting and Interim Reporting Procedures. 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 Solano County Superintendent of Schools (the **"County Superintendent"**).

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Trustees and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) after also consulting with the district's board, develop and impose revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. 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 (**"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, each school district is required to file 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 two fiscal years. 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 will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Under California law, any school district and office of education that has 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 anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget Approval/Disapproval and Certification History. The District has not received any qualified or negative certifications of its financial reports in the past five years, nor have any of its budgets been disapproved. The District's most recently reviewed interim report, the First Interim for fiscal year 2018-19, received a positive certification from the Board.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at Vacaville Unified School District, 401 Nut Tree Road, Vacaville, California 95687; telephone (707) 453-6177. The District may impose charges for copying, mailing and handling.

District's General Fund. The following table shows the general fund figures for the District for fiscal year 2018-19 (adopted budget and first interim projections).

VACAVILLE UNIFIED SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2018-19 (Adopted Budget and First Interim Projections)

Revenues	**Adopted Budget 2018-19**	**First Interim 2018-19**
Total LCFF Sources	$100,346,010	$101,316,202
Federal Revenues	4,377,879	4,670,286
Other state revenues	9,854,806	12,160,182
Other local revenues	4,629,758	4,661,063
Total Revenues	119,208,453	122,807,733
Expenditures		
Certificated Salaries	51,202,419	52,297,735
Classified Salaries	20,366,957	20,532,345
Employee Benefits	30,499,601	31,850,441
Books and Supplies	3,454,124	4,696,007
Contract Services & Operating Exp.	12,278,040	14,924,467
Capital Outlay	691,153	833,583
Other Outgo (excluding indirect costs)	2,228,971	554,527
Other Outgo – Transfers of Indirect Costs	(7,860,)	(50,671)
Total Expenditures	120,713,405	125,638,434
Excess of Revenues Over/(Under) Expenditures	(1,504,952)	(2,830,701)
Other Financing Sources (Uses)		
Operating transfers in	--	--
Operating transfers out	--	--
Other sources	--	--
Contributions	--	--
Total Other Financing Sources (Uses)	--	--
Net change in fund balance	(1,504,952)	(2,830,701)
Fund Balance, July 1	18,721,947	18,585,298
Fund Balance, June 30	$17,216,995	$15,754,597

Source: Vacaville Unified School District Adopted Budget and First Interim Projections for fiscal year 2018-19.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve which meets the State's minimum requirements.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget (**"SB 858"**), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which limits the amount of reserves which may be maintained at the District level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

On October 11, 2017, the Governor signed new legislation ("**SB 751**") amending Section 42127.01 of the Education Code, effective January 1, 2018. SB 751 raises the reserve cap established under SB 858 to no more than 10% of a school district's combined assigned or unassigned ending general fund balance and provides that the reserve cap will be triggered only if there is a minimum balance of 3% of the Proposition 98 reserve. Basic aid school districts and small districts with 2,500 or fewer ADA are exempt from the reserve cap.

Attendance - Revenue Limit and LCFF Funding

Funding Trends under LCFF. As described herein, prior to fiscal year 2013-14, school districts in California received State funding based on a formula which considered a revenue limit per unit of average daily attendance (**"ADA"**). With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth recent LCFF funding per ADA for the District for fiscal years 2013-14 through 2018-19 (projected).

VACAVILLE UNIFIED SCHOOL DISTRICT
ADA and LCFF Funding
Fiscal Years 2013-14 through 2018-19 (Projected)

Fiscal Year	ADA	LCFF Funding Per ADA
2013-14	10,773	$6,501
2014-15	10,694	7,206
2015-16	10,695	8,006
2016-17	10,491	8,696
2017-18	10,909	8,544
2018-19 (1)	10,886	9,307

---

(1) First Interim Projections.

Source: California Department of Education; Vacaville Unified School District.

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 42% for purposes of calculating supplemental and concentration grant funding under LCFF.

Revenue Sources

The District categorizes its general fund revenues into four sources, being LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The principal component of local revenues is the school district's property tax revenues, i.e., the 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. Education Code Section 42238.03(c) itemizes the local revenues subtracted from the base entitlement to determine the amount of the State apportionment of funding. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

For school districts which were Community Supported Districts prior to implementation of the LCFF, provided that the per pupil funding targets under LCFF, including economic recovery targets, are met or exceeded by local property tax revenues, such districts are entitled to retain their status as Community Supported and keep their full local property tax revenue entitlement. The threshold for Basic Aid status under the LCFF, however, is higher than under the prior funding formula, resulting in some districts falling out of Community Supported status as the result of the implementation of the LCFF. Accountability measures contained in the LCFF must be implemented by all districts, including Community Supported Districts.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under Every Student Succeeds Act, the Individuals with Disabilities Education Act, and specialized programs such as Drug Free Schools.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives other State revenues.

The District receives State aid from the California State Lottery (the "**Lottery**"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material.

For additional discussion of State aid to school districts, see "-Education Funding Generally."

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings, leases and rentals.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's employer contributions to STRS for recent fiscal years are set forth in the following table.

STRS Contributions
Vacaville Unified School District
Fiscal Years 2013-14 through 2018-19 (Projected)

Fiscal Year	Amount
2013-14	$3,721,863
2014-15	4,138,203
2015-16	5,289,513
2016-17	9,776,396
2017-18	11,869,721
2018-19 (1)	11,672,317

---

(1) First Interim Projections.

Source: Vacaville Unified School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $107.3 billion as of June 30, 2017 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 10.73%, 12.58%, 14.43% and 16.28% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2019-20 through 2022-23

Fiscal Year	Employer Contribution Rate(1)
2019-20	18.13%
2020-21	19.10
2021-22(2)	18.60
2022-23(2)	18.10

---

(1) Expressed as a percentage of covered payroll.
(2) The employer contribution rate is projected to decrease in fiscal years 2021-22 and 2022-23. Projections may change based on actual experience.
Source: AB 1469

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the "Schools Pool." Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District's employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS Contributions
Vacaville Unified School District
Fiscal Years 2013-14 through 2018-19 (Projected)

Fiscal Year	Amount
2013-14	$1,592,409
2014-15	1,756,650
2015-16	2,053,009
2016-17	2,608,872
2017-18	3,112,211
2018-19 (1)	3,427,921

---

(1) First Interim Projections.
Source: Vacaville Unified School District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $23.6 billion as of June 30, 2017 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

PERS Discount Rate
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Amount
2018-19	7.375%
2019-20	7.250
2020-21	7.000

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 11.847%, 13.888%, 15.531%, and 18.062% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2022-23(1)

Fiscal Year	Employer Contribution Rate(2)
2019-20	20.800%
2020-21	23.500
2021-22	24.600
2022-23	25.300

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
Source: PERS

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Additional Information. Additional information regarding the District's retirement programs is available in Note 6 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Retirement Benefits

Plan Description. The District provides post-employment health care benefits to eligible retired employees who are at least age 50 and have at least 18 years of service with the District and obtain medical insurance coverage in a District plan. For nine of the 18 years of service, the employee must have been qualified for benefits. The health care benefit is payable until the earlier of the death of the retiree or 7 years following date of commencement. Membership of the Plan as of June 30, 2017 was 418 retirees, and 19 spouses of retirees currently receiving benefits and 1083 active plan members.

Actuarial Assumptions and Other Inputs. The District's OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017 using an inflation rate of 2.75%, and healthcare cost trend rates under 65 years at 1.50% to 4.25%, and over 65 years at 1.00% to 4.50%. The entry age normal actuarial cost method was used.

Discount rate. The discount rate used to measure total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from school districts and county offices will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2018, is shown in the following table:

CHANGES IN TOTAL OPEB LIABILITY
Vacaville Unified School District

Balance at June 30, 2017	$32,120,558
Changes for the year	
Service Cost	1,050,622
Interest	2,181,011
Benefit payments	(1,748,377)
Net changes	1,483,256
Balance at June 30, 2018	$33,603,814

Source: Vacaville Unified School District.

OPEB Expense. For the year ended June 30, 2018, the District recognized an OPEB expense of $1,239,004. For additional information about the District's other postemployments benefits, see Note 7 of the District's audited financial statements for fiscal year ended June 30, 2018, attached to the Official Statement as Appendix B.

Insurance – Joint Powers Agreement

The District is a member with other school districts in a joint powers authority ("**JPA**"), North Bay Schools Insurance Authority, for the operation of a common risk management and insurance program for property and liability coverage. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

Existing Debt Obligations

General Obligation Bonds. The District has general obligation bonds secured by *ad valorem* taxes levied and collected within the District, on a parity basis with the Bonds, as described below. The following table shows the outstanding principal amount of general obligation bonded debt of the District as of January 1, 2019.

Summary of Outstanding General Obligation Bond Indebtedness
Vacaville Unified School District

Issue Date	Issue Name	Original Principal Amount	Outstanding Principal as of 1/1/2019
05/20/2014	2014 General Obligation Refunding Bonds	$22,950,000	$19,340,000
01/06/2015	2014 General Obligation Refunding Bonds, Series B	33,910,000	33,230,000
05/05/2015	2014 General Obligation Refunding Bonds, Series C (Forward Delivery)	20,370,000	16,995,000
08/13/2015	General Obligation Bonds, Election of 2014, Series A	40,000,000	25,320,000
05/10/2017	General Obligation Bonds, Election of 2014, Series B	38,000,000	38,000,000
Total		$155,230,000	$132,885,000

The 2014 General Obligation Bond Authorization. The District received authorization at an election held on November 4, 2014, by more than the requisite 55% of the qualified electors to issue general obligation bonds in a principal amount not to exceed $194,000,000 (the "**2014 Authorization**"). On August 13, 2015, the District issued its $40,000,000 General Obligation Bonds Election of 2014, Series A (the "**2014 Series A Bonds**"). On May 10, 2017, the District issued its $38,000,000 General Obligation Bonds Election of 2014, Series B (the "**2014 Series B Bonds**"). The Bonds offered hereunder will be the third series under the 2014 Authorization. Following the issuance of the Bonds, there will be $71,000,000 of the 2014 Authorization remaining.

General Obligation Refunding Bonds. Pursuant to voter authorization obtained at an election in the District on November 6, 2001 (the "**2001 Authorization**"), the District issued the following series of General Obligation Bonds:

- General Obligation Bonds, Election of 2001, Series 2005 (the "**Series 2005 Bonds**"), dated August 2, 2005; and
- General Obligation Bonds, Election of 2001, Series 2007 (the "**Series 2007 Bonds**"), dated August 23, 2007.

On May 20, 2014, the District issued its 2014 General Obligation Refunding Bonds in order to refund a portion of the Series 2005 Bonds. In 2015, the District issued its 2014 General Obligation Refunding Bonds Series B (the "**2014 Refunding Bonds Series B**") and its 2014 General Obligation Refunding Bonds Series C (Forward Delivery) (the "**2014 Refunding Bonds Series C**"). The net proceeds of the 2014 Refunding Bonds Series B were used to refund certain maturities of the Series 2007 Bonds. The net proceeds of the 2014 Refunding Bonds Series C were used to refund the remaining maturities of the Series 2005 Bonds.

Certificates of Participation. On May 14, 2015, the District issued its $15,890,000 Certificates of Participation (the "**2015 COPs**"), currently outstanding in the aggregate principal amount of $15,890,000, with principal payments due December 1, 2020 through December 1, 2036. Debt service payments on the 2015 COPs are payable from monies in the District's general fund.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See APPENDIX G to the Official Statement for the County's current investment policy and recent investment report.

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see "—Education Funding Generally" above). State funds typically make up the majority of a district's LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. School districts in California receive operating income primarily from two sources: (1) the State funded portion which is derived from the State's general fund, and (2) a locally funded portion, being a district's share of the 1% general *ad valorem* tax levy authorized by the California Constitution (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). School districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. None of the District, the Underwriter or the Counties is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each House of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature, and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets

Certain information about the State budgeting process and the State budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

- The California State Treasurer internet home page at www.treasurer.ca.gov, under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State budget, past State budgets, and the impact of those budgets on school districts in the State.

- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State budgets.

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2018-19 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

***2013-14 State Budget: Significant Change in Education Funding**.* As described previously herein, the 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances.

2018-19 State Budget

On June 27, 2018, the Governor signed the 2018-19 State budget (the "**2018-19 State Budget**") into law. The 2018-19 State Budget calls for total spending of $199.7 billion, with $137.7 billion in general fund spending. The 2018-19 State Budget provides for $78.4 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of $3.9 billion, or 5.2%, from the 2017-18 State budget. Of that $78.4 billion, $61.0 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2018-19, restoring every school district in the State to at least pre-recession funding levels.

The 2018-19 State Budget continues to build State reserves, with the rainy-day fund balance projected to grow to $13.8 billion by the end of the budget year, its constitutional maximum. Additionally, revenues have been set aside in new savings funds, including a $200 million reserve for safety net programs. Other significant features of the 2018-19 State Budget include:

- $640 million in Proposition 51 State bond authority for school facilities;

- $1 billion in federal and state funds, over four years, for early childhood programs, including the addition of placement for 13,400 child-care and 2,947 preschool children, and $450 million to reduce the number of children living in deep poverty;

- one-time funding for K-12 school districts to fund various programs, including $300 million for the lowest-performing student subgroups, $125 million to address the shortage of special education teachers, and $100 million to expand facilities for kindergarten and transitional kindergarten;

- $54 million for county offices of education to support school districts needing additional assistance, as determined based on multiple performance indicators;

- $100 million for local fire response, including $32.9 million to backfill property tax revenue losses that cities, counties and districts incurred in fiscal year 2017-18 and will incur in fiscal year 2018-19 from wildfires, mudslides and other natural disasters, and a hold harmless provision allowing local education agencies to recoup revenue that has been lost due to declines in average daily attendance that are directly associated with these disasters;

- $185.4 million to multiple state agencies for the first year of implementation of a $4 billion parks and water bond measure approved by voters in 2018; and

- one-time funding of $500 million to support local governments in addressing homelessness, to be used for emergency shelters, bridge housing, motel vouchers, and supportive housing.

2019-20 Proposed State Budget

On January 10, 2019, the Governor released the proposed State budget for fiscal year 2019-20 (the **"2019-20 Proposed Budget"**). The 2019-20 Proposed Budget projects general fund revenues in fiscal year 2018-19 of approximately $149.3 billion (including a prior year balance of approximately $12.4 billion) and expenditures of approximately $144.1 billion. For fiscal year 2019-20, the 2019-20 Proposed Budget projects general fund revenues of $147.9 billion (including a prior year transfer of approximately $5.2 billion) and authorizes expenditures of $144.2 billion. The 2019-20 Proposed Budget continues to build State reserves to manage the impacts of future economic downturns, with $2.3 billion in a Special Fund for Economic Uncertainties, $15.3 billion in the "Rainy Day Fund," and $900 million in a Safety Net Reserve Fund. The 2019-20 Proposed Budget notes that additional deposits to the Rainy Day Fund will be made in reliance on a recent opinion by the California Office of Legislative Counsel, which concluded that supplemental payments made in prior fiscal years do not count towards calculating the Rainy Day Fund's constitutional maximum of 10%, and projects bringing the Rainy Day Fund to $19.4 billion by 2022-23.

The 2019-20 Proposed Budget raises the Proposition 98 minimum funding guarantee for school districts and community college districts to $80.7 billion, a new all-time high, which includes an additional $2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% cost-of-living adjustment, and brings total LFCC funding to $63 billion. To address the rising costs of STRS pensions, the 2019-20 Proposed Budget also includes a $3 billion one-time general fund payment to STRS on behalf of school districts, which is expected to provide immediate relief and reduce the out-year contribution rate by 0.5%. The 2019-20 Proposed State Budget also includes a $750 million one-time general fund payment to fund new or retrofitted facilities for full-day kindergarten programs and other activities that reduce barriers to providing full-day kindergarten and a general fund payment of $576 million ($186 million is one-time) to support expanded special education services in school districts with a high concentration of special education students. The Governor is required to release a revision to the proposed budget by May 14 of each year.

Disclaimer Regarding State Budgets. The implementation of the foregoing 2018-19 State Budget, the 2019-20 Proposed Budget and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2018-19 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

The State has not entered into any contractual commitments with the District, the County, the Underwriter or the owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the sources of information listed below are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of State budget information set forth or referred to or incorporated in this Official Statement.

Availability of State Budgets. The complete 2018-19 State Budget and the 2019-20 Proposed Budget are available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Bonds.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State legislature or the Governor to address the State's current or future revenues and expenditures, or possible future budget deficits. Future State budgets will be affected by national and State economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its own budgets.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the Counties for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the California Constitution

Basic Property Tax Levy. 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) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on 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 (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) 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. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA 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.

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

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

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

***Inflationary Adjustment of Assessed Valuation**.* As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the Counties, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The SBE has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

Article XIIIB ("**Article XIIIB**") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“**unitary property**”). Under the State Constitution, such property is assessed by the SBE as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Articles XIIIC and XIIID of the California Constitution

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

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIIIC establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts 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.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

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.

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

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

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("**Proposition 111**") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California *per capita* personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "**first test**") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to *per capita* personal income) and enrollment (the "**second test**"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the "**third test**"). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as "**Proposition 39**") to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. Constitutional amendments may be changed only with another statewide vote. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by Proposition 39 are K-12 school districts including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, a constitutional initiative entitled the “Local Taxpayer, Public Safety, and Transportation Protection Act of 2010,” approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State’s control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State’s authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State’s general fund.

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **“Proposition 30”**), temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "Proposition 98" and "Proposition 111" above. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the **"EPA"**). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales tax increases of Proposition 30.

California Senate Bill 222

Senate Bill 222 ("**SB 222**") was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* tax collections such as the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 111, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

VACAVILLE UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017-18

[THIS PAGE INTENTIONALLY LEFT BLANK]

VACAVILLE UNIFIED SCHOOL DISTRICT

COUNTY OF SOLANO
VACAVILLE, CALIFORNIA

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2018

VACAVILLE UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION

OTHER INDEPENDENT AUDITOR’S REPORTS

FINDINGS AND RECOMMENDATIONS SECTION

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Vacaville Unified School District
Vacaville, 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 Vacaville 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 opinions.

Opinion

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

Other Matters

Change in Accounting Principle

As described in Note 1AA 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 – for General Fund and Charter School Fund, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, Schedule of OPEB Contributions, 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 13, 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 13, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS

VACAVILLE UNIFIED SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2018

Management's discussion and analysis of Vacaville Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, notes to the basic financial statements and the District's financial statements, as listed in the table of contents.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- P-2 funded average daily attendance (ADA) for 2017-18 was 10,909.25 (not including adult education and charter school attendance.).

- General Fund Revenues increased by $1,368,817 over prior year. The increase is primarily due to additional Local Control Funding Formula funding as property taxes increased.

- General Fund combined unrestricted and restricted expenditures exceeded revenues and other sources and other uses by $2,099,169 resulting in a general fund ending balance of $26,243,554 with a total Unassigned/Unappropriated amount of $16,460,003 which satisfies the state minimum reserve requirement of 3% ($3,546,958.32 for 2017-18).

- In complying with GASB 34, fixed assets were valued at historical cost and are reported. The total of the District's fixed assets, land, site, buildings, and equipment, valued on an acquisition cost basis was $323 million. After accumulated depreciation, the June 30, 2018 book value for fixed assets totaled $225 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

Components of the Financial Section

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the District as a whole and its activities in a way that helps answer the question, "How did we do financially during 2017-18?"

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results.

However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools to assess the overall health to the District.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds- not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

Governmental Funds

Most of the School District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, the Building Fund, the Capital Facilities Fund and the Bond Interest and Redemption Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which 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 that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Proprietary Funds

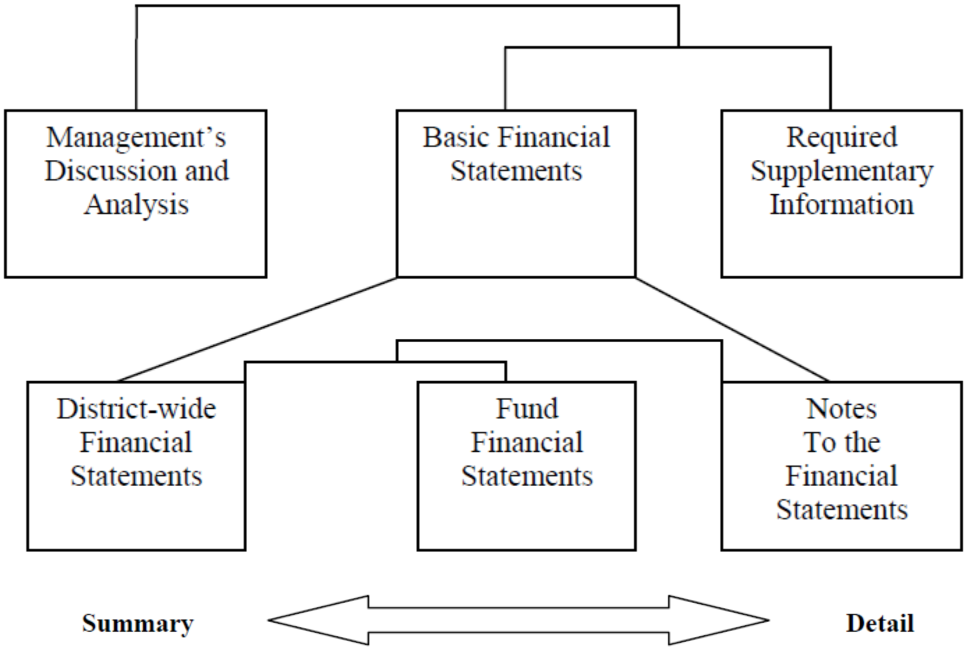
Proprietary funds use the full accrual basis of accounting, the same as the District-wide statements. The District currently has no proprietary funds.

Fiduciary Funds

The District is the trustee, or fiduciary, for its 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.

This annual report consists of three parts – management's discussion and analysis (this section,) the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the Vacaville Unified School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Components of the Financial Section



The first two statements are *district-wide financial statements*, the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail for governmental funds, these statements tell how services are financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's more significant funds with all other non-major funds presented in total in one column. A comparison of the District's general fund budget is included.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The School District as a Whole

The District's ending net position was ($25.2) million at June 30, 2018. Net investments in capital assets, account for $68 million of the total net position.

Condensed Statement of Net Position

	June 30, 2018	June 30, 2017	Change	Percentage
Assets:				
Current Assets	$ 72,933,618	$ 113,360,944	$ (40,427,326)	-35.7%
Capital Assets, Net	$ 224,732,181	$ 185,849,472	$ 38,882,709	20.9%
Total Assets	$ 297,665,799	$ 299,210,416	$ (1,544,617)	-0.5%
Deferred Outflows of Resources	$ 44,428,331	$ 33,160,464	$ 11,267,867	34.0%
Liabilities:				
Current Liabilities	$ 25,674,549	$ 24,636,820	$ 1,037,729	4.2%
Long-term Liabilities	$ 300,115,473	$ 291,143,503	$ 8,971,970	3.1%
Total Liabilities	$ 325,790,022	$ 315,780,323	$ 10,009,699	3.2%
Deferred Inflows of Resources	$ 41,491,355	$ 17,576,394	$ 23,914,961	136.1%
Net Position:				
Invested in Capital Assets	$ 68,427,181	$ 22,719,472	$ 45,707,709	201.2%
Restricted	$ 21,899,252	$ 59,133,419	$ (37,234,167)	-63.0%
Unrestricted	$ (115,513,680)	$ (82,838,728)	$ (32,674,952)	-39.4%
Total Net Position	$ (25,187,247)	$ (985,837)	$ (24,201,410)	-2454.9%

The District’s change in net position was ($24.2) million this year. The District’s expenses for instructional and pupil services represented 77% percent of total expenses.

Table 2
Condensed Statement of Activities

	June 30, 2018	June 30, 2017	Change	Percentage
Revenues:				
Charges for Services	$ 1,120,603	$ 1,131,234	$ (10,631)	-0.9%
Operating Grants & Contributions	17,818,861	18,556,696	(737,835)	-4.0%
Federal & State Aid	67,344,203	74,742,386	(7,398,183)	-9.9%
Taxes Levied for General Purposes	40,356,484	32,238,269	8,118,215	25.2%
Taxes Levied for Debt Service	12,399,332	12,368,256	31,076	.3%
Taxes Levied for Other Specific Purposes	1,276,440	698,139	578,301	82.8%
Interest & Investment Earnings	783,409	535,075	248,334	46.4%
Miscellaneous	2,129,433	3,790,355	(1,660,922)	-43.8%
Special & Extraordinary Items	2,082,132	1,961,029	121,103	N/A
Total Revenues	145,310,897	146,021,439	(710,542)	-0.5%
Expenses:				
Instruction	85,830,451	69,717,853	16,112,598	23.1%
Instruction Related services	22,119,021	17,352,234	4,766,787	27.5%
Pupil Services	22,491,951	17,511,371	4,980,580	28.4%
General Administration	10,072,366	6,860,410	3,211,956	46.8%
Plant Services	14,595,857	16,285,633	(1,689,776)	-10.4%
Other Expenses	14,402,661	12,994,058	1,408,603	10.8%
Total Expenses	169,512,307	140,721,559	28,790,748	20.5%
Change in Net Position	$ (24,201,410)	$ 5,299,880	$ (29,501,290)	-556.6%

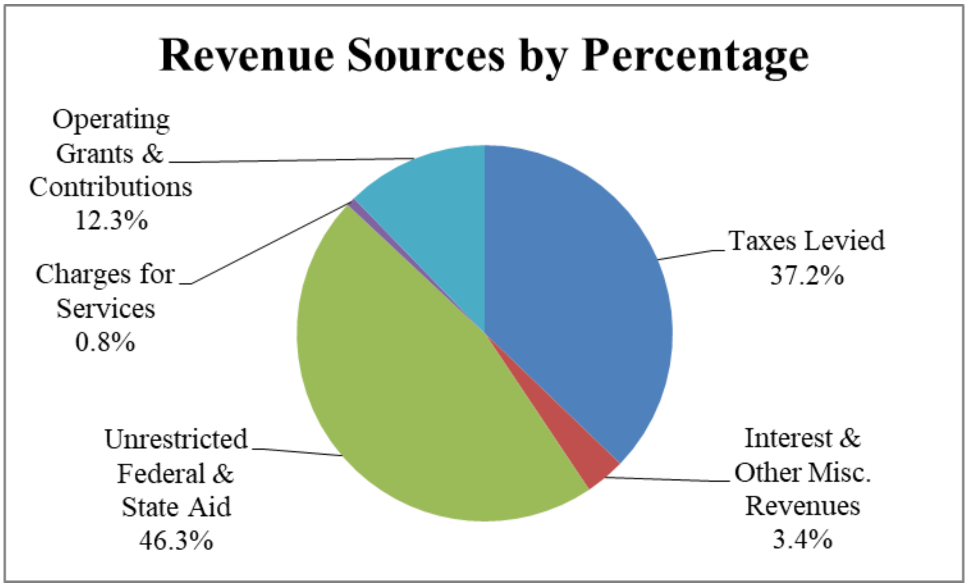
FINANCIAL ANALYSIS OF THE FUND STATEMENTS

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 $62.7 million, a decrease of $40.5 million from the previous fiscal year's combined ending balance of $103.2 million. The General Fund balance decreased $2.10 million and the Building Fund decreased $36.2 million from the prior year.

Governmental Activities

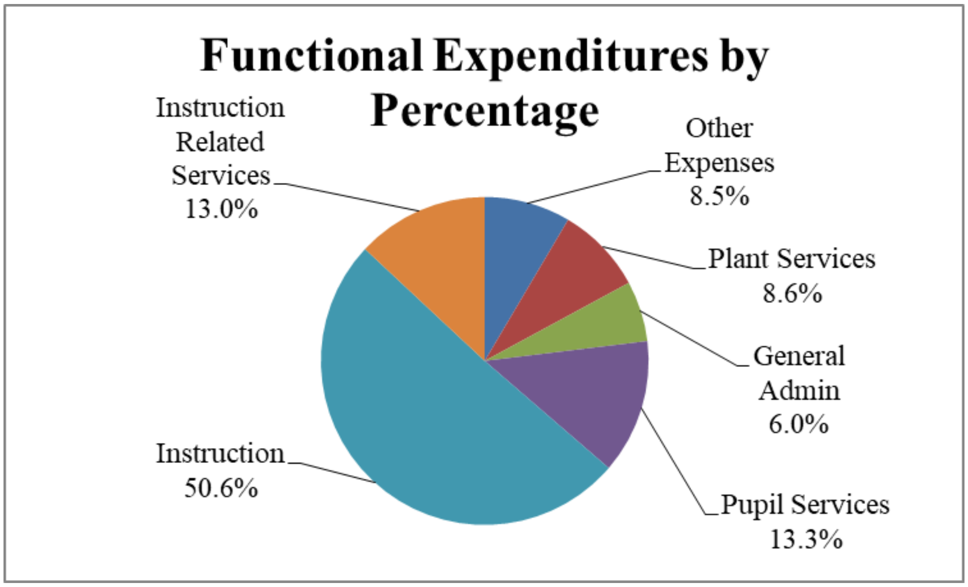
The amount that the District’s local taxpayers financed for these activities through property taxes was $54 million. Federal and State aid not restricted to specific purposes totaled $67 million. Operating Grants & Contribution revenue totaled $17.8 million. Interest & Other Miscellaneous revenues total $4.9 million. (See Figure 1)

Sources of VUSD's Revenue for the 2017-18 Fiscal Year
Figure 1



The administrative activities of the District accounted for 6% percent of total costs. Instruction and Instruction Related Services accounted for 63.6 % of costs. Pupil services constituted 13.3% of the total while Plant services accounted for 8.6%. Other expenses accounted for the remaining 8.5% (See Figure 2).

Sources of VUSD's Expenses for the 2017-18 Fiscal Year
Figure 2



GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget monthly. 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 on 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 $26 million in the general fund ending balance, of which $3.6 million is designated as the reserve for economic uncertainties. The remaining balance is made up of nonspendable, restricted, assigned and unassigned fund balances. The State recommends an ending reserve for economic uncertainties of 3%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2017-18 fiscal year, the District had invested $322 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 $225 million as of June 30, 2018, which is a increase of $40.6 million from the previous year.

Table 3
Capital Assets
(Net of Depreciation)

	June 30, 2018	June 30, 2017	Change
Land	$ 5,969,271	$ 5,969,271	$ -
Site Improvement	$ 36,338,569	$ 35,946,917	$ 391,652
Buildings	$ 228,577,423	$ 213,221,787	$ 15,355,636
Machinery & Equipment	$ 5,874,427	$ 5,580,404	$ 294,023
Work in Progress	$ 45,888,291	$ 21,342,798	$ 24,545,493
Total	$ 322,647,981	$ 282,061,177	$ 40,586,804

Long-Term Debt

At June 30, 2018, the District had $310 million in long-term debt outstanding.

Outstanding Debt

	June 30, 2018	June 30, 2017	Change
General Obligations Bonds	$ 140,205,000	$ 147,240,000	$ (6,825,000)
Certificate of Participation	$ 15,890,000	$ 15,890,000	$ -
Net Pension Liability	$ 127,612,744	$ 109,588,773	$ 18,023,971
Net OPEB Obligation	$ 26,127,626	$ 27,385,693	$ (1,258,067)
Compensated Absences	$ 697,826	$ 750,545	$ (69,783)
Total	$ 310,743,196	$ 300,855,011	$ 9,888,185

The District continues to maintain excellent credit ratings on all of its debt issues. The District recognized $27 million in due to GASB 75 implementation, an increase in Net Pension Liability of $18 million and paid down long-term debt of approximately $8 million.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Governor's budget assumes continued growth in Prop. 98 revenue. This is good news and there is a decrease in the 2017-18 LCFF gap funding percentage, to a current estimate of 42.97%. Under LCFF revenue growth can create expenditure challenges as well, such as the requirement to accelerate the reduction in districts K-3 class sizes, increasing competition for a limited pool of qualified teaching candidates, coupled with the legislatively established STRS rates and increasing PERS costs borne by employees and employers.

Although LCFF funding is increasing, there has been no recognition of the significant increase in the District's contribution to the state retirement funds. These mandated contributions are taking a larger share of the District budget without a comparable increase in the base funding to account for these increasing costs. In 2013-14, retirement system district contributions accounted for 5.66% of the General Fund expenditures; 5.97% in 2014-15; 9.27% in 2015-16; 11.08% in 16-17; 11.3% in 17-18 and a projected 11.8% in the 2018-19 adopted budget. As noted below, the contribution rates are projected to continue increasing significantly over the next several years.

During the LCFF transition period, the LCFF structure relies solely on the annual budget process at the legislative level. The following are the current planning factors for multi-year projections:

Planning Factors	Fiscal Year		
	2018-19	2019-20	2020-21
COLA	3%	2.57%	2.67%
LCFF Gap Funding Percentage	100%		
STRS Employer Rates	16.28%	18.13%	19.10%
PERS Employer Rates (PERS Board/Actuary)	18.062%	20.8%	23.5%

LCFF Revenues for the 2017-18 fiscal year was funded at 10,909.25 average daily attendance (ADA).

The District will realize increased funds under the LCFF but the new funding formula requires increased and/or improved services to students, especially students in the targeted groups – English learners, foster youth and low socio-economic. With the additional funding comes increased accountability through the Local Control Accountability Plan, which requires an apparent link between student outcomes and expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, vendors, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions about this report or additional information requests should be directed to the Chief Business Officer at 401 Nut Tree Road, Vacaville, California 95687.

FINANCIAL SECTION

VACAVILLE UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 68,452,210
Receivables	4,430,451
Other assets	38,636
Prepaid expenses	12,321
Capital Assets - net of accumulated depreciation	224,732,181
Total Assets	297,665,799
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding of bonds	5,065,256
Unamortized bond discount	439,609
Deferred outflows on pensions (note 6)	38,923,466
Total Deferred Outflows	44,428,331
LIABILITIES	
Accounts payable and other current liabilities	13,933,630
Unearned revenue	1,113,196
Long-term liabilities -	
Due within one year	10,627,723
Due after one year	300,115,473
Total Liabilities	325,790,022
DEFERRED INFLOWS OF RESOURCES	
Deferred bond premium revenue	152,022
Deferred COP premium revenue	12,658,480
Deferred inflows on OPEB (note 7)	19,063
Deferred inflows on pensions (note 6)	28,661,790
Total Deferred Inflows	41,491,355
NET POSITION	
Invested in capital assets, net of related debt	68,427,181
Restricted	21,899,252
Unrestricted	(115,513,680)
Total Net Position	$ (25,187,247)

The accompanying notes are an integral part of these financial statements.

VACAVILLE UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
Functions	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental Activities					
Instruction	$ 85,830,451	$ 629	$ 8,132,084	$ -	$ (77,697,738)
Instruction - related services:					
Supervision of instruction	8,133,024	1,490	1,617,113	-	(6,514,421)
Instructional library and technology	1,740,850	-	22,998	-	(1,717,852)
School site administration	12,245,147	157	332,384	-	(11,912,606)
Pupil Services:					
Home-to-school transportation	2,258,853	-	-	-	(2,258,853)
Food services	4,392,941	1,116,115	2,971,736	-	(305,090)
All other pupil services	15,840,157	-	3,418,412	-	(12,421,745)
General administration:					
Data processing	2,006,465	-	9,352	-	(1,997,113)
All other general administration	8,065,901	-	176,342	-	(7,889,559)
Plant services	14,595,857	2,212	580,497	-	(14,013,148)
Ancillary services	693,190	-	11,635	-	(681,555)
Interest on long-term debt	11,549,260	-	-	-	(11,549,260)
Other outgo	456,116	-	546,308	-	90,192
Depreciation (unallocated)	1,704,095	-	-	-	(1,704,095)
Total governmental activities	$ 169,512,307	$ 1,120,603	$ 17,818,861	$ -	(150,572,843)
General Revenues					
Taxes and subventions:					
Taxes levied for general purposes					40,356,484
Taxes levied for debt service					12,399,332
Taxes levied for other specific purposes					1,276,440
Federal and state aid not restricted to specific purposes					67,344,203
Interest and investment earnings					783,409
Interagency revenues					2,048,086
Miscellaneous					2,129,433
Special and extraordinary items					34,046
Total general revenues					126,371,433
Change in net position					(24,201,410)
Net Position - beginning, as originally reported					22,180,899
Prior period adjustment (note 1AA)					(23,166,736)
Net position - July 1, 2017, As restated					(985,837)
Net position - ending, June 30, 2018					$ (25,187,247)

The accompanying notes are an integral part of these financial statements.

VACAVILLE UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
ASSETS						
Cash and cash equivalents	$ 30,817,537	$ 7,233,326	$ 13,391,772	$ 12,336,041	$ 4,673,534	$ 68,452,210
Accounts receivable	4,204,221	-	-	-	226,230	4,430,451
Stores	38,636	-	-	-	-	38,636
Prepaid expenses	5,733	-	-	-	6,588	12,321
Due from other funds	514,413	8,305	-	-	1,627,159	2,149,877
Total assets	$ 35,580,540	$ 7,241,631	$ 13,391,772	$ 12,336,041	$ 6,533,511	$ 75,083,495
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 6,744,410	$ 1,502,075	$ 138,870	$ -	$ 737,260	$ 9,122,615
Due to other funds	1,595,493	33,135	6,390	-	514,859	2,149,877
Unearned revenue	997,083	-	-	-	116,113	1,113,196
Total liabilities	9,336,986	1,535,210	145,260	-	1,368,232	12,385,688
Fund balances						
Nonspendable	94,369	-	-	-	10,401	104,770
Restricted	2,015,305	5,706,421	-	12,336,041	1,841,485	21,899,252
Assigned	7,493,877	-	13,246,512	-	3,313,393	24,053,782
Unassigned	16,640,003	-	-	-	-	16,640,003
Total fund balances	26,243,554	5,706,421	13,246,512	12,336,041	5,165,279	62,697,807
Total liabilities and fund balances	$ 35,580,540	$ 7,241,631	$ 13,391,772	$ 12,336,041	$ 6,533,511	$ 75,083,495

The accompanying notes are an integral part of these financial statements.

VACAVILLE UNIFIED SCHOOL DISTRICT

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

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total fund balances - governmental funds		$ 62,697,807
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:	$ 322,647,981	
Accumulated depreciation:	(97,915,800)	
		224,732,181
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, losses, and defeasance costs at year end consist of:		
Unamortized portion of COP premiums		(152,022)
Unamortized portion of bond premiums		(12,658,480)
Unamortized portion of loss on refunding		5,065,256
Unamortized bond defeasance costs		439,609
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:		(4,811,015)
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	$ 140,415,000	
Net pension liability	127,612,744	
Certificates of participation payable	15,890,000	
Net OPEB liability	26,127,626	
Compensated absences payable	697,826	
		(310,743,196)
Deferred outflows and inflows of resources relating to 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		(19,063)
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		38,923,466
Deferred inflows of resources relating to pensions		(28,661,790)
Total net position, governmental activities		$ (25,187,247)

The accompanying notes are an integral part of these financial statements.

VACAVILLE UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
REVENUES						
LCFF sources	$ 93,203,734	$ -	$ -	$ -	$ 10,397,293	$ 103,601,027
Federal revenue	4,268,527	-	-	-	2,968,318	7,236,845
Other state revenues	10,182,329	-	-	87,187	1,680,516	11,950,032
Other local revenues	8,482,454	294,069	1,531,240	12,409,056	2,538,574	25,255,393
Total revenues	116,137,044	294,069	1,531,240	12,496,243	17,584,701	148,043,297
EXPENDITURES						
Certificated salaries	51,383,744	-	-	-	5,738,310	57,122,054
Classified salaries	19,569,551	263,613	101,448	-	2,519,492	22,454,104
Employee benefits	29,400,979	105,604	39,594	-	3,228,716	32,774,893
Books and supplies	2,912,530	664,443	342,527	-	2,121,121	6,040,621
Services and other operating expenditures	13,359,216	69,121	61,662	-	2,485,280	15,975,279
Capital outlay	1,162,175	35,396,179	3,339,544	-	292,711	40,190,609
Other outgo	448,018	-	-	-	8,098	456,116
Debt service expenditures	-	-	-	12,942,383	670,128	13,612,511
Total expenditures	118,236,213	36,498,960	3,884,775	12,942,383	17,063,856	188,626,187
Excess of revenues over expenditures	(2,099,169)	(36,204,891)	(2,353,535)	(446,140)	520,845	(40,582,890)
OTHER FINANCING SOURCES (USES)						
Other sources	-	-	-	34,046	-	34,046
Total other financing sources (uses)	-	-	-	34,046	-	34,046
Net change in fund balances	(2,099,169)	(36,204,891)	(2,353,535)	(412,094)	520,845	(40,548,844)
Beginning Balance, July 1, 2017	28,342,723	41,911,312	15,600,047	12,748,135	4,644,434	103,246,651
Fund balances, June 30, 2018	$ 26,243,554	$ 5,706,421	$ 13,246,512	$ 12,336,041	$ 5,165,279	$ 62,697,807

The accompanying notes are an integral part of these financial statements.

VACAVILLE UNIFIED SCHOOL DISTRICT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds		$(40,548,844)
Amounts reported for revenues and expenses for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$40,586,804	
Depreciation expense:	(1,704,095)	
Net:		38,882,709
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:		6,930,000
Amortization: In governmental funds, bond premiums, bond discounts, and bond refunding losses are recognized as expenditures in the period they are incurred in governmental funds. In the government-wide statements, these costs are amortized over the life of the debt. Amortization of premiums, discounts, and refunding losses for the period is:		(107,323)
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:		(104,996)
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:		(30,544,679)
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:		52,719
Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer 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:		1,239,004
Total change in net position - governmental activities		$(24,201,410)

The accompanying notes are an integral part of these financial statements.

VACAVILLE UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2018

	Agency Fund Student Body	Trust Fund Foundation	Total Fiduciary Funds
Assets:			
Cash on hand and in banks	$ 415,327	$ -	$ 415,327
Cash in county treasury	272,626	35,065	307,691
Total Assets	$ 687,953	$ 35,065	$ 723,018
Liabilities:			
Due to Student Groups	687,953	-	687,953
Total Liabilities	$ 687,953	$ -	$ 687,953
Net Position			
Restricted		35,065	35,065
Total Net Position	$ -	$ 35,065	$ 35,065

The accompanying notes are an integral part of these financial statements.

VACAVILLE UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FIDUCIARY NET POSITION

TRUST FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Private-Purpose Trust
	Scholarship Funds
Additions	
Donations	$ 438
Deductions	
Scholarships	-
Change in net position	438
Net position, July 1, 2017	34,627
Net position, June 30, 2018	$ 35,065

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. HISTORY OF DISTRICT

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

B. REPORTING ENTITY

The Board of Education is the level of government which has governance responsibilities over all act4ivities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

C. BASIS OF PRESENTATION

Financial Statements

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Revenues, Expenditures and Change in Fiduciary Net Position at the fund financial statement level.

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

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

Government-Wide Financial Statements (Continued)

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

E. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, 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 are as follows:

Major Governmental Funds:

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

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

The **Capital Facilities Fund** is used to account for the accumulation and expenditure of resources used for the acquisition or construction for major capital facilities and equipment.

The **Bond Interest and Redemption Fund** is used to account for the accumulation of resources for, and the repayment of general long-term debt principal, interest, and related costs.

Non-Major Governmental Funds:

The **Adult Education Fund** is used to account for revenues received and expenditures made to operate the District's adult education.

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

The **Charter School Fund** is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for Charter School Operations.

The **County School Facilities Funds** are used to account for state apportionments (Education Code Sections 17009.5 and 17070.10-17076.10).

***Non-Major Governmental Funds:* (continued)**

The **Special Reserve Fund for Capital Outlay Projects** is used to account for resources used for the acquisition or construction of major capital facilities and equipment.

Fiduciary Funds:

The **Foundation Trust Fund** is used to account for assets held by the District as trustee.

Student Body Funds are **Agency Funds** used to account for assets of others for which the District has an agency relationship with the activity of the fund.

F. BASIS OF ACCOUNTING

Accrual

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

Modified Accrual

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

G. BUDGETS AND BUDGETARY ACCOUNTING

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

H. RECEIVABLES

Receivables are made up principally of amounts due from the state of California for Local Control Funding Formula (LCFF) funding and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2018.

I. STORES INVENTORY

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

J. 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.

K. REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current 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 expected to be received within 90 days of fiscal year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

L. UNEARNED REVENUE

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

M. EXPENSES/EXPENDITURES

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

N. CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

O. PREPAID EXPENDITURES

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when paid.

P. CAPITAL ASSETS AND DEPRECIATION

Capital assets purchased or acquired, with an original cost of $15,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred. Capital assets are depreciated using the straight-line method over 4-30 years depending on asset types.

Q. INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position.

R. 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.

S. ACCUMULATED SICK LEAVE

Accumulated 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.

T. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

In addition to liabilities, the statement of net position includes 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.

U. LOCAL CONTROL FUNDING FORMULA/PROPERTY TAXES

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

V. CUSTODIAL RELATIONSHIPS

The balance sheet for agency funds represents the assets, liabilities and trust accounts of various student organizations within the District. As the funds are custodial in nature, no measurement of operating results is involved.

W. FUND BALANCE

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.

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.

X. ESTIMATES

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

Y. 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 Vacaville 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.

Z. POSTEMPLOYEMENT 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.

AA. 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	$ 22,180,899
OPEB previously reported	4,218,957
Net OPEB liability	(27,385,693)
Amounts paid by the District subsequent to the measurement date	-
Net position as restated	$ (985,837)

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 CASH EQUIVALENTS

Cash at June 30, 2018 consisted of the following:

	Governmental Activities	Fiduciary Activities	Total
Pooled Funds:			
Cash in county treasury	$ 60,907,017	$ 307,691	$ 61,214,708
Deposits:			
Cash in revolving fund	53,813	-	53,813
Cash on hand and in banks	6,000	415,327	421,327
Cash with Fiscal Agent	7,485,380	-	7,485,380
Total Cash and Investments	$ 68,452,210	$ 723,018	$ 69,175,228

A. Policies and Practices

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Solano County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Solano County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2018, the Solano County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

B. Cash in County Treasury

Cash in Solano County Treasury consist of cash deposited in the interest-bearing Solano Treasurer's Pooled Surplus Investment Fund. Investments are recorded at cost, which approximates fair value. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required. The District's deposits in the Fund are considered to be highly liquid.

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 441 days. The pool is rated AAA by Standard and Poor’s.

2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Cash in County Treasury (Continued)

As permitted under applicable state laws, the Solano County Treasurer may invest in derivative securities. However, at June 30, 2018, the Solano County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

C. 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.

D. Cash with Fiscal Agent

Cash with Fiscal Agent represents funds held by third parties restricted for the repayment of General Obligation Bonds and Certificates of Participation.

3. 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

As of June 30, 2018, the interfund receivable and payable balances were as follows:

	Due From	Due To
Major Funds		
General Fund	$ 514,413	$ 1,595,493
Building	8,305	33,135
Capital Facilities	-	6,390
Nonmajor Funds		
Capital Projects	811,782	-
Cafeteria	11,382	505,022
Charter School	803,995	9,837
Total	$ 2,149,877	$ 2,149,877

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. There were no interfund transfers for the year ended June 30, 2018.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 is shown below:

	Balance July 1, 2017	Additions and Transfers	Deductions and Transfers	Balance June 30, 2018
Non-depreciable assets:				
Land	$ 5,969,271	$ -	$ -	$ 5,969,271
Work-in-process	21,342,798	40,266,566	15,721,073	45,888,291
	27,312,069	40,266,566	15,721,073	51,857,562
Depreciable:				
Improvement of sites	35,946,917	391,652	-	36,338,569
Buildings	213,221,787	15,355,636	-	228,577,423
Equipment	5,580,404	294,023	-	5,874,427
	254,749,108	16,041,311	-	270,790,419
Totals, at cost	282,061,177	56,307,877	15,721,073	322,647,981
Less accumulated depreciation:				
Improvement of sites	(11,949,906)	(1,199,745)	-	(13,149,651)
Buildings	(79,892,711)	(188,481)	-	(80,081,192)
Equipment	(4,369,088)	(315,869)	-	(4,684,957)
Total accumulated depreciation	(96,211,705)	(1,704,095)	-	(97,915,800)
Governmental activities capital assets, net	$ 185,849,472	$ 54,603,782	$ 15,721,073	$ 224,732,181

The entire amount of depreciation expense was unallocated on the Statement of Activities.

5. LONG-TERM LIABILITIES

General Obligation Bonds

In 2014, the District issued General Obligation Refunding Bonds in the amount of $22,950,000 for the purpose of refunding portions of 2005 General Obligations Bonds and 2005 Refunding General Obligation Bonds. The current interest and yield vary, ranging from 3.0% to 5.0%. The bonds are scheduled to mature through August 2030.

In 2015, the District issued General Obligation Refunding Bonds, Series B in the amount of $33,910,000 for the purpose of refunding the Series 2007 General Obligation Bonds. The current interest and yield vary, ranging from 2.0% to 5.0%. The bonds are scheduled to mature through August 2032.

In 2015, the District issued General Obligation Refunding Bonds, Series C in the amount of $20,370,000 for the purpose of refunding the remaining portions of 2005 General Obligations Bonds and 2005 Refunding General Obligation Bonds. The current interest and yield vary, ranging from 3.0% to 5.0%. The bonds are scheduled to mature through August 2030.

In 2015, the District issued 2014 General Obligation Bonds, Series A in the amount of $40,000,000 for the purpose of upgrading and repairing school facilities. The current interest and yield vary, ranging from 3.0% to 5.0%. The bonds are scheduled to mature through August 2040.

In 2017, the District issued 2014 General Obligation Bonds, Series B in the amount of $38,000,000 for the purpose of upgrading and repairing school facilities. The current interest and yield vary, ranging from 3.0% to 5.0%. The bonds are scheduled to mature through August 2042.

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

Issue Date	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2017	Redeemed	Balance June 30, 2018
5/20/2014	8/1/2030	3.0%-5.0%	$ 22,950,000	$ 21,850,000	$ 1,195,000	$ 20,655,000
1/6/2015	8/1/2032	2.0%-5.0%	33,910,000	33,230,000	-	33,230,000
5/5/2015	8/1/2030	2.0%-5.0%	20,370,000	19,160,000	1,030,000	18,130,000
8/13/2015	8/1/1940	3.0%-5.0%	40,000,000	35,000,000	4,600,000	30,400,000
8/13/2016	8/1/1943	3.125%-5.0%	38,000,000	38,000,000	-	38,000,000
			$ 155,230,000	$ 147,240,000	$ 6,825,000	$ 140,415,000

5. LONG-TERM LIABILITIES (CONTINUED)

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

Year Ending June 30	Principal	Interest to Maturity	Total
2019	$ 7,530,000	$ 6,223,863	$ 13,753,863
2020	7,090,000	5,905,813	12,995,813
2021	5,250,000	5,585,963	10,835,963
2022	5,250,000	5,328,913	10,578,913
2023	5,780,000	5,078,613	10,858,613
2024-2028	23,495,000	21,847,061	45,342,061
2029-2033	43,300,000	14,270,337	57,570,337
2034-2038	18,215,000	7,055,112	25,270,112
2039-2043	24,505,000	2,997,475	27,502,475
Total	$ 140,415,000	$ 74,293,150	$ 214,708,150

Payment of the general obligation bonds will be made by the Bond Interest and Redemption Fund. The Bond Interest and Redemption Fund receives property tax revenues which are used solely to repay the principal and interest due on these obligations.

Certificates of Participation

In 2015, the District issued Certificates of Participation in the aggregate principal amount of $15,890,000 for the purpose of repaying all or a portion of the 2008 Certificates of Participation, fund a reserve fund surety for the Certificates, and pay costs of delivery of the Certificates. The 2015 Certificates of Participation mature through December 2036, and have interest rates ranging from 3.0% to 5.0%.

The following is a schedule of the future payments for the 2015 Certificates of Participation as of June 30, 2018:

Year Ending June 30	Principal	Interest	Total
2019	$ -	$ 679,319	$ 679,319
2020	-	679,319	679,319
2021	55,000	678,494	733,494
2022	125,000	675,794	800,794
2023	205,000	670,844	875,844
2024-2028	2,415,000	3,125,068	5,540,068
2029-2033	5,330,000	2,350,909	7,680,909
2034-2038	7,760,000	732,125	8,492,125
2039-2043	-	-	-
Total	15,890,000	9,591,872	25,481,872

Payments of Certificates of Participation are made from the Special Reserve for Capital Outlay Projects Fund.

5. LONG-TERM LIABILITIES (CONTINUED)

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
General Obligation Bond	$ 147,240,000	$ -	$ 6,825,000	$ 140,415,000	$ 7,530,000
Certificates of Participation	15,890,000	-	-	15,890,000	-
Net pension liability	109,588,773	18,023,971	-	127,612,744	-
Net OPEB liability (Note 8)	27,385,693	-	1,258,067	26,127,626	3,027,940
Compensated absences	750,545	-	52,719	697,826	69,783
Total long term obligation	$ 300,855,011	$ 18,023,971	$ 8,135,786	$ 310,743,196	$ 10,627,723

Payments on the compensated absences and other postemployment benefits are made from the fund for which the related employee worked.

6. 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, California 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, California 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%

6. 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. Vacaville 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	$ 3,112,211	$ 7,926,264	$ 11,038,475
On behalf contributions - state	-	3,943,457	3,943,457
Total	$ 3,112,211	$ 11,869,721	$ 14,981,932

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

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

	Proportionate Share of Net Pension Liability
CalPERS	$ 35,153,183
STRS	92,459,561
Total Net Pension Liability	$ 127,612,744

The 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. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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	0.14459%	0.10019%
Proportion - June 30, 2017	0.14725%	0.09998%
Change - Increase (Decrease)	0.00266%	-0.00021%

For the year ended June 30, 2018, the District recognized pension expense of $12,110,129 and $18,434,552 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	$ 3,112,211	$ -	$ 11,869,721	$ -	$ 14,981,932	$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2016-17.	-	6,763,128	-	5,686,909	-	12,450,037
Changes of Assumptions	3,818,092	1,007,441	14,682,183	-	18,500,275	1,007,441
Differences between Expected and Actual Experience	1,796,858	-	293,078	3,424,183	2,089,937	3,424,183
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	1,278,809	1,017,396	7,365,134	1,017,396	8,643,943
Net differences between projected and actual investment earnings on pension plan investments	2,333,927	-	-	3,136,186	2,333,927	3,136,186
Total	$ 11,061,088	$ 9,049,378	$ 27,862,378	$ 19,612,412	$ 38,923,466	$ 28,661,790

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 outflow/(inflows) 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	$ (2,062,664)	$ (4,551,033)	$ (6,613,697)
2020	(446,576)	(1,670,915)	(2,117,491)
2021	1,165,527	(595,264)	570,263
2022	243,212	239,410	482,622
2023	-	849,032	849,032
Thereafter	-	2,109,015	2,109,015
Total	$ (1,100,501)	$ (3,619,756)	$ (4,720,257)

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Discount Rate

CalPERS
The discount rate used to measure the total pension liability was 7.15 percent 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 7.50 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 7.65 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.

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

CalPERS

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.

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

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

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 (7.1 percent) and assuming that contributions and benefit payments 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 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.

	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%	

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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	$ 51,721,596	$ 35,153,183	$ 21,408,296

	STRS		
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability	$ 135,759,990	$ 92,459,561	$ 57,318,330

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

As of June 30, 2018, the District had no outstanding required contributions to the pension plans.

7. OTHER POSTEMPLOYMENT BENEFITS

Plan description. The District provides postemployment health care benefits to employees who are at least age 50 and have at least 18 years of service and obtain medical insurance coverage in a District plan. For none of the 18 years of service, the employee must have been qualified for benefits. The health care benefit is payable until the earlier of the death of the retiree or 7 years following the date of commencement.

Employees covered by benefit terms. At July 1, 2017, the following employees were covered by the benefit terms:

Actives	1083
Retirees	418
Beneficiaries	-
Spouces of Retirees	19
	1,520

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 July 1, 2017

Actuarial assumptions: The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the actuarial assumptions shown on the following page, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Inflation	2.75%
Salary Increases Including Inflation	2.75%
Discount rate	6.75%
Long-term expected rate of return, net of investment expenses	6.75%
Municipal bond rate	N/A
Healthcare cost trend rates	Pre65: 1.50% to 4.25% over 56 years Post65: 1.00% to 4.50% over 56 years

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Global Equity	MSCI ACWI NR	57%	5.23%	3.86%
US Long Bonds	Barclays LT Gvt/Credit	27%	3.77%	3.26%
US Inflation-Indexed Bonds	Barclays US TIPs	5%	1.81%	1.67%
Global REITs	FTSE EPRA/NAREIT Developed	8%	5.74%	3.71%
Commodities	Dow Jones UBS	3%	3.07%	1.42%
Total		100%		
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			4.64%	3.97%
Portfolio Nominal Mean Return			7.41%	6.81%
Portfolio Standard Deviation				1.31%
Long-Term Expected Rate of Return				**6.75%**

Discount rate. The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from school districts and county offices will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	$ 32,120,558	$ 4,734,865	$ 27,385,693
Changes for the year:			
Service cost	1,050,622	-	1,050,622
Interest	2,181,011	-	2,181,011
Differences between expected and actual experience	-	-	-
Contributions - employer	-	4,115,345	(4,115,345)
Net investment income	-	374,355	(374,355)
Benefit payments	(1,748,377)	(1,748,377)	-
Administrative expense	-	-	-
Net changes	1,483,256	2,741,323	(1,258,067)
Balances at June 30, 2018	$ 33,603,814	$ 7,476,188	$ 26,127,626

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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability (asset)	$ 29,566,485	$ 26,127,626	$ 23,176,907

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 or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability (asset)	$ 22,375,281	$ 26,127,626	$ 30,616,237

OPEB plan fiduciary net position. The plan's net position as of June 30, 2018 was $7,476,188.

7. 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 $1,239,004. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	19,063
Total	$ -	$ 19,063

The District will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

Year ended June 30	Total Deferred Outflows/(Inflows) of Resources
2019	$ 4,766
2020	4,766
2021	4,766
2022	4,765
2023	-
Thereafter	-
Total	$ 19,063

Payable to the OPEB Plan

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

8. FUND BALANCE

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 and Redemption Fund	All Non-Major Funds	Total
Nonspendable:						
Revolving cash fund	$ 50,000	$ -	$ -	$ -	$ 3,813	$ 53,813
Stores inventory	38,636	-	-	-	-	38,636
Prepaid expenditures	5,733	-	-	-	6,588	12,321
Subtotal nonspendable	94,369	-	-	-	10,401	104,770
Restricted for:						
Adult Education Block Grant Program	-	-	-	-	754,447	754,447
Debt service	-	-	-	12,336,041	-	12,336,041
Child nutrition: school programs	-	-	-	-	333,179	333,179
Measure A bond projects	-	5,706,421	-	-	-	5,706,421
Medi-Cal billing option	382,200	-	-	-	-	382,200
California clean energy jobs act	319,106	-	-	-	238,374	557,480
Educator effectiveness	-	-	-	-	-	-
Lottery: instructional materials	85,794	-	-	-	186,137	271,931
Special Ed: Mental Health Services	717,843	-	-	-	-	717,843
College readiness block grant	42,446				70,765	113,211
Ongoing & major maintenance account	-	-	-	-	-	-
Other restricted local	467,916	-	-	-	258,583	726,499
Total Restricted	2,015,305	5,706,421	-	12,336,041	1,841,485	21,899,252
Assigned to:						
Other assignments	7,493,877	-	13,246,512	-	3,313,393	24,053,782
Subtotal assigned	7,493,877	-	13,246,512	-	3,313,393	24,053,782
Unassigned:						
Designated for economic uncertainty	3,546,958	-	-	-	-	3,546,958
Undesignated	13,093,045	-	-	-	-	13,093,045
Subtotal unassigned	16,640,003	-	-	-	-	16,640,003
Total Fund Balances	$26,243,554	$ 5,706,421	$ 13,246,512	$ 12,336,041	$ 5,165,279	$ 62,697,807

9. JOINT VENTURES

The District is a member with other school districts in a Joint Powers Authority, North Bay Schools Insurance Authority, for the operation of a common risk management and insurance program for property and liability coverage. Settled claims resulting from these risks have not exceeded insurance coverage on any of the past three years. The following is a summary of financial information for North Bay Schools Insurance Authority at June 30, 2018:

	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

The relationship between Vacaville Unified School District and the Joint Powers Authority is such that the Joint Powers Authority is not a component unit of the District for financial reporting purposes.

10. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District incurred unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

Excess of expenditures over appropriations for the year ended June 30, 2018 were as follows:

	Excess Expenditures
General Fund:	
Employee Benefits	$ 313,577
Services and other operating expenditures	256,285

The excess is not in accordance with Education Code 42600. The excess expenditures are primarily due to the recognition of the STRS on-behalf payments not included in the budget and additional contract services to assist with special education services.

11. COMMITMENT AND CONTINGENCIES

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

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

12. SUBSEQUENT EVENTS

The District's management evaluated its June 30, 2018 financial statements for subsequent events through December 13, 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

VACAVILLE 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	$ 94,193,785	$ 93,413,273	$ 93,203,734	$ (209,539)
Federal revenue	4,656,886	4,435,197	4,268,527	(166,670)
Other state revenues	8,251,224	9,890,063	10,182,329	292,266
Other local revenues	3,110,108	5,898,122	8,482,454	2,584,332
Total revenues	110,212,003	113,636,655	116,137,044	2,500,389
EXPENDITURES				
Certificated salaries	50,317,049	51,837,401	51,383,744	453,657
Classified salaries	18,975,049	20,805,440	19,569,551	1,235,889
Employee benefits	29,998,685	29,087,402	29,400,979	(313,577)
Books and supplies	5,268,067	4,713,312	2,912,530	1,800,782
Services and other operating expenditures	8,679,119	13,102,931	13,359,216	(256,285)
Capital outlay	508,204	1,773,931	1,162,175	611,756
Other outgo	1,844,984	1,781,564	448,018	1,333,546
Total expenditures	115,591,157	123,101,981	118,236,213	4,865,768
Net change in fund balances	(5,379,154)	(9,465,326)	(2,099,169)	7,366,157
Fund balances, July 1, 2017	28,342,723	28,342,723	28,342,723	-
Fund balances, June 30, 2018	$ 22,963,569	$ 18,877,397	$ 26,243,554	$ 7,366,157

VACAVILLE UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITIES AND RELATED RATIOS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2018
Total OPEB liability	
Service cost	$ 1,050,622
Interest	2,181,011
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(1,748,377)
Net change in total OPEB liability	1,483,256
Total OPEB liability - beginning	32,120,558
Total OPEB liability - ending (a)	$33,603,814
Plan fiduciary net position	
Contributions - employer	$ 4,115,345
Net investment income	374,355
Benefit payments, including refunds of member contributions	(1,748,377)
Administrative expense	-
Net change in plan fiduciary net position	2,741,323
Plan fiduciary net position - beginning	4,734,865
Plan fiduciary net position - ending (b)	$ 7,476,188
District's net OPEB liability - ending (a) - (b)	$26,127,626
Plan fiduciary net position as a percentage of the total OPEB liability	22.2%
Covered-employee payroll	$56,426,572
District's net OPEB liability as a percentage of covered-employee payroll	46.3%

VACAVILLE UNIFIED SCHOOL DISTRICT

SCHEDULE OF OPEB CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2018
Actuarially determined contribution	$ 2,946,901
Contributions in relation to the actuarially required contribution	$ (4,115,345)
Contribution deficiency (excess)	$ (1,168,444)
Covered-employee payroll	$56,426,572
Contributions as a percentage of covered-employee payroll	7.29%

VACAVILLE 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	0.13144%	0.13478%	0.14459%	0.14725%
Proportionate share of the net pension liability	$ 14,922,072	$ 19,867,107	$ 28,556,862	$ 35,153,183
Covered-employee payroll (2)	$ 13,412,658	$ 14,826,007	$ 14,797,372	$ 16,791,205
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)	$ 1,578,804	$ 1,756,437	$ 2,055,059	$ 2,607,842

STRS	June 30, 2014 (1)	June 30, 2015 (1)	June 30, 2016 (1)	June 30, 2017 (1)
Proportion of the net pension liability	0.10007%	0.09800%	0.10019%	0.09998%
Proportionate share of the net pension liability	$ 58,479,987	$ 65,977,731	$ 81,031,911	$ 92,459,561
Covered-employee payroll (2)	$ 41,410,766	$ 37,644,026	$ 42,587,496	$ 46,194,352
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)	$ 3,677,276	$ 4,039,204	$ 5,357,507	$ 6,665,845

(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.

VACAVILLE 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)	$ 1,578,804	$ 1,756,437	$ 2,055,059	$ 2,607,842
Contributions in relation to the actuarially determined contributions (2)	(1,756,650)	(2,053,009)	(2,608,872)	(3,112,211)
Contribution deficiency (excess)	$ (177,846)	$ (296,572)	$ (553,813)	$ (504,369)
Covered-employee payroll (3)	$ 13,412,658	$ 14,826,007	$ 14,797,372	$ 16,791,205
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)	$ 3,677,276	$ 4,039,204	$ 5,357,507	$ 6,665,845
Contributions in relation to the actuarially determined contributions (2)	(4,138,203)	(5,289,513)	(6,726,463)	(7,926,264)
Contribution deficiency (excess)	$ (460,927)	$ (1,250,309)	$ (1,368,956)	$ (1,260,419)
Covered-employee payroll (3)	$ 41,410,766	$ 37,644,026	$ 42,587,496	$ 46,194,352
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.

1. PURPOSE OF SCHEDULES

A - Statement 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 no changes to benefits.

Changes of assumptions. There were no changes to assumptions.

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

C - Schedule of OPEB Contributions

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year ended June 30, 2018 were from the July 1, 2017 valuation

Valuation Timing	Actuarial valuations for funding purposes are performed biennially as of July 1. The most recent valuation was performed as of July 1, 2017.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Amortization Method	Level percent
Closed, open, or layered periods	Closed
Amortization period at July 1, 2017	24 years
Amortization growth rate	2.75%
Asset Valuation Method	Market Value
Smothing period	N/A
Recognition method	N/A
Corridor	N/A
Inflation	2.75%
Salary Increases	2.75% per annum, in aggregate
Discount rate	6.75%
Healthcare cost trend rates	Pre65: 1.50% to 4.25% over 56 years Post65: 1.00% to 4.50% over 56 years

1. PURPOSE OF SCHEDULES (CONTINUED)

D - Schedule of Proportionate Share of the Net Pension Liability

Changes of 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.

E - 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.

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

	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

VACAVILLE UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

JUNE 30, 2018

	Adult Education Fund	Cafeteria Special Revenue Fund	Charter School Fund	Special Reserve Fund for Capital Outlay Projects	Total
ASSETS					
Cash and cash equivalents	$ 934,649	$ 845,342	$ 2,125,397	$ 768,146	$4,673,534
Accounts receivable	14,703	83,513	128,014	-	226,230
Prepaid Expenses	699	-	5,889	-	6,588
Due from other funds	-	11,382	803,995	811,782	1,627,159
Total assets	$ 950,051	$ 940,237	$ 3,063,295	$ 1,579,928	$ 6,533,511
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 56,343	$ 93,242	$ 587,675	$ -	$ 737,260
Due to other funds	-	505,022	9,837	-	514,859
Unearned revenue	-	4,981	111,132	-	116,113
Total liabilities	56,343	603,245	708,644	-	1,368,232
Fund balances					
Nonspendable	699	3,813	5,889	-	10,401
Restricted	873,384	333,179	634,922	-	1,841,485
Assigned	19,625	-	1,713,840	1,579,928	3,313,393
Total fund balances	893,708	336,992	2,354,651	1,579,928	5,165,279
Total liabilities and fund balances	$ 950,051	$ 940,237	$ 3,063,295	$ 1,579,928	$6,533,511

VACAVILLE UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL NON-MAJOR FUNDS

JUNE 30, 2018

	Adult Education Fund	Cafeteria Special Revenue Fund	Charter School Fund	Special Reserve Fund for Capital Outlay Projects	Total
REVENUES					
LCFF sources	$ -	$ -	10,397,293	$ -	$ 10,397,293
Federal revenue	58,558	2,718,445	191,315	-	2,968,318
Other state revenues	662,472	214,470	803,574	-	1,680,516
Other local revenues	13,210	1,162,788	76,538	1,286,038	2,538,574
Total revenues	734,240	4,095,703	11,468,720	1,286,038	17,584,701
EXPENDITURES					
Certificated salaries	227,682	-	5,510,628	-	5,738,310
Classified salaries	194,462	1,421,913	903,117	-	2,519,492
Employee benefits	133,326	620,187	2,475,203	-	3,228,716
Books and supplies	61,277	1,869,034	190,810	-	2,121,121
Services and other operating expenditures	96,459	32,456	2,353,615	2,750	2,485,280
Capital outlay	-	90,642	202,069	-	292,711
Other outgo	-	-	8,098	-	8,098
Debt service expenditures	-	-	-	670,128	670,128
Total expenditures	713,206	4,034,232	11,643,540	672,878	17,063,856
Net change in fund balances	21,034	61,471	(174,820)	613,160	520,845
Beginning Balance, July 1, 2017	872,674	275,521	2,529,471	966,768	4,644,434
Fund balances, June 30, 2018	$ 893,708	$ 336,992	$ 2,354,651	$ 1,579,928	$ 5,165,279

VACAVILLE UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Assets:				
Alamo	$ 33,750	$ 68,409	$ 60,524	$ 41,635
Cooper	4,000	-	1,586	2,414
Eugene Padan	21,497	10,661	11,304	20,854
Farimont	2,642	-	2,642	-
Hemlock	11,273	12,836	17,818	6,291
Jean Callson	7,047	2,699	166	9,580
Sierra Vista	7,444	42,642	36,461	13,625
Markham	46,939	103,447	121,641	28,745
Vaca Pena	11,974	34,375	38,860	7,489
Willis Jepson	18,365	58,865	56,718	20,512
Country High	285	21	-	306
Vacaville High	68,631	506,151	524,480	50,302
Will C Wood	201,510	593,564	581,500	213,574
Cash on hand and in banks	$ 435,357	$ 1,433,670	$ 1,453,700	$ 415,327
Vacaville High	184,865	2,142	1,162	185,845
Will C Wood	85,516	1,787	522	86,781
Cash in county treasury	270,381	3,929	1,684	272,626
Total Assets	$ 705,738	$ 1,437,599	$ 1,455,384	$ 687,953
Liabilities:				
Due to Student Groups	705,738	1,437,599	1,455,384	687,953
Total Liabilities	$ 705,738	$ 1,437,599	$ 1,455,384	$ 687,953

VACAVILLE UNIFIED SCHOOL DISTRICT

ORGANIZATION

JUNE 30, 2018

Vacaville Unified School District was established in 1966. The District is in Vacaville, California. There was no change in District boundaries during the year. The District operates eight elementary schools, two middle school, two high schools, one continuation high school and three charter schools. In addition, the District operates an adult school program.

GOVERNING BOARD

Name	Office	Term Expires December
Shawn Windham	President	2020
Sherri Mahlberg	Vice President	2020
John Jansen	Clerk	2018
Michael Kitzes	Member	2020
Tracee Stacy	Member	2020
Michelle Dally	Member	2018
Horace “Whit” Whitman	Member	2018

ADMINISTRATION

Jane Shamieh
District Superintendent
Secretary to the Board of Education

Jennifer Stahlheber
Associate Superintendent
Business and Administrative Services

Janet Dietrich
Assistant Superintendent
Human Resources

Kimberly Forrest
Assistant Superintendent
Student Services

Ed Santopadre
Assistant Superintendent
Educational Services

VACAVILLE UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

District	**Second Period Report**	**Revised Second Period Report***	**Annual Report**	**Revised Annual Report***
Elementary				
Transitional Kindergarten through Third	3,058	3,062	3,072	3,072
Fourth through Sixth	2,422	2,485	2,482	2,489
Seventh to Eighth	1,815	1,766	1,757	1,764
Special Education	16	16	16	16
Extended Year	14	14	15	15
Total Elementary	7,325	7,343	7,342	7,356
Secondary				
Ninth through Twelve	3,516	3,553	3,496	3,528
Special Education	10	10	9	9
Extended Year	3	3	3	3
Total Secondary	3,529	3,566	3,508	3,540
Total District	10,854	10,909	10,850	10,896
Fairmont Elementary Charter School - Classroom Based				
Elementary				
Transitional Kindergarten through Third	313	325	316	327
Fourth through Sixth	198	198	199	199
Total Elementary	511	523	515	526
Buckingham Charter Magnet High School - Classroom Based				
Secondary				
Ninth through Twelve	475	476	474	476
Ernest Kimmie Charter Academy - Independent Study				
Elementary				
Transitional Kindergarten through Third	8	8	9	9
Fourth through Sixth	7	7	8	8
Total Elementary	15	15	16	17
Secondary				
Seventh through Eighth	18	18	20	20
Nineth through Twelth	166	179	175	184
Total Secondary	184	197	195	204
Total School	199	212	211	221

* The revisions to the Second Period of Attendance and Annual Attendance reports were not the result of the audit.

VACAVILLE UNIFIED SCHOOL DISTRICT

SCHEDULE OF INTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Grade Level	Standard Minutes Requirement	2017-18 Actual Minutes	Instructional Days	Status
DISTRICT				
Kindergarten	36,000	36,000	180	In compliance
Grade 1	50,400	50,775	180	In compliance
Grade 2	50,400	50,775	180	In compliance
Grade 3	50,400	50,775	180	In compliance
Grade 4	54,000	54,105	180	In compliance
Grade 5	54,000	54,105	180	In compliance
Grade 6	54,000	54,105	180	In compliance
Grade 7	54,000	61,927	180	In compliance
Grade 8	54,000	61,927	180	In compliance
Grade 9	64,800	66,128	180	In compliance
Grade 10	64,800	66,128	180	In compliance
Grade 11	64,800	66,128	180	In compliance
Grade 12	64,800	66,128	180	In compliance
CHARTER SCHOOLS				
Fairmont Elementary Charter School - Classroom Based				
Kindergarten	36,000	42,395	180	In compliance
Grade 1	50,400	50,775	180	In compliance
Grade 2	50,400	50,775	180	In compliance
Grade 3	50,400	50,775	180	In compliance
Grade 4	54,000	54,105	180	In compliance
Grade 5	54,000	54,105	180	In compliance
Grade 6	54,000	54,105	180	In compliance
Buckingham Charter Magnet High School - Classroom Based				
Grade 9	64,800	89,125	180	In compliance
Grade 10	64,800	89,125	180	In compliance
Grade 11	64,800	89,125	180	In compliance
Grade 12	64,800	89,125	180	In compliance

See the accompanying notes to supplementary information.

VACAVILLE UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR 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
D913	Fairmont Charter Elementary	Included
D056	Elise P. Buckingham Charter Magnet High	Included
1839	Ernest Kimme Charter Academy	Included
1635	Kairos Public School Vacaville Academy	Separately Reported

See the accompanying notes to supplementary information.

VACAVILLE UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS

FOR FISCAL YEAR ENDED JUNE 30, 2018

There were no other adjustments to the beginning fund balances.

There were no other adjustments to any other funds.

See the accompanying notes to supplementary information.

VACAVILLE UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal CFDA Number	Grantor and Program Title	Pass- Through 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 (Formerly PL 94-142)	13379	$ 1,779,829
84.027	Special Education: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	10115	10,212
84.027A	Special Ed: IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	13682	246,629
84.173	Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	13430	77,845
	Subtotal Special Education Cluster		2,114,515
84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	14329	1,518,052
84.367	NCLB: Title II, Part A, Improving Teacher Quality Local Grants	14341	299,327
84.365	NCLB (ESEA) : Title III, Limited English Proficient (LEP) Student Program	14346	136,941
84.365	NCLB (ESEA) : Title III, Immigrant Education Program	15146	4,078
84.330	NCLB Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	14831	1,896
84.002A	Adult Ed: Adult Basic Ed & ESL	14508	17,618
84.002	Adult Education: English Literacy & Civics Education	14750	27,122
84.002	Adult Ed: Adult Secondary Education	13978	13,818
	Total U.S. Department of Education		4,133,367
U.S. Department of Agriculture			
Passed through California Department of Education			
10.553	Child Nutrition: School Programs (School Breakfast Basic)	13390	* 2,703,977
10.579	Child Nutrition: NSLP Equipment Assistance Grants	14906	14,468
	Total Cash Assistance Subtotal		2,718,445
10.553	School Lunch Program - Nonmonetary Assistance	13390	98,358
	Total Non-Cash Assistance Subtotal		98,358
	Total U.S. Department of Agriculture		2,816,803
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	385,033
	Total U.S. Department of Health and Human Services		385,033
Total Federal Programs			$ 7,335,203

* Tested as major program.

See the accompanying notes to supplementary information.

VACAVILLE 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	$122,203,453	$116,137,044	$114,768,227	$110,677,432
Expenditures	120,713,405	118,236,213	106,094,613	104,252,920
Other Uses and Transfers Out	-	-	61,042	694,923
Total Outgo	120,713,405	118,236,213	106,155,655	104,947,843
Change in Fund Balance	1,490,048	(2,099,169)	8,612,572	5,729,589
Ending Fund Balance	$ 27,733,602	$ 26,243,554	$ 28,342,723	$ 19,730,151
Available Reserves *	$ 18,038,029	$ 16,640,003	$ 19,874,061	$ 3,593,501
Designated for Economic Uncertainties	$ 3,621,402	$ 3,546,958	$ 8,559,648	$ 3,148,436
Undesignated Fund Balance	$ 14,416,627	$ 13,093,045	$ 11,314,413	$ 445,065
Available Reserves as a Percentage of Total Outgo	14.9%	14.1%	18.7%	3.4%
All Funds				
Total Long-Term Debt	$300,115,473	310,743,196	$300,855,011	$223,273,186
Actual Daily Attendance at P-2 (Exclusive of Adult ADA)	10,853	10,854	10,583	10,707

*Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund

The general fund balance has increased by $12,242,992 over the past three years. 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 has met this requirement.

The District has incurred operating surpluses in two of the last three years and anticipates incurring an operating surplus during the fiscal year 2018-2019.

Total long-term liabilities have increased by $87,470,010 over the past two years due to increases in the net pension liability, issuance of new general obligation bonds and the recognition of Net OPEB liability in accordance with GASB 75.

Average Daily Attendance (ADA) has increased by 147 over the past two years. The District anticipates a decrease in ADA of 1 in 2018-19.

---

1. 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.

2. 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. Districts must maintain their instructional minutes in accordance with the State's standard requirement as required by Education Code Section 46201(b).

The District participated in the Longer Day incentives and did not meet or exceed its target funding.

3. Schedule of Charter Schools

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

4. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

5. 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.

5. 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		$ 7,236,845
Reconciling items		
Food Distribution - Commodities	10.553	98,358
Total Schedule of Expenditures of Federal Awards		$ 7,335,203

6. 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.

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 Education
Vacaville Unified School District
Vacaville, California

Report on Compliance for Each State Program

We have audited the compliance of Vacaville Unified School District (the "District") 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

Compliance with the requirements of state laws and regulations is the responsibility of District's management.

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.

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	Yes
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	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Yes

We did not perform any procedures related to Early Retirement Incentive Program, Juvenile Court Schools, Before School requirements for the After/Before School Education and Safety, Independent Study-Course Based, Apprenticeship: Related and Supplemental Instruction or Charter School Facility Grant Program because the District did not offer these programs.

We did not perform any procedures related to Independent Study because the ADA generated was immaterial.

Opinion on Compliance with State Laws and Regulations

In our opinion, Vacaville Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2018.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 13, 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 Education
Vacaville Unified School District
Vacaville, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vacaville 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, and have issued our report thereon dated December 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
December 13, 2018

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Education
Vacaville Unified School District
Vacaville, California

Report on Compliance for Each Major Federal Program

We have audited the Vacaville 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 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 13, 2018

FINDINGS AND RECOMMENDATIONS

VACAVILLE UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditor's Results

Section I – Summary of Audit 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? _______ Yes ___X___ None reported

Noncompliance material to financial statements noted? _______ Yes ___X___ No

Federal Awards
Internal control over major programs:
Material weakness(es) identified? _______ Yes ___X___ No
Significant deficiency(ies) identified? _______ Yes ___X___ None reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516(a)? ______ Yes ___X___ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553	Child Nutrition: School Programs (School Breakfast Basic)

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as a low-risk auditee? ___X___ Yes _______ No

State Awards
Internal control over state programs:
Material weakness(es) identified? _______ Yes ___X___ No
Significant deficiency(ies) identified? _______ Yes ___X___ None reported

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

VACAVILLE UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section II – Financial Statement Findings

No items were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were noted.

Section III – State Award Findings and Questioned Costs

No matters were noted.

VACAVILLE UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

No matters were noted.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION THE CITY OF VACAVILLE AND THE COUNTY OF SOLANO

The following information concerning the City of Vacaville (the "City") and the County of Solano (the "County") is included only for the purpose of supplying general information regarding the area of the District. The Certificates are not a debt of the City, the County, the State or any of its political subdivisions (other than the District), and neither the City, the County, the State nor any of its political subdivisions (other than the District) is liable therefor.

General

The City. The City comprises of approximately 21 square miles. It is located in the County some 50 miles northeast of San Francisco and 30 miles west of Sacramento. The City is served by Interstate 80, the major freeway link between San Francisco and Sacramento, as well as Interstate 505, a connecting freeway from Interstate 80 to Interstate 5 which runs north/south through California.

Historically, the City's economy has been based upon agriculture and related industries; the City has served as a commerce center for agriculture in its region for over 100 years. In recent years, however, the City has transformed its economic base as a result of significant residential, industrial and commercial building activity occurring over the past several years. The City has been proactive in providing commercial/industrial development opportunities, and has formed several assessment districts to finance public improvements required by new projects. Additionally, the City's Redevelopment Agency has formed two project areas to also fund public improvements required by development.

This rapid expansion in manufacturing, warehousing and distribution areas has lead to substantial growth in population and employment. The City is known for the large medical detention facility maintained by the State, the Nut Tree Restaurant and extensive shopping facilities located in the eastern portion of the City.

The County. The County is located on the northeast side of the San Francisco Bay, north of Contra Costa County, Suisun Bay and the Carquinez Strait, east of Sonoma County and Napa County, south of Yolo County and west of Sacramento County. The County is located approximately halfway between San Francisco and Sacramento.

The southern part of the County has direct access to Suisun Bay, the San Francisco Bay and the Sacramento-San Joaquin River Delta. For decades, the economy of the County was based primarily on agriculture and ship building at Mare Island Naval Shipyard, which was decommissioned in 1996. Travis Air Force Base, which is located near Fairfield, is the largest military air base in the United States, and is the largest employer in the County.

Population

The following table lists population estimates County for the last five calendar years, as of January 1.

SOLANO COUNTY
Population Estimates
Calendar Years 2014 through 2018 as of January 1

Area	2014	2015	2016	2017	2018
Benicia	27,004	27,216	27,245	27,452	27,499
Dixon	19,039	19,239	19,379	19,674	19,896
Fairfield	110,909	112,182	113,173	115,346	116,156
Rio Vista	7,955	8,209	8,509	8,893	9,188
Suisun City	28,418	28,869	28,963	29,152	29,192
Vacaville	**93,496**	**94,284**	**95,800**	**97,736**	**98,977**
Vallejo	117,352	117,844	118,503	118,851	119,252
Balance Of County	19,198	19,305	19,335	19,536	19,633
Incorporated	404,173	407,843	411,572	417,104	420,160
County Total	**423,371**	**427,148**	**430,907**	**436,640**	**439,793**

Source: State Department of Finance estimates (as of January 1).

Employment and Industry

The County is included in the Vallejo-Fairfield Metropolitan Statistical Area ("**MSA**"). The unemployment rate in the County was 3.6 percent in November 2018, unchanged from a revised 3.6 percent in October 2018, and below the year-ago estimate of 4.1 percent. This compares with an unadjusted unemployment rate of 3.9 percent for California and 3.5 percent for the nation during the same period.

The table below list employment by industry group for the years 2013 through 2017.

VALLEJO-FAIRFIELD MSA
(Solano County)
Annual Average Civilian Labor Force, Employment and Unemployment, Employment by Industry
(March 2017 Benchmark)

	2013	**2014**	**2015**	**2016**	**2017**
Civilian Labor Force (1)	203,100	203,300	205,300	207,900	209,300
Employment	184,600	188,000	192,700	196,500	199,300
Unemployment	18,400	15,300	12,600	11,400	10,000
Unemployment Rate	9.1%	7.5%	6.1%	5.5%	4.8%
Wage and Salary Employment: (2)					
Agriculture	1,700	1,800	1,800	1,800	1,800
Mining and Logging	200	300	300	200	300
Construction	8,600	8,300	9,000	10,300	10,600
Manufacturing	10,200	11,000	11,700	11,900	12,300
Wholesale Trade	4,200	4,400	4,400	4,200	4,200
Retail Trade	17,200	17,500	18,300	18,500	18,600
Trans., Warehousing and Utilities	3,500	4,000	4,300	4,500	4,500
Information	1,100	1,100	1,100	1,100	1,100
Financial Activities	5,100	4,800	4,900	5,100	5,100
Professional and Business Services	10,300	10,400	10,400	10,200	10,300
Educational and Health Services	22,400	23,100	24,200	25,700	26,700
Leisure and Hospitality	13,700	14,300	14,800	15,100	15,100
Other Services	4,000	4,000	4,100	4,100	4,300
Federal Government	3,800	3,700	3,700	3,700	3,700
State Government	5,200	5,200	5,200	5,300	5,300
Local Government	15,000	15,600	15,900	16,200	16,100
Total, All Industries (3)	126,300	129,400	133,900	137,800	139,900

---

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The table below lists the major employers in the County as of January 2019, listed alphabetically.

Solano County
Major Employers
(Listed Alphabetically)
January 2019

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

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

Median Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for Solano County, the State and the United States for the period 2014 through 2018.

SOLANO COUNTY, STATE OF CALIFORNIA AND UNITED STATES
Effective Buying Income
As of January 1, 2014 through 2018

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2014	City of Vacaville	$2,296,993	$57,460
	Solano County	9,934,308	54,340
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	City of Vacaville	$2,522,395	$62,018
	Solano County	10,690,163	57,332
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	City of Vacaville	$2,673,830	$64,564
	Solano County	11,370,811	60,401
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017	City of Vacaville	$2,747,708	$66,633
	Solano County	11,739,608	61,626
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2018	City of Vacaville	$3,096,857	$72,736
	Solano County	13,210,567	67,406
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc.

Construction Activity

Provided below are the building permits and valuations for the City and County for calendar years 2013 through 2017.

CITY OF VACAVILLE
Total Building Permit Valuations
(Valuations in Thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$31,981.9	$41,785.9	$110,532.0	$98,840.4	$74,448.6
New Multi-family	21,746.8	0.0	4,404.7	0.0	4,161.7
Res. Alterations/Additions	2,134.3	4,699.0	8,096.3	9,470.4	10,639.6
Total Residential	55,863.1	46,484.9	123,033.0	108,310.8	89,249.9
New Commercial	18,523.2	29,930.8	36,445.6	4,577.1	44,065.9
New Industrial	0.0	0.0	0.0	15,137.5	2,200.0
New Other	3,140.5	5,532.2	10,302.7	9,131.3	8,787.6
Com. Alterations/Additions	15,215.8	30,250.7	20,554.6	6,452.6	19,278.0
Total Nonresidential	36,879.6	65,713.7	67,302.9	35,298.5	74,331.5
New Dwelling Units					
Single Family	125	138	360	337	278
Multiple Family	222	0	56	0	39
TOTAL	347	138	416	337	317

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF SOLANO
Total Building Permit Valuations
(Valuations in Thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$109,649.8	$170,575.2	$281,379.9	$251,088.8	$218,841.3
New Multi-family	27,083.8	0.0	32,470.0	9,554.0	6,071.7
Res. Alterations/Additions	27,713.7	47,365.2	41,093.4	47,072.6	55,571.1
Total Residential	164,447.3	217,940.4	354,943.3	307,715.4	280,484.1
New Commercial	38,581.2	62,182.3	114,798.3	53,048.9	68,646.0
New Industrial	9,736.1	30,112.6	165.0	45,365.3	16,795.2
New Other	15,895.0	12,603.1	19,869.6	19,960.9	48,815.2
Com. Alterations/Additions	51,102.4	69,159.0	77,529.8	68,781.9	92,542.8
Total Nonresidential	115,314.7	174,057.0	212,362.7	187,157.0	226,799.2
New Dwelling Units					
Single Family	524	655	1,037	873	845
Multiple Family	281	0	329	63	51
TOTAL	805	655	1,366	936	896

Source: Construction Industry Research Board, Building Permit Summary.

Commercial Activity

Summaries of historic taxable sales within the City and County during the past five years in which data is available are shown in the following tables. Annual figures are not yet available for calendar year 2017.

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the calendar year 2016 in the City were reported to be $1,690,874,636, a 0.52% increase over the total taxable sales of $1,682,138,624 reported during the calendar year 2015.

CITY OF VACAVILLE
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2012 through 2016
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	1,195	$1,281,730	1,691	$1,457,286
2013	1,193	1,331,791	1,901	1,512,401
2014	1,178	1,392,670	1,662	1,637,523
2015(1)	1,208	1,415,697	1,839	1,682,139
2016	1,197	1,436,253	1,867	1,690,875

---

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the calendar year 2016 in the County were reported to be $7,192,098,364, a 3.32% increase over the total taxable sales of $6,961,046,834 reported during the calendar year 2015.

SOLANO COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2012 through 2016
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	5,607	$4,110,380	8,102	$6,037,959
2013	5,693	4,344,846	8,129	6,377,402
2014	5,741	4,547,857	8,206	6,700,391
2015(1)	3,233	4,687,866	9,265	6,961,047
2016	6,042	4,851,514	9,408	7,192,098

---

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

January 29, 2019

Board of Education
Vacaville Unified School District
401 Nut Tree Road
Vacaville, CA 95687

OPINION: $45,000,000 Vacaville Unified School District (Solano County, California) General Obligation Bonds, Election of 2014, Series C

Members of the Board of Education:

We have acted as bond counsel to the Vacaville Unified School District (the "District") in connection with the issuance by the District of $45,000,000 principal amount of Vacaville Unified School District (Solano County, California) General Obligation Bonds, Election of 2014, Series C, dated the date hereof (together, the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Education (the "Board") adopted on December 6, 2018 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

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

1. The District is duly created and validly existing as a school district with the power to cause the District to issue the Bonds on its behalf and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Solano is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

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

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

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$45,000,000
VACAVILLE UNIFIED SCHOOL DISTRICT
(Solano County, California)
General Obligation Bonds
Election of 2014, Series C

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Vacaville Unified School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Education of the District on December 6, 2018 (the "**Resolution**"). U.S. Bank National Association is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby 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 S.E.C. Rule 15c2-12(b)(5).

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

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently being March 31 based on a fiscal year ending June 30).

"*Dissemination Agent*" means, initially, Isom Advisors, a Division of Urban Futures, Inc. or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means U.S. Bank National Association, Los Angeles, California, or any successor thereto.

"*Participating Underwriter*" means Raymond James & Associates, Inc., the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2019 with the report for the 2017-18 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The filing of the Official Statement with the MSRB shall serve as the first Annual Report. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB in a timely manner, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; 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 pursuant to this Disclosure Certificate, and stating the date it was provided.

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

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, information for the most recently completed fiscal year, or, if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed:

(i) The District's approved annual budget or interim report;

(ii) Assessed value of taxable property in the District as shown on the most recent equalized assessment roll;

(iii) If Solano County no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District;

(iv) Top ten property owners in the District, as measured by secured assessed valuation, the amount of its taxable assessed value, and their percentage of total secured assessed value, if material.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed

Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. 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 Sections 3(a), 4 or 5(a), 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 type of business conducted;
>
> (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
>
> (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner 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.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. **Additional Information**. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. **Default**. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or 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. 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**.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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.

Date: January 29, 2019

VACAVILLE UNIFIED SCHOOL DISTRICT

By: ________________________________
Name:______________________________
Title:_______________________________

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT

ISOM ADVISORS,
A DIVISION OF URBAN FUTURES, INC.

By: ________________________________
Name:______________________________
Title:_______________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Vacaville Unified School District (the "District")
Name of Bond Issue:	Vacaville Unified School District General Obligation Bonds, Election of 2014, Series C
Date of Issuance:	January 29, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of January 29, 2019. The District anticipates that the Annual Report will be filed by _____________.

Dated:__________________

DISSEMINATION AGENT:

By: __________________________
Its: __________________________

cc: Paying Agent and Participating Underwriter

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity 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. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or 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 nor its nominee, Paying Agent, or 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 District or 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 securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds 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, Bond 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 District believes to be reliable, but District takes no responsibility for the accuracy thereof.

APPENDIX G

SOLANO COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

[THIS PAGE INTENTIONALLY LEFT BLANK]

2018

SOLANO COUNTY TREASURER

INVESTMENT POLICY

1850

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

Agenda Submittal

Agenda #:	8	**Status:**	Consent Calendar
Type:	Report	**Department:**	Treasurer-Tax Collector-County Clerk
File #:	18-756	**Contact:**	Charles Lomeli, 784-3419
Agenda date:	11/6/2018	**Final action:**	11/6/2018

Title: Accept the Solano County Treasurer's Quarterly Report for the period of July 1, 2018 through September 30, 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
11/6/2018	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 July 1, 2018 through September 30, 2018.

SUMMARY:

Submitted herein is the Treasurer's FY2018/19 First 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 TOLSON
County Clerk Manager
dmtolson@solanocounty.com

675 Texas Street, Suite 1900
Fairfield, CA 94533-6342
(707) 784-7485
Treasurer (707) 784-6295
Fax (707) 784-6311

October 15, 2018

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 first quarter of FY2018/19.

State of the Treasury

The $1 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.

A careful examination of historical cash flow patterns shows the size of the Treasurer's pool is currently at or near its annual minimum balance as spending remains constant going into the first fiscal quarter and revenues from property taxes increase. The $406 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.

Current Market Conditions Impacting the Treasury Pool

At the September meeting, the Federal Reserve Open Market Committee (FOMC) continued raising the Federal Funds rate that currently stands at 2.25%; an increase of one full percentage point from the level seen at the start of the current calendar year. It is anticipated that the rate will continue to increase, with an additional hike of 0.25% by December forecast by more than 93% of surveyed economists.

With the overnight Federal Funds rate at 2.25% and anticipated to rise further, it's prudent to consider the potential impact this may have to pool earnings that stand at 1.87% for the month of September. As rates rise, the yield on cash holdings will rise with them and maturing investments are expected to be replaced with higher yielding securities. The average yield on investments maturing in the next six months is 1.85% with a reasonable replacement yield for projection purposes of 2.25%. Should the funds replacement take place as anticipated, the treasury pool should produce an additional $2.5 million in earnings on an annualized basis when the benefits of repricing are fully realized.

Subsequent to the end of the reporting period, bond and equity markets have experienced a sharp rise in volatility, indicating a potential increase in risks going forward. Volatility as measured by the Volatility Index (VIX) has spiked as high as 25.1 as compared to the calendar year to date average of 15.2 and the recent norm of 12.0. Higher VIX numbers are indicative of greater day to day swings in market prices as evidenced by a swing of more than 1,500 points in the Dow Jones industrial average over the course of just two days.

To mitigate various risks, 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 15.8% in cash and cash equivalents, 22.5% in US Treasuries, 28.4% in Government Sponsored Enterprises, 14.9% in US Corporations, and 10.5% in Municipals; with the balance of 7.9% held in a variety of assets including mutual funds, commercial paper, and other holdings allowable under §53600.5.

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 2018; 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.

In addition to the expectation for rising rates, a number of macro-economic and political issues have the potential to impact the treasury pool. These include the increasing risks for a trade war with China, the political changes in Italy that may result in its choosing to violate European Union rules on sovereign debt to gross domestic product, the quickly approaching US midterm elections, and the potential fiscal impact of higher interest rates on the Federal budget.

A trade war could spark inflation, debt covenant violations could lead to another debt crisis within the European Union, unexpected election results could result in political upheaval, and higher borrowing costs, coupled with a lack of entitlement reform have the potential to place a fiscal drag on the domestic economy over the coming decade. Treasury staff monitor the risks and adjust the pool accordingly.

Respectfully Submitted,
CHARLES LOMELI
Treasurer – Tax Collector – County Clerk

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

STATEMENT OF COMPLIANCE

September 30, 2018

Liquidity:

The Treasury has a cash and cash equivalent position (securities maturing within 6 months) of $406 million dollars as of September 30, 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 September 30, 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

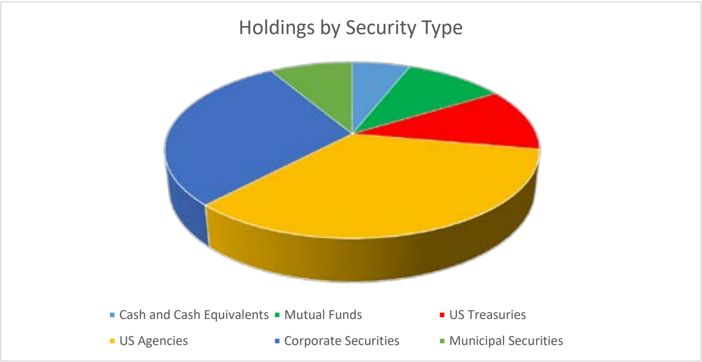
Solano County

PARS 115 Trust

Account Summary Report

September 30, 2018

Holdings by Security Type	**Book Value**	**Market Value**
Cash and Cash Equivalents	1,819,179.01	1,819,181.58
Mutual Funds	3,220,000.00	3,124,000.00
US Treasuries	3,510,373.89	3,485,677.50
US Agencies	10,484,924.80	10,412,422.50
Corporate Securities	8,916,321.46	8,916,591.43
Municipal Securities	2,664,443.56	2,590,497.40
Total Security Holdings	**30,615,242.72**	**30,348,370.41**
Accrued Income	**105,919.84**	**105,919.84**
Grand Total	**30,721,162.56**	**30,454,290.25**
Estimated Annual Income		468,004.89
Yield on Total Assets		1.57%



BOOK VALUE VS MARKET REPORT

Solano County Treasurer

INVESTMENT PORTFOLIO ACCOUNTING 7.80 **LAST INTEREST ACCRUAL DATE: 09/30/2018**

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								
22533UMJ9/002	CREDIT AGRICOLE CIB NY	AFS	12/18/2018	2,000,000.00	1,990,095.15	2,000,000.00	9,904.85	09/30/2018
78658QS95/001	SAFRA NATIONAL BANK C D	AFS	01/28/2019	250,000.00	250,000.00	250,000.00	0.00	09/30/2018
46640QP47/002	JP MORGAN SECURITIES LLC	AFS	02/04/2019	2,000,000.00	1,983,154.96	2,000,000.00	16,845.04	09/30/2018
92937CFX1/001	WEX BANK C D	AFS	02/04/2019	250,000.00	250,000.00	249,517.00	-483.00	09/28/2018
909557GP9/001	UNITED BANKERS BANK C D	AFS	02/11/2019	250,000.00	250,000.00	249,452.00	-548.00	09/28/2018
575718AC5/001	MASS INSTITUTE OF TECH	AFS	07/01/2019	570,000.00	568,309.08	566,916.87	-1,392.21	09/28/2018
575718AC5/002	MASS INSTITUTE OF TECH	AFS	07/01/2019	127,000.00	126,624.17	126,313.06	-311.11	09/28/2018
132555AM5/001	CAMBRIDGE TRUST C D	AFS	07/22/2019	250,000.00	250,000.00	248,455.50	-1,544.50	09/28/2018
624786CZ0/001	MUFG UNION BANK	AFS	07/24/2019	250,000.00	250,000.00	249,839.00	-161.00	09/28/2018
1404203W8/001	CAPITAL ONE C D	AFS	07/26/2019	250,000.00	250,000.00	248,410.75	-1,589.25	09/28/2018
14042RGQ8/001	CAPITAL ONE NATL C D	AFS	07/26/2019	250,000.00	250,000.00	248,410.75	-1,589.25	09/28/2018
2546726J2/001	DISCOVER BANK C D	AFS	07/26/2019	250,000.00	250,000.00	248,615.50	-1,384.50	09/28/2018
872278F84/001	TCF NATIONAL BANK C D	AFS	07/26/2019	250,000.00	250,000.00	248,410.75	-1,589.25	09/28/2018
87270LAF0/001	TIAA FSB C D	AFS	07/26/2019	250,000.00	250,000.00	248,405.50	-1,594.50	09/28/2018
02006L4K6/001	ALLY BANK C D	AFS	07/29/2019	250,000.00	250,000.00	248,588.25	-1,411.75	09/28/2018
949763JS6/001	WELLS FARGO BANK C D	AFS	07/29/2019	250,000.00	250,000.00	248,593.50	-1,406.50	09/28/2018
55266CWA0/001	MB FINANCIAL BANK C D	AFS	07/31/2019	250,000.00	250,000.00	248,476.00	-1,524.00	09/28/2018
89236TEX9/002	TOYOTA MOTOR CREDIT CORP	AFS	04/26/2021	1,000,000.00	998,138.10	988,187.00	-9,951.10	09/28/2018
	TOTAL FOR SECURITY TYPE 115CORPS			**8,947,000.00**	**8,916,321.46**	**8,916,591.43**	**269.97**	
SECURITY TYPE: 115FEDAG								
3136G2R66/001	FNMA	AFS	11/19/2018	2,000,000.00	1,997,236.89	1,997,146.00	-90.89	09/28/2018
3132XORZ6/001	FAMCA	AFS	04/18/2019	2,000,000.00	1,990,034.25	1,986,980.00	-3,054.25	09/30/2018
3135G0ZE6/002	FNMA	AFS	06/20/2019	3,500,000.00	3,545,539.96	3,480,823.50	-64,716.46	09/28/2018
3135G0R39/001	FNMA	AFS	10/24/2019	3,000,000.00	2,952,113.70	2,947,473.00	-4,640.70	09/28/2018
	TOTAL FOR SECURITY TYPE 115FEDAG			**10,500,000.00**	**10,484,924.80**	**10,412,422.50**	**-72,502.30**	
SECURITY TYPE: 115MUNI								
13063CSQ4/001	CALIFORNIA STATE TXBL GOB	AFS	04/01/2020	2,000,000.00	2,029,443.56	1,969,120.00	-60,323.56	09/30/2018
913366HU7/001	UNIVERSITY OF CA REGENTS	AFS	05/15/2020	500,000.00	500,000.00	487,020.00	-12,980.00	09/30/2018
697364DV6/001	PALO ALTO CA COPS	AFS	11/01/2020	135,000.00	135,000.00	134,357.40	-642.60	09/30/2018
	TOTAL FOR SECURITY TYPE 115MUNI			**2,635,000.00**	**2,664,443.56**	**2,590,497.40**	**-73,946.16**	

SECURITY ID/LOT NO.	DESCRIPTION	FAS115 CLASS	MATURITY/ CALL DATE	PAR VALUE	BOOK VALUE	MARKET VALUE	MARKET GAIN/LOSS	MARKET DATE
SECURITY TYPE: 115UST								
912828RY8/001	US TREASURY	AFS	12/31/2018	2,000,000.00	1,996,618.31	1,995,756.00	-862.31	09/28/2018
912828WS5/001	U S TREASURY	AFS	06/30/2019	1,500,000.00	1,513,755.58	1,489,921.50	-23,834.08	09/28/2018
	TOTAL FOR SECURITY TYPE 115UST			**3,500,000.00**	**3,510,373.89**	**3,485,677.50**	**-24,696.39**	
	TOTAL FOR PORTFOLIO PARS115			**25,582,000.00**	**25,576,063.71**	**25,405,188.83**	**-170,874.88**	

BOOK VALUE VS MARKET REPORT

Solano County Treasurer

INVESTMENT PORTFOLIO ACCOUNTING 7.80 **LAST INTEREST ACCRUAL DATE: 09/30/2018**

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	09/30/2018
SECURITY TYPE: COMPAP								
22533UMJ9/001	CREDIT AGRICOLE CIB NY	AFS	12/18/2018	10,000,000.00	9,950,601.98	10,000,000.00	49,398.02	09/30/2018
46640QP47/001	JP MORGAN SECURITIES LLC	AFS	02/04/2019	10,000,000.00	9,915,644.96	10,000,000.00	84,355.04	09/30/2018
	TOTAL FOR SECURITY TYPE COMPAP			**20,000,000.00**	**19,866,246.94**	**20,000,000.00**	**133,753.06**	
SECURITY TYPE: CORP								
89236TAY1/001	TOYOTA MOTOR CREDIT CORP	AFS	10/24/2018	10,000,000.00	9,999,103.02	9,997,340.00	-1,763.02	09/28/2018
89236TAY1/002	TOYOTA MOTOR CREDIT CORP	AFS	10/24/2018	1,500,000.00	1,499,783.88	1,499,601.00	-182.88	09/28/2018
19416QED8/001	COLGATE-PALMOLIVE CO	AFS	11/01/2018	2,000,000.00	1,998,674.17	1,998,610.00	-64.17	09/28/2018
594918BF0/001	MICROSOFT CORP	AFS	11/03/2018	5,000,000.00	4,999,848.18	4,994,420.00	-5,428.18	09/28/2018
94988J5F0/001	WELLS FARGO BANK NA	AFS	11/28/2018	13,705,000.00	13,707,243.73	13,691,075.72	-16,168.01	09/28/2018
594918AV6/001	MICROSOFT CORP	AFS	12/06/2018	1,947,000.00	1,947,866.29	1,944,685.02	-3,181.27	09/28/2018
478160BR4/001	JOHNSON & JOHNSON	AFS	03/01/2019	10,000,000.00	10,005,162.79	9,946,100.00	-59,062.79	09/28/2018
478160BR4/002	JOHNSON & JOHNSON	AFS	03/01/2019	5,000,000.00	4,988,410.51	4,973,050.00	-15,360.51	09/28/2018
717081DU4/001	PFIZER INC	AFS	06/03/2019	12,812,000.00	12,810,054.75	12,707,940.94	-102,113.81	09/28/2018
594918BN3/001	MICROSOFT CORP	AFS	08/08/2019	1,768,000.00	1,759,974.70	1,745,332.47	-14,642.23	09/28/2018
594918BN3/002	MICROSOFT CORP	AFS	08/08/2019	10,000,000.00	9,970,170.36	9,871,790.00	-98,380.36	09/28/2018
594918BN3/003	MICROSOFT CORP	AFS	08/08/2019	4,268,000.00	4,245,288.44	4,213,279.97	-32,008.47	09/28/2018
084664CK5/001	BERKSHIRE HATHAWAY FIN	AFS	08/15/2019	10,000,000.00	9,933,281.85	9,879,410.00	-53,871.85	09/28/2018
90331HML4/001	US BANK NA OHIO	AFS	09/28/2019	5,000,000.00	4,973,419.01	4,961,050.00	-12,369.01	09/28/2018
89236TDH5/001	TOYOTA MOTOR CREDIT CORP	AFS	10/18/2019	2,155,000.00	2,130,626.99	2,126,463.49	-4,163.50	09/28/2018
438516BQ8/001	HONEYWELL INTERNATIONAL	AFS	10/30/2019	8,540,000.00	8,460,710.51	8,456,376.32	-4,334.19	09/28/2018
037833DH0/001	APPLE INC	AFS	11/13/2019	10,000,000.00	9,984,258.22	9,894,320.00	-89,938.22	09/28/2018
30231GAG7/002	EXXON MOBIL CORPORATION	AFS	02/06/2020	13,175,000.00	13,016,540.04	13,017,044.93	504.89	09/28/2018
30231GAG7/001	EXXON MOBIL CORPORATION	AFS	03/06/2020	4,310,000.00	4,292,434.85	4,258,327.41	-34,107.44	09/28/2018
89236TDU6/001	TOYOTA MOTOR CREDIT CORP	AFS	04/17/2020	10,000,000.00	10,002,196.65	9,848,980.00	-153,216.65	09/28/2018
191216BT6/001	COCA COLA CO	AFS	10/27/2020	10,000,000.00	9,808,076.59	9,779,530.00	-28,546.59	09/28/2018
89236TEX9/001	TOYOTA MOTOR CREDIT CORP	AFS	04/26/2021	4,000,000.00	3,992,552.40	3,952,748.00	-39,804.40	09/28/2018
	TOTAL FOR SECURITY TYPE CORP			**155,180,000.00**	**154,525,677.93**	**153,757,475.27**	**-768,202.66**	
SECURITY TYPE: FEDCOUP								
3130A9AE1/001	FHLB	AFS	10/01/2018	10,000,000.00	10,000,000.00	10,000,000.00	0.00	09/28/2018

BOOK VALUE VS MARKET REPORT

Solano County Treasurer

INVESTMENT PORTFOLIO ACCOUNTING 7.80 **LAST INTEREST ACCRUAL DATE: 09/30/2018**

SECURITY ID/LOT NO.	DESCRIPTION	FAS115 CLASS	MATURITY/ CALL DATE	PAR VALUE	BOOK VALUE	MARKET VALUE	MARKET GAIN/LOSS	MARKET DATE
3137EAED7/001	FHLMC	AFS	10/12/2018	10,000,000.00	9,999,090.39	9,996,070.00	-3,020.39	09/28/2018
3135G0E58/001	FNMA	AFS	10/19/2018	2,000,000.00	1,999,835.90	1,998,948.00	-887.90	09/28/2018
3134G8YU7/001	FHLMC	AFS	10/26/2018	1,000,000.00	999,228.19	999,155.00	-73.19	09/28/2018
3135G0G64/001	FNMA	AFS	10/29/2018	2,000,000.00	1,998,409.08	1,998,282.00	-127.08	09/28/2018
3133EFSW8/001	FFCB	AFS	12/21/2018	2,000,000.00	1,996,327.80	1,995,656.00	-671.80	09/28/2018
3134GSAP0/001	FHLMC	AFS	12/21/2018	10,000,000.00	10,000,000.00	9,811,260.00	-188,740.00	09/28/2018
3130AD4Y5/001	FHLB	AFS	12/28/2018	10,000,000.00	10,000,000.00	9,803,560.00	-196,440.00	09/28/2018
3135G0H63/001	FNMA	AFS	01/28/2019	7,000,000.00	6,987,325.02	6,978,559.00	-8,766.02	09/28/2018
3133EGBR5/001	FFCB	AFS	02/25/2019	1,500,000.00	1,497,797.18	1,491,267.00	-6,530.18	09/28/2018
3135G0J53/001	FNMA	AFS	02/26/2019	1,000,000.00	998,761.87	994,731.00	-4,030.87	09/28/2018
3135G0K77/001	FNMA	AFS	03/13/2019	1,900,000.00	1,883,865.19	1,883,325.60	-539.59	09/28/2018
742651DG4/001	PRIVATE EXPORT FUNDING	AFS	03/15/2019	5,000,000.00	5,048,289.68	5,039,975.00	-8,314.68	09/28/2018
3133EFN94/001	FFCB	AFS	03/21/2019	2,000,000.00	1,990,476.44	1,989,028.00	-1,448.44	09/28/2018
3130ADQH8/001	FHLB	AFS	03/22/2019	2,000,000.00	1,989,095.07	1,981,708.00	-7,387.07	09/28/2018
3134G8QE2/001	FHLMC	AFS	03/29/2019	2,000,000.00	1,990,209.91	1,989,044.00	-1,165.91	09/28/2018
3137EADZ9/001	FHLMC	AFS	04/15/2019	10,000,000.00	10,003,222.80	9,929,300.00	-73,922.80	09/28/2018
3136G3K38/001	FNMA	AFS	05/02/2019	10,000,000.00	9,985,056.59	9,887,420.00	-97,636.59	09/28/2018
3136G3K46/001	FNMA	AFS	05/02/2019	10,000,000.00	9,985,062.12	9,888,420.00	-96,642.12	09/28/2018
3130ACN83/001	FHLB	AFS	05/15/2019	10,000,000.00	9,996,840.63	9,824,060.00	-172,780.63	09/28/2018
3133X72S2/001	FHLB	AFS	05/15/2019	10,000,000.00	10,189,740.62	10,177,160.00	-12,580.62	09/28/2018
3133EF7L5/001	FFCB	AFS	05/16/2019	3,000,000.00	2,977,588.57	2,972,106.00	-5,482.57	09/28/2018
3130ABF92/001	FHLB	AFS	05/28/2019	10,000,000.00	9,964,708.49	9,926,300.00	-38,408.49	09/28/2018
3130ABF92/002	FHLB	AFS	05/28/2019	20,000,000.00	19,921,233.61	19,852,600.00	-68,633.61	09/28/2018
3130AEFV7/001	FHLB	AFS	06/11/2019	3,500,000.00	3,494,908.96	3,492,881.00	-2,027.96	09/28/2018
313379EE5/001	FHLB	AFS	06/14/2019	19,460,000.00	19,492,231.63	19,337,421.46	-154,810.17	09/28/2018
313379EE5/002	FHLB	AFS	06/14/2019	3,000,000.00	3,005,328.13	2,981,103.00	-24,225.13	09/28/2018
313379EE5/003	FHLB	AFS	06/14/2019	2,070,000.00	2,057,998.89	2,056,961.07	-1,037.82	09/28/2018
3135G0ZE6/001	FNMA	AFS	06/20/2019	10,000,000.00	10,015,472.35	9,945,210.00	-70,262.35	09/28/2018
3130A8DB6/001	FHLB	AFS	06/21/2019	1,000,000.00	990,493.20	989,837.00	-656.20	09/28/2018
3130A8DB6/002	FHLB	AFS	06/21/2019	3,505,000.00	3,471,678.65	3,469,378.69	-2,299.96	09/28/2018
3130A8NN9/001	FHLB	AFS	06/28/2019	1,000,000.00	987,867.96	986,859.00	-1,008.96	09/28/2018
3130A8NN9/002	FHLB	AFS	06/28/2019	1,135,000.00	1,121,230.14	1,120,084.97	-1,145.17	09/28/2018
3130AADN5/001	FHLB	AFS	06/28/2019	3,000,000.00	2,976,637.25	2,973,258.00	-3,379.25	09/28/2018
3137EAEB1/001	FHLMC	AFS	07/19/2019	10,000,000.00	9,922,093.37	9,869,000.00	-53,093.37	09/30/2018
3137EAEB1/002	FHLMC	AFS	07/19/2019	10,000,000.00	9,868,445.29	9,869,000.00	554.71	09/30/2018
3135G0N33/001	FNMA	AFS	08/02/2019	25,000,000.00	24,888,666.67	24,649,175.00	-239,491.67	09/28/2018

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	4,998,065.17	4,912,400.00	-85,665.17	09/28/2018
313383VN8/001	FHLB	AFS	09/13/2019	10,000,000.00	10,018,565.97	9,940,410.00	-78,155.97	09/28/2018
3133XUMS9/001	FHLB	AFS	09/13/2019	8,070,000.00	8,226,615.75	8,206,463.70	-20,152.05	09/28/2018
3137EADM8/001	FHLMC	AFS	10/02/2019	20,000,000.00	19,962,412.41	19,724,420.00	-237,992.41	09/28/2018
3133EGNE1/001	FFCB	AFS	01/21/2020	2,000,000.00	2,000,000.00	1,962,418.00	-37,582.00	09/28/2018
3130AASN9/001	FHLB	AFS	03/30/2020	2,000,000.00	2,002,304.09	1,962,908.00	-39,396.09	09/28/2018
3134GSHT5/001	FHLMC	AFS	04/30/2020	2,000,000.00	1,990,969.08	1,983,974.00	-6,995.08	09/28/2018
3134GSHS7/001	FHLMC	AFS	10/19/2020	1,890,000.00	1,879,564.52	1,871,394.84	-8,169.68	09/28/2018
	TOTAL FOR SECURITY TYPE FEDCOUP			**296,030,000.00**	**295,773,714.63**	**293,712,492.33**	**-2,061,222.30**	

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	11/01/2018	1,519,461.44	1,481,525.21	1,472,996.31	-8,528.90	09/28/2018
79765RM97/001	SAN FRANCISCO CITY & CTY PUBLIC UTIL	AFS	11/01/2018	5,525,000.00	5,525,000.00	5,519,917.00	-5,083.00	09/28/2018
7976462R6/001	SAN FRANCISCO CITY & CTY GOB	AFS	06/15/2019	5,000,000.00	5,020,737.92	5,005,900.00	-14,837.92	09/28/2018
91412GSB2/001	UNIV OF CA -AH	AFS	07/01/2019	5,000,000.00	4,990,558.68	4,966,600.00	-23,958.68	09/28/2018
91412GSB2/002	UNIV OF CA -AH	AFS	07/01/2019	10,000,000.00	10,015,195.27	9,933,200.00	-81,995.27	09/28/2018
13063DGM4/001	CALIFORNIA ST TXBLE-VARIOUS PURPOSE	AFS	08/01/2019	10,000,000.00	10,059,549.47	10,036,700.00	-22,849.47	09/28/2018
798170AB2/001	SAN JOSE REDEVELOPMENT AG	AFS	08/01/2019	3,000,000.00	3,000,000.00	2,983,830.00	-16,170.00	09/28/2018
801546PD8/001	SANTA CLARA CNTY TXBL SER A	AFS	08/01/2019	10,000,000.00	10,024,595.55	9,947,800.00	-76,795.55	09/28/2018
358266CQ5/001	FRESNO CTY CA PENSN OBLG	AFS	08/15/2019	7,000,000.00	7,000,000.00	6,985,860.00	-14,140.00	09/28/2018
15324VAL2/001	CENTRL CONTRA COSTA CA SAN DIST	AFS	09/01/2019	630,000.00	630,000.00	629,489.70	-510.30	09/28/2018
13063DDD7/001	CALIFORNIA ST TXBL-VARIOUS PURPOSE	AFS	10/01/2019	10,000,000.00	10,029,883.57	9,943,600.00	-86,283.57	09/28/2018
83412PDY5/001	SOLANO CTY CA CMNTY COLLEGE DISTR	AFS	08/01/2020	5,460,000.00	5,537,426.74	5,455,577.40	-81,849.34	09/28/2018
79730PDE2/001	SAN DIEGO CA REDEVELOPMENT AGENCY	AFS	09/01/2020	10,000,000.00	11,120,531.47	10,855,900.00	-264,631.47	09/28/2018
899154AT5/001	TULARE CO PENSN-TXBLE	AFS	06/01/2021	5,000,000.00	5,000,000.00	4,964,550.00	-35,450.00	09/28/2018
797398DK7/001	SAN DIEGO CTY CA PENSION OBLIGATION	AFS	08/15/2021	10,905,000.00	12,016,987.20	11,618,187.00	-398,800.20	09/28/2018
	TOTAL FOR SECURITY TYPE MUNICAL			**99,039,461.44**	**101,451,991.08**	**100,320,107.41**	**-1,131,883.67**	

SECURITY TYPE: MUNINAT

SECURITY ID/LOT NO.	DESCRIPTION	FAS115 CLASS	MATURITY/ CALL DATE	PAR VALUE	BOOK VALUE	MARKET VALUE	MARKET GAIN/LOSS	MARKET DATE
68607VJ97/001	OREGON ST LOTTERY REVENUE	AFS	04/01/2021	1,350,000.00	1,380,004.21	1,326,591.00	-53,413.21	09/30/2018
5946107Z4/001	MICHIGAN STATE TXBL REF A	AFS	05/15/2022	3,000,000.00	3,038,196.49	2,961,150.00	-77,046.49	09/30/2018
	TOTAL FOR SECURITY TYPE MUNINAT			**4,350,000.00**	**4,418,200.70**	**4,287,741.00**	**-130,459.70**	

SECURITY TYPE: SOL

SECURITY ID/LOT NO.	DESCRIPTION	FAS115 CLASS	MATURITY/ CALL DATE	PAR VALUE	BOOK VALUE	MARKET VALUE	MARKET GAIN/LOSS	MARKET DATE
834SCFCP7F/001	SOLANO CTY 2013 COPS	AFS	11/15/2018	345,000.00	345,000.00	345,000.00	0.00	09/30/2018
834SCFCP7G/001	SOLANO CTY 2013 COPS	AFS	11/15/2019	355,000.00	355,000.00	355,000.00	0.00	09/30/2018

SECURITY ID/LOT NO.	DESCRIPTION	FAS115 CLASS	MATURITY/ CALL DATE	PAR VALUE	BOOK VALUE	MARKET VALUE	MARKET GAIN/LOSS	MARKET DATE
834SCFCP7H/001	SOLANO CTY 2013 COPS	AFS	11/15/2020	365,000.00	365,000.00	365,000.00	0.00	09/30/2018
834SCFCP7I/001	SOLANO CTY 2013 COPS	AFS	11/15/2021	380,000.00	380,000.00	380,000.00	0.00	09/30/2018
834SCFCP7J/001	SOLANO CTY 2013 COPS	AFS	11/15/2022	390,000.00	390,000.00	390,000.00	0.00	09/30/2018
834SCFCP7K/001	SOLANO CTY 2013 COPS	AFS	11/15/2023	405,000.00	405,000.00	405,000.00	0.00	09/30/2018
834SCFCP7L/001	SOLANO CTY 2013 COPS	AFS	11/15/2024	415,000.00	415,000.00	415,000.00	0.00	09/30/2018
834SCFCP7M/001	SOLANO CTY 2013 COPS	AFS	11/15/2025	430,000.00	430,000.00	430,000.00	0.00	09/30/2018
834SCFCP7N/001	SOLANO CTY 2013 COPS	AFS	11/15/2026	445,000.00	445,000.00	445,000.00	0.00	09/30/2018
834SCFCP7O/001	SOLANO CTY 2013 COPS	AFS	11/15/2027	460,000.00	460,000.00	460,000.00	0.00	09/30/2018
			TOTAL FOR SECURITY TYPE SOL	**3,990,000.00**	**3,990,000.00**	**3,990,000.00**	**0.00**	
SECURITY TYPE: SUPRA								
45818LT59/001	IADB DISCOUNT	AFS	12/17/2018	10,000,000.00	9,954,138.01	9,953,370.00	-768.01	09/28/2018
459058EV1/001	IBRD	AFS	07/26/2019	10,000,000.00	9,987,083.92	9,889,720.00	-97,363.92	09/28/2018
			TOTAL FOR SECURITY TYPE SUPRA	**20,000,000.00**	**19,941,221.93**	**19,843,090.00**	**-98,131.93**	
SECURITY TYPE: TREASURY								
912828WD8/001	U S TREASURY	AFS	10/31/2018	20,000,000.00	20,002,250.27	19,986,800.00	-15,450.27	09/28/2018
912828WD8/002	U S TREASURY	AFS	10/31/2018	2,000,000.00	1,998,653.86	1,998,680.00	26.14	09/28/2018
912828N22/001	U S TREASURY	AFS	12/15/2018	27,000,000.00	26,955,015.28	26,947,782.00	-7,233.28	09/28/2018
912828RY8/002	US TREASURY	AFS	12/31/2018	20,000,000.00	19,967,151.13	19,957,560.00	-9,591.13	09/28/2018
912828Q52/001	U S TREASURY	AFS	04/15/2019	100,000,000.00	99,339,228.18	99,171,900.00	-167,328.18	09/28/2018
912828WL0/001	U S TREASURY	AFS	05/31/2019	10,000,000.00	9,979,007.58	9,933,980.00	-45,027.58	09/28/2018
912828S43/001	U S TREASURY	AFS	07/15/2019	20,000,000.00	19,741,800.81	19,719,540.00	-22,260.81	09/28/2018
912828D80/001	U S TREASURY	AFS	08/31/2019	25,000,000.00	25,064,594.84	24,772,450.00	-292,144.84	09/28/2018
912828F39/001	U S TREASURY	AFS	09/30/2019	10,000,000.00	9,929,590.08	9,910,160.00	-19,430.08	09/28/2018
			TOTAL FOR SECURITY TYPE TREASURY	**234,000,000.00**	**232,977,292.03**	**232,398,852.00**	**-578,440.03**	
			TOTAL FOR PORTFOLIO POOL	**842,589,461.44**	**842,944,345.24**	**838,309,758.01**	**-4,634,587.23**	

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Detail EOP
September 30, 2018

ASSETS

	Fiscal Year 2019 September
Cash & Cash Equivalents	
Physical Cash	$1,002.92
Sealed Bags	$549,055.39
Deposits in Transit	$735,601.54
Total Cash on Hand	**$1,285,659.85**
Wells Fargo Deposit Account	$2,503,337.88
Bank of America Deposit Account	$668,344.25
First Northern Bank Lake Solano Park	$40,582.24
Bank of Stockton	$68,817.25
Total Cash in Bank	**$3,281,081.62**
UB Safekeeping Money Market Account	$138,354.95
CAMP Money Market Account	$14,242,885.06
CalTrust Liquidity Fund	$54,108,143.86
CalTrust Blackrock FedFund	$31,700,000.00
Total Cash in Money Markets	**$100,189,383.87**
LAIF	$58,423,708.04
Total LAIF	**$58,423,708.04**

Total Cash & Cash Equivalents	**$163,179,833.38**
Non Cash Assets	
Acc Int Money Markets	$44,307.20
Acc Int LAIF	$180,850.62
CT Short Accrued Interest	$33,637.45
CT Medium Accrued Interest	$16,255.84
AI Investment Securities	$3,642,648.03
Total Accrued Interest	**$3,917,699.14**
Total Items in Transit	**$0.00**

Total Non Cash Assets	**$3,917,699.14**
Mutual Funds	
CT Short Book Value	$20,034,374.07
CT Short Mrk to Market	($16,981.35)
CT Medium Book Value	$10,072,310.94
CT Medium Mrk to Market	($193,798.79)

Total Mutual Funds	**$29,895,904.87**
Securities	
Solano County Bonds Par	$3,990,000.00

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Detail EOP
September 30, 2018

	Fiscal Year 2019 September
US Treasuries Par	$234,000,000.00
US Treasuries Premium	$66,845.11
US Treasuries Discount	($1,089,553.08)
US Treasuries Mk to Mkt	($578,440.24)
Municipals Par	$103,389,461.44
Municipals Premium	$2,528,107.89
Municipals Discount	($47,377.55)
Municipals Mk to Mkt	($1,262,343.50)
Fed Agencies Par	$296,030,000.00
Fed Agencies Premium	$471,771.02
Fed Agencies Discount	($728,056.39)
Fed Agencies Mk to Mkt	($2,061,221.46)
Commercial Paper Par	$20,000,000.00
Commercial Paper Discount	($133,753.06)
Commercial Paper Mk to Mkt	$133,753.06
CD Par	$10,000,000.00
Corporates Par	$155,180,000.00
Corporates Premium	$10,469.46
Corporates Discount	($664,791.53)
Corporates Mk to Mkt	($768,203.07)
Supranational Banks Par	$20,000,000.00
Supranational Banks Discount	($58,778.07)
Supranational Banks Mk to Mkt	($98,131.69)
Total Securities	**$838,309,758.34**

Total Investments	**$868,205,663.21**

Total Pool	**$1,035,303,195.73**

<u>Other Treasury Holdings</u>

2009 Cops	$1,788,086.87
2005 Pension Obligation Bonds	$4,038,389.36
2013 Cops	$331,690.20
2017 Cops	$1,460.08

Total Bond Proceeds	**$6,159,626.51**
115 Trust Cash	$5,232.48
115 Trust Money Markets	$1,813,946.53
115 Trust Mutual Funds	$3,220,000.00
115 Trust Mutual Funds Mark to Market	($96,000.00)
115 Trust Accrued Interest	$105,919.84
115 Trust Money Market Mark to Market	$2.57
115 Trust US Treasuries Par	$3,500,000.00
115 Trust US Treasuries Premium	$13,755.58
115 Trust US Treasuries Discount	($3,381.69)
115 Trust US Treasuries Mk to Mkt	($24,696.39)

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Detail EOP
September 30, 2018

	Fiscal Year 2019 September
115 Trust Fed Agencies Par	$10,500,000.00
115 Trust Fed Agencies Premium	$45,539.96
115 Trust Fed Agencies Discount	($60,615.16)
115 Trust Fed Agencies Mk to Mkt	($72,502.30)
115 Trust Corporates Par	$8,947,000.00
115 Trust Corporates Discount	($30,678.54)
115 Trust Corporates Mk to Mkt	$269.97
115 Trust Municipals Par	$2,635,000.00
115 Trust Municipals Premium	$29,443.56
115 Trust Municipals Mk to Mkt	($73,946.16)
Total 115 Trust	**$30,454,290.25**
Total Deposits With Others	**$36,613,916.76**
OPEB Trust Money Markets	$1,135,345.73
OPEB Trust Mutual Funds Equity	$19,927,117.68
OPEB Trust Mutual Funds Fixed Income	$15,864,451.15
OPEB Trust Mk to Mkt	$5,247,557.68
OPEB Trust Accrued Income	$106,115.61
Total OPEB Trust	**$42,280,587.85**
Total Other Treasury Holdings	**$78,894,504.61**
TOTAL ASSETS	**$1,114,197,700.34**

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**

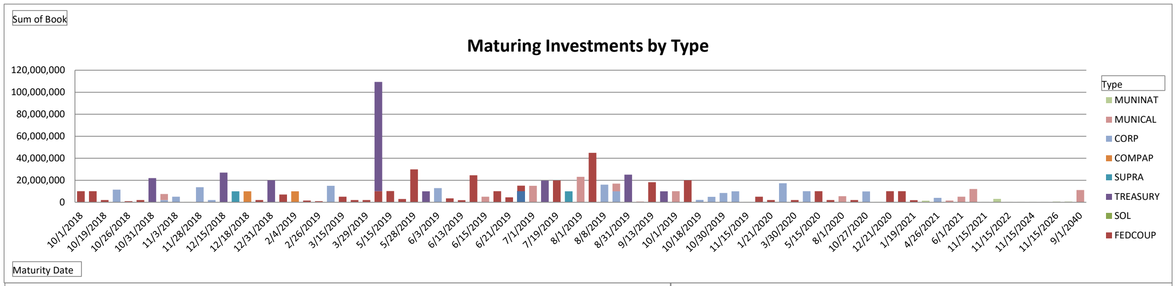
Auditor - Controller Fund Balance

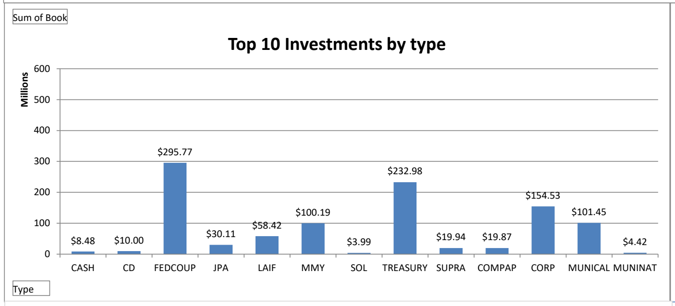
OneSolution Cash in Treasury	$1,038,613,614.86
Total OneSolution Cash	**$1,038,613,614.86**
OneSolution Deposits With Others	$6,159,626.51

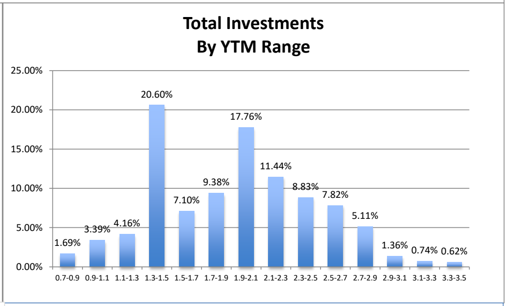
Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Detail EOP
September 30, 2018

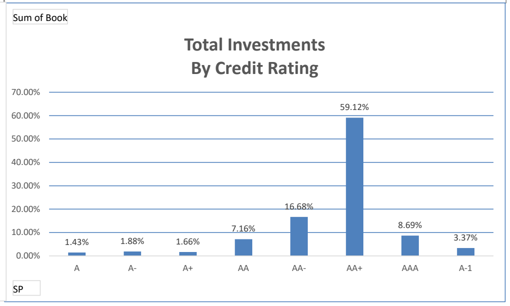
	Fiscal Year 2019 September
OneSolution Pars 115 Trust	$30,675,800.95
OneSolution OPEB Trust	$36,910,749.20
Total OneSolution Deposits With Others	**$73,746,176.66**
Total Auditor - Controller Fund Balance	**$1,112,359,791.52**
TOTAL LIABILITIES	**$1,112,359,791.52**
EQUITY	
Total Retained Earnings	**$0.00**
Mark to Market Equity	($4,845,367.04)
115 Trust Mark to Market Equity	($266,872.31)
OPEB Trust Mark to Market Equity	$5,247,557.68
Total Market to Market	**$135,318.33**
Net Income	**$1,702,590.49**
TOTAL EQUITY	**$1,837,908.82**
TOTAL LIABILITIES & EQUITY	**$1,114,197,700.34**

Solano County Treasury
Treasurer Charles Lomeli
Portfolio Statistical Graphs
30-Sep-18









Solano County Treasury
Treasurer Charles Lomeli
Income Statement
September 30, 2018

POOL INCOME

	Fiscal Year 2019 September
Short Term Investments	
Bank Deposit Income	$0.00
Total Bank Deposit	**$0.00**
Wells Fargo	$152.31
B of A	$295.87
Union Bank	$278.45
CAMP	$35,012.26
CalTrust BlackRock TempFund Income	$37,249.64
Cal Trust Money Market	$44,307.20
Total Money Markets	**$117,295.73**
LAIF	$81,792.40
Total LAIF	**$81,792.40**

Total Short Term Income	**$199,088.13**
Mutual Funds	
CT Short Interest Earnings	$33,637.45
CT Medium Interest Earnings	$16,255.84

Total Mutual Fund Income	**$49,893.29**
Long Term Investments	
Interest Earnings 53601A	$11,105.49
Premium Amortization	$0.00
Discount Accretion	$0.00
Gain/Loss on Sale	$0.00
Total County Bonds	**$11,105.49**
Interest Earnings 53601B	$214,844.35
Premium Amortization	($8,053.51)
Discount Accretion	$164,711.38
Gain/Loss on Sale	$0.00
Total US Treasuries	**$371,502.22**
Interest Earnings 53601C	$265,789.05
Premium Amortization	($96,223.69)
Discount Accretion	$2,390.06
Gain/Loss on Sale	$0.00
Total Municipals	**$171,955.42**
Interest Earnings 53601F	$455,625.79
Premium Amortization	($74,668.08)
Discount Accretion	$72,495.29

Solano County Treasury
Treasurer Charles Lomeli
Income Statement
September 30, 2018

	Fiscal Year 2019 September
Gain/Loss on Sale	$0.00
Total Fed Agency	**$453,453.00**
Interest Earnings 53601G	$0.00
Premium Amortization	$0.00
Discount Accretion	$39,082.21
Gain/Loss on Sale	$0.00
Total Commercial Paper	**$39,082.21**
Interest Earnings 53601H	$4,977.78
Premium Amortization	$0.00
Discount Accretion	$0.00
Gain/Loss on Sale	$0.00
Total Certificates of Deposit	**$4,977.78**
Interest Earnings 53601J	$200,727.27
Premium Amortization	($2,906.61)
Discount Accretion	$40,153.88
Gain/Loss on Sale	$0.00
Total Corporates	**$237,974.54**
Interest Earnings 53601Q	$10,416.67
Premium Amortization	$0.00
Discount Accretion	$13,368.55
Gain/Loss on Sale	$0.00
Total Supranational Bonds	**$23,785.22**

Total Long Term Income	**$1,313,835.88**

Total Income	**$1,562,817.30**
Treasury Operating Costs	
Interest Apportionment Expense	$1,212,219.65
Total Treasury Apportioned	**($1,212,219.65)**

Total Expense	**($1,212,219.65)**
	=================
TREASURY POOL UNAPPORTIONED	**$350,597.65**

115 TRUST

Short Term Investments	
115 Trust Cash & Money Mkt Income	$3,109.68
Total Cash & Money Markets	**$3,109.68**

Solano County Treasury
Treasurer Charles Lomeli
Income Statement
September 30, 2018

	Fiscal Year 2019 September
Mutual Funds	
115 Trust Mutual Fund Income	$4,893.44
Total Mutual Funds	**$4,893.44**
Long Term Investments	
115 Trust US Treasuries Income	$3,855.92
115 Trust Fed Agencies Income	$13,566.62
115 Trust Corporates Income	$16,438.50
115 Trust Municipals Income	$2,288.90
Total Long Term Investments	**$36,149.94**

Total Income	**$44,153.06**
Management Costs	
115 Trust Earnings Distribution	$39,394.07
115 Trust Safekeeping Expense	$1,338.89
115 Trust PARS Expenses	$3,420.10
Total 115 Trust Management Charges	**$4,758.99**

Total Expense	**$44,153.06**
	==================
115 TRUST NET INCOME	**$0.00**
OPEB TRUST	
Short Term Investments	
OPEB Trust Cash & Mny Mkt Inc	$1,740.43
Total Cash & Money Markets	**$1,740.43**
Mutual Funds	
OPEB Trust Mut Fund EQ Inc	$173,221.40
OPEB Trust Mutual Fund FI Income	$43,046.72
Total OPEB Mutual Funds	**$216,268.12**

Total Income	**$218,008.55**
Management Costs	
OPEB Earnings Distribution	$206,142.49
OPEB Trust Safekeeping Expenses	$6,580.61
OPEB Trust PARS Expenses	$5,285.45
Total OPEB Trust Management Charges	**$11,866.06**

Total Expense	**$218,008.55**
	==================
OPEB TRUST NET INCOME	**$0.00**

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Allocations
September 30, 2018

	Fiscal Year 2019 September
TREASURY POOL	
Cash & Cash Equivalents	
Cash on Hand	$1,285,659.85
	0.12%
Cash in Bank	$3,281,081.62
	0.32%
Cash in Money Markets	$100,189,383.87
	9.68%
LAIF	$58,423,708.04
	5.64%
Total Cash & Cash Equivalents	**15.76%**
Non Cash Assets	
Non Cash Assets	$3,917,699.14
	0.38%
Total Non Cash Assets	**0.38%**
Mutual Funds	
Mutual Funds	$29,895,904.87
	2.89%
Total Mutual Funds	**2.89%**
Securities	
US Treasuries	$232,398,851.79
	22.45%
Federal Agencies	$293,712,493.17
	28.37%
Corporates	$153,757,474.86
	14.85%
Municipals	$108,597,848.28
	10.49%
Commercial Paper	$20,000,000.00
	1.93%
Certificates of Deposit	$10,000,000.00
	0.97%
Supranationals	$19,843,090.24
	1.92%
Total Securities	**80.97%**
TOTAL TREASURY POOL	**100.00%**

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Allocations
September 30, 2018

	Fiscal Year 2019 September
115 TRUST	
Cash & Cash Equivalents	
115 Trust Cash	$5,232.48
	0.02%
115 Trust Money Markets	$1,813,946.53
	5.96%

Total Cash and Cash Equivalents	**5.97%**
Non Cash Assets	
115 Trust Accrued Interest	$105,919.84
	0.35%

Total Non Cash Assets	**0.35%**
Mutual Funds	
Mutual Funds	$3,124,000.00
	10.26%

Total Mutual Funds	**10.26%**
Securities	
US Treasuries	$3,485,677.50
	11.45%
Federal Agencies	$10,412,422.50
	34.19%
Corporates	$8,916,591.43
	29.28%
Municipals	$2,590,497.40
	8.51%

Total Securities	**83.42%**

TOTAL 115 TRUST	**100.00%**
OPEB TRUST	
Cash & Cash Equivalents	
OPEB Trust Cash	$0.00
	0.00%
OPEB Trust Money Markets	$1,135,345.73
	2.69%

Total Cash & Cash Equivalents	**2.69%**

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet Allocations
September 30, 2018

	Fiscal Year 2019 September
Non Cash Assets	
OPEB Trust Accrued Income	$106,115.61
	0.25%

Total Non Cash Assets	**0.25%**
Mutual Funds	
Mutual Funds	$41,039,126.51
	97.06%

Total Mutual Funds	**97.06%**

TOTAL OPEB TRUST	**100.00%**

Solano County

675 Texas Street
Fairfield, California 94533
www.solanocounty.com

Meeting Minutes - Action Only

Board of Supervisors

John M. Vasquez (Dist. 4), Chair
(707) 784-6129
Erin Hannigan (Dist. 1), Vice-Chair
(707) 553-5363
Monica Brown (Dist. 2)
(707) 784-3031
James P. Spering (Dist. 3)
(707) 784-6136
Skip Thomson (Dist. 5)
(707) 784-6130

Tuesday, November 6, 2018 **8:30 AM** **Board of Supervisors Chambers**

---

8 **18-756** Accept the Solano County Treasurer’s Quarterly Report for the period of July 1, 2018 through September 30, 2018

Accepted