NEW ISSUE—BOOK-ENTRY ONLY
BANK QUALIFIED

RATINGS:
S&P: "AA" (BAM-Insured)
S&P: "A+" (Underlying)
See "RATINGS" herein.

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the District with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. It is also the opinion of Bond Counsel that the Bonds are "qualified tax-exempt obligations" under section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS" herein.

$3,000,000
WILLIAMS UNIFIED SCHOOL DISTRICT
(Colusa County, California)
General Obligation Bonds
Election of 2016, Series C (2019)

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

The $3,000,000 Williams Unified School District (Colusa County, California) General Obligation Bonds, Election of 2016, Series C (2019) (the "Bonds") are being issued by the Williams Unified School District (the "District") pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code and a resolution of the Board of Trustees of the District. A duly called municipal election was held in the District on November 8, 2016, and thereafter canvassed pursuant to law. At such election there was submitted to and approved by the requisite fifty-five percent (55%) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District to modernize, renovate and/or construct classrooms, restrooms, libraries and school facilities, make health, safety and handicapped accessibility improvements, replace temporary portables and upgrade P.E. fields and facilities for school and community use (the "Project"), in the maximum aggregate principal amount of $11,000,000 (the "Authorization"). The Bonds represent the third and final issue under the Authorization and are being issued for the purpose of raising moneys for the Project and other authorized costs. The Bonds will be issued as current interest bonds.

The Bonds constitute general obligations of the District payable solely from *ad valorem* property taxes levied and collected by Colusa County (the "County"). The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of interest on, and principal of, the Bonds upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates), all as more fully described herein under "THE BONDS" and "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Property Taxation System."

The Bonds are issuable in denominations of $5,000 and any integral multiple thereof. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2020. See "THE BONDS" herein. The Bonds will be delivered in fully registered form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by Wilmington Trust, National Association, as paying agent, to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY.** See "MUNICIPAL BOND INSURANCE" herein.

BAM
BUILD AMERICA MUTUAL

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS

SEE THE INSIDE COVER

This cover page contains information for quick reference only. It is not a summary of these issues. Potential purchasers 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 received by the purchaser thereof, subject to the approval as to their validity by Quint & Thimmig LLP, Larkspur, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the District by Quint & Thimmig LLP, Larkspur, California, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Dannis Woliver Kelley, Long Beach, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about July 11, 2019.

O'CONNOR & COMPANY SECURITIES
PUBLIC FINANCE

June 27, 2019

$3,000,000
WILLIAMS UNIFIED SCHOOL DISTRICT
(Colusa County, California)
General Obligation Bonds
Election of 2016, Series C (2019)

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS

$895,000 Serial Bonds
CUSIP† Prefix: 969445

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† Suffix	Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† Suffix
2024	$15,000	3.000%	1.360%	107.985%	BU8	2032	$ 60,000	5.000%	2.070%	121.635c	CC7
2025	15,000	3.000	1.420	109.136	BV6	2033	70,000	5.000	2.170	120.811c	CD5
2026	25,000	3.000	1.490	110.076	BW4	2034	80,000	4.000	2.270	112.669c	CE3
2027	25,000	3.000	1.580	110.700	BX2	2035	90,000	4.000	2.350	112.044c	CF0
2028	35,000	4.000	1.660	117.575c	BY0	2036	100,000	4.000	2.440	111.345c	CG8
2029	45,000	4.000	1.740	116.917c	BZ7	2037	110,000	4.000	2.530	110.651c	CH6
2030	50,000	5.000	1.850	123.473c	CA1	2038	120,000	4.000	2.620	109.962c	CJ2
2031	55,000	5.000	1.960	122.550c	CB9						

$790,000 4.000% Term Bonds Maturing August 1, 2043; Price: 108.298c, to Yield 2.840%—CUSIP†: 969445 CK9

$1,315,000 4.000% Term Bonds Maturing August 1, 2048; Price: 108.149c, to Yield 2.860%—CUSIP†: 969445 CL7

c Priced to the August 1, 2027, par call date.

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 or note owner and the District or the Underwriter indicated in this Official Statement.

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

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 in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document Summaries. All summaries of the 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, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Estimates and Projections. 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, 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.

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.

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

Website. The District maintains a website. Unless specifically indicated otherwise, the information presented on such website is not incorporated by reference as part of this Official Statement.

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TABLE OF CONTENTS

WILLIAMS UNIFIED SCHOOL DISTRICT
499 Marguerite Street, Suite C
Williams, California 95987
(530) 473-2550
http://www.williamsusd.net/*

DISTRICT ADMINISTRATION

Dr. Edgar Lampkin, *Superintendent*
Mechele Coombs, *Director of Fiscal Services and Accountability*

PROFESSIONAL SERVICES

BOND COUNSEL and DISCLOSURE COUNSEL
Quint & Thimmig LLP
Larkspur, California

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

PAYING AGENT, TRANSFER AGENT
and AUTHENTICATION AGENT
Wilmington Trust, National Association
Costa Mesa, California

*Information therein is not incorporated by reference into this Official Statement.

$3,000,000
WILLIAMS UNIFIED SCHOOL DISTRICT
(Colusa County, California)
General Obligation Bonds
Election of 2016, Series C (2019)

INTRODUCTION

This Official Statement, which includes the cover page, the inside cover page and the appendices hereto, provides information in connection with the sale of the $3,000,000 Williams Unified School District (Colusa County, California) General Obligation Bonds, Election of 2016, Series C (2019) (the "Bonds").

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

The District

The Williams Unified School District (the "District") provides pre-k and kindergarten through twelfth grade education within an approximately 256.67 square mile area, including the City of Williams (the "City") and certain unincorporated county lands in Colusa County, California (the "County"). The District is governed by a five-member Board of Trustees (the "District Board") which is elected in alternating four-year terms. The chief executive officer of the District is the Superintendent, who is appointed by the District Board. The District operates one elementary school (TK-3), one upper elementary school (4-6), one junior/high school (7-12) and one continuation high school, with a current average daily attendance of 1,224 students. The District is under the authority of the Colusa County Office of Education.

For more complete information concerning the District, including certain financial information, see "THE DISTRICT" and APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION. The District's audited financial statements for the fiscal year ended June 30, 2018, are included as APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.

Source of Payment for the Bonds

The Bonds constitute general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the County. The Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property in the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

Municipal Bond Insurance Policy

The scheduled payment of principal of and interest with respect to the Bonds when due will be guaranteed under a municipal bond insurance policy (the "Municipal Bond Insurance Policy") to be issued by Build America Mutual Assurance Company (the "Municipal Bond Insurer") simultaneously with the issuance of the Bonds. See "MUNICIPAL BOND INSURANCE."

Authority for Issue; Purpose of Issue

On November 8, 2016, there was submitted to and approved by the requisite fifty-five percent (55%) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District to modernize, renovate and/or construct classrooms, restrooms, libraries and school facilities, make health, safety and handicapped accessibility improvements, replace temporary portables and upgrade P.E. fields and facilities for school and community use (the "Project"), in the maximum aggregate principal amount of $11,000,000 (the "Authorization").

Under Title 1, Division 1, Part 10, Chapter 2 (commencing with section 15100) of the California Education Code and Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code (collectively, the "Law"), the District is empowered to issue general obligation bonds.

The Bonds are being issued by the District pursuant to the Law and a resolution adopted by the Board of Trustees of Trustees of the District (the "Board of Trustees") on June 12, 2019 (the "Resolution"), to (a) finance the Project, and (b) pay for costs of issuance of the Bonds.

On August 23, 2017, the District issued its $4,000,000 Williams Unified School District (Colusa County, California) General Obligation Bonds, Election of 2016, Series A (2017) (the "2017 Bonds"). On May 23, 2018, the District issued its $4,000,000 Williams Unified School District (Colusa County, California) General Obligation Bonds, Election of 2016, Series B (2018) (the "2018 Bonds"). The Bonds represent the third and final issue under the Authorization.

Description of the Bonds

The Bonds are being issued as current interest bonds. The Bonds will be dated as of their date of delivery, will be issued as fully registered bonds, without coupons, in the denominations of $5,000 principal amount or any integral multiple thereof. Interest on the Bonds accrues from their date of delivery and is payable semiannually on each February 1 and August 1 (each an "Interest Payment Date"), commencing February 1, 2020.

The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth the inside cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" and APPENDIX G—BOOK-ENTRY SYSTEM. In event that the book-entry system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution as described herein. See "THE BONDS—Registration, Transfer and Exchange of Bonds." Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount or any integral multiple thereof.

Certain of the Bonds are subject to redemption prior to maturity. See "THE BONDS—Redemption."

Tax Matters

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the District with certain covenants, under present law, interest on Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS" herein.

Offering and Delivery

The Bonds are offered when, as and if issued and received by the purchaser, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about July 11, 2019.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of enumerated events is summarized below under the caption "CONTINUING DISCLOSURE." Also, see APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

Professionals Involved in the Bond Offering

Several professional firms have provided services to the District with respect to the sale and delivery of the Bonds. Quint & Thimmig LLP, Larkspur, California, Bond Counsel, will deliver its legal opinion in substantially the form set forth in APPENDIX E—FORM OF OPINION OF BOND COUNSEL. Quint & Thimmig LLP, Larkspur, California, is also serving as Disclosure Counsel to the District with respect to the Bonds. Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California, will act as Municipal Advisor to the District with respect to the Bonds. The payment of fees and expenses of such firms with respect to the Bonds is contingent on the sale and delivery of the Bonds. The District's financial statements for the fiscal year ended June 30, 2018, have been audited by James Marta & Company LLP, Sacramento, California. See APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information in this Official Statement.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available for inspection at the office of the Superintendent, Williams Unified School District, 499 Marguerite Street, Suite C, Williams, CA 95987, telephone (530) 473-2550. The District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Exchange Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," or other similar words. 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.

All terms used in this Official Statement and not otherwise defined shall have the meanings given such terms in the Resolution.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the Constitution and laws of the State, including the Law, and the Resolution.

Purposes of Issuance

The Bonds are being issued to (a) finance the Project, and (b) pay for costs of issuance of the Bonds. The Bonds constitute the third and final issue of bonds under the Authorization. See "—Estimated Sources and Uses of Funds."

The District has authorized and issued certain other general obligation bonds. See APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—District Debt Structure.

Security and Source of Payment

The Bonds constitute general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the County. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes for the payment of the Bonds, and the interest thereon, upon all property in the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes are required to be levied annually, in addition to all other taxes, during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for a reserve, established to avoid fluctuations in tax levies. Such taxes, when collected, will be deposited, with respect to the Bonds, into the Interest and Sinking Fund and which is required by the California Education Code to be applied for the payment of principal of and interest on the Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the Treasurer-Tax Collector of the County will maintain the Interest and Sinking Fund, the Bonds are a debt of the District, not of the County.

Moneys placed in the Interest and Sinking Fund of the District are irrevocably pledged for the payment of the principal of and interest on the Bonds when and as the same fall due. The property taxes and amounts held in the Interest and Sinking Fund of the District shall immediately be subject to this pledge, and the pledge shall constitute a lien and security interest which shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The pledge is an agreement between the District and the Owners of the Bonds in addition to the statutory lien in accordance with section 53515(a) of the California Government Code, and the Bonds are being issued to finance one or more projects and not to finance the general purposes of the District.

In accordance with section 53515(a) of the California Government Code, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax for the Authorization. The lien shall automatically attach without further action or authorization by the District or the County. The lien shall be valid and binding from the time the Bonds are issued and delivered. The revenues received pursuant to the levy and collection of the tax shall be immediately subject to the lien, and the lien shall automatically attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

The moneys in the Interest and Sinking Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred by the County, through its Treasurer-Tax Collector, to the Paying Agent (hereinafter defined) which, in turn, will pay such moneys to DTC to pay the principal of and interest on the Bonds. DTC will thereupon make payments of principal and interest on the Bonds to the DTC Participants who will thereupon make payments of principal and interest to the Beneficial Owners (as defined herein) of the Bonds.

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 in any year. 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. Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemption for property owned by the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

Description of the Bonds

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interests in the Bonds. See "BOOK-ENTRY ONLY SYSTEM" and APPENDIX G—BOOK-ENTRY SYSTEM.

Interest on the Bonds accrues from their date of issuance and is payable semiannually on each Interest Payment Date. Interest on the Bonds accrues on the basis of a 360-day year comprised of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Interest Payment Date to that Interest Payment Date, inclusive, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before January 15, 2020, in which event it will bear interest from its date of delivery.

The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on the dates, in the years and amounts set forth on the inside cover page hereof. The principal of and interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check or draft of the Paying Agent mailed by first-class mail to the Owner at the Owner's address as it appears on the registration books maintained by the Paying Agent as of the close of business on the fifteenth day of the month next preceding such interest payment date (the "Record Date"), or at such other address as the Owner may have filed with the Paying Agent for that purpose; provided however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of the Bonds in the aggregate principal amount of $1,000,000 or more who shall furnish written wire instructions to the Paying Agent at least five (5) days before the applicable Record Date. See also "BOOK ENTRY ONLY SYSTEM" below.

Payment

The redemption price, if any, on the Bonds will be payable upon maturity or redemption upon surrender of such Bonds at the principal office of the Paying Agent. The interest, principal and redemption price, if any, on the Bonds will be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are general obligations of the District and do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

Redemption

Optional Redemption. The Bonds maturing on and prior to August 1, 2027, are not callable for redemption prior to their stated maturity date. The Bonds maturing on and after August 1, 2028, are callable for redemption prior to their stated maturity date at the option of the District, in whole or in part on any date on or after August 1, 2027, from any source lawfully available therefor, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2043, are also subject to mandatory sinking fund redemption on August 1 in the years, and in the amounts, as set forth in the following table, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2039	$130,000
2040	145,000
2041	160,000
2042	170,000
2043†	185,000

†Maturity

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2048, are also subject to mandatory sinking fund redemption on August 1 in the years, and in the amounts, as set forth in the following table, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2044	$200,000
2045	215,000
2046	235,000
2047	255,000
2048†	410,000

†Maturity

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed shall be called in such order as shall be directed by the

District and, in lieu of such direction, in inverse order of their maturity. Within a maturity, the Paying Agent shall select the Bonds for redemption by lot; *provided, however*, that the portion of any Bonds to be redeemed shall be in the principal amount of $5,000 or some integral multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bonds as representing that number of Bonds which is obtained by dividing the principal amount of such Bonds by five thousand dollars.

Notice of Redemption. The Paying Agent is required to mail (by first class mail) notice of any redemption to: (i) the respective Owners of any Bonds designated for redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, at their respective addresses appearing on the Bond Register, and (ii) the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds, the notice of redemption will state that the redemption is conditioned upon receipt by the Paying Agent of sufficient moneys to redeem the Bonds on the scheduled redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Paying Agent. In the event that the Paying Agent does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, the Paying Agent will send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes.

Conditional Notice of Redemption. Any notice of optional redemption of the Bonds may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, (i) said notice shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds; (iii) the redemption shall be cancelled and (iv) the Paying Agent shall within a reasonable time thereafter give notice to the persons and in the manner in which the conditional notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. The actual receipt by the owner of any Bonds of notice of such cancellation shall not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice shall not affect the validity of the cancellation.

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

Partial Redemption of Bonds. In the event only a portion of any Bonds is called for redemption, then upon surrender of such Bonds the District will execute and the Paying Agent will authenticate and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. Notice having been given as described above, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for such purpose, the Bonds to be redeemed will become due and payable on such date of redemption. If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, will be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof will have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed will cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds will be held in trust for the account of the registered owners of the Bonds so to be redeemed. Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, and sufficient moneys are held by the Paying Agent irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, then such Bonds will no longer be deemed outstanding and will be surrendered to the Paying Agent for cancellation.

Defeasance

Discharge of Resolution. Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable hereunder by the District:

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

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

(iii) by delivering to the Paying Agent, for cancellation by it, Bonds Outstanding.

then and in that case, at the election of the District (evidenced by a certificate of a District Representative, filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and the Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, the Resolution and all covenants, agreements and other obligations of the District under the Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Resolution. In such event, upon request of the District, the Paying Agent shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Discharge of Liability on Bonds. Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Resolution to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Resolution or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited in trust with an escrow holder as aforesaid for such payment, provided further, however, that the provisions of the Resolution shall apply in all events.

The District may at any time surrender to the Paying Agent for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Deposit of Money or Securities with Paying Agent. Whenever in the Resolution it is provided or permitted that there be deposited with or held in trust with an escrow holder money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to the Resolution and shall 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 shall have been given as provided in the Resolution or provision satisfactory to the Paying Agent will have been 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 will have been given provided in the Resolution or provision satisfactory to the Paying Agent shall have been made for the giving of such notice;

provided, in each case, that the Paying Agent shall have been irrevocably instructed (by the terms of the Resolution or by request of the District) to apply such money to the payment of such principal or redemption price and interest with respect to such Bonds.

Payment of Bonds After Discharge of Resolution. Notwithstanding any provisions of the Resolution, any moneys held by an escrow holder in trust for the payment of the principal or redemption price of, or interest on, any Bonds and remaining unclaimed for one year after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Resolution), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon request of the District, be repaid to the District free from the trusts created by the Resolution, and all liability of the escrow holder with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Bonds which have not been paid at the addresses shown on the registration books maintained by the Paying Agent a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

Registration, Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its principal office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in the Resolution (the "Bond Register"). Subject to the provisions of the Resolution, the person in whose name a Bond is registered on the Bond Register will be regarded as the absolute owner of that Bond for all purposes of the Resolution. Payment of or on account of the principal of any Bond will be made only to or upon the order of that person; neither the District, nor the Paying Agent will be affected by any notice to the contrary, but the registration may be changed as provided in the Resolution. All such payments will be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

In the event that the book-entry system as described herein is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

Any Bond may be exchanged for Bonds of like tenor, maturity, and outstanding principal amount or maturity value (the "Transfer Amount") upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the principal office of the Paying Agent together with an assignment executed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent will complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

In all cases of exchanged or transferred Bonds, the District will sign, and the Paying Agent will authenticate and deliver Bonds in accordance with the provisions of the Resolution. All fees and costs of transfer will be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer will be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under the Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer will be canceled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District may have acquired in any manner whatsoever, and those Bonds will be promptly canceled by the Paying Agent. Written reports of the surrender and cancellation of Bonds will be made to the District by the Paying Agent. The canceled Bonds will be retained for a period of time, then returned to the District or destroyed by the Paying Agent as directed by the District.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th business day next preceding either any interest payment date or any date of selection of Bonds to be redeemed and ending with the close of business on the interest payment date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds in connection with the Bonds are as follows:

Sources of Funds:	
Principal Amount of Bonds	$3,000,000.00
Plus: Original Issue Premium/Discount	301,917.60
Total Sources of Funds	$3,301,917.60
Uses of Funds:	
Deposit to Building Fund	$3,000,000.00
Deposit to Interest and Sinking Fund	95,000.00
Costs of Issuance[(1)]	206,917.60
Total Uses of Funds	$3,301,917.60

(1) Includes the Underwriter's discount, the fees of the municipal advisor, bond counsel, disclosure counsel, the rating agency and other third-party providers and the premium for the Municipal Bond Insurance Policy. Any excess in the Costs of Issuance Fund will be transferred to the District's Interest and Sinking Fund.

Financing Plan

The proceeds of sale of the Bonds, exclusive of any premium and accrued interest received, shall be deposited in the County treasury to the credit of the Building Fund of the District. Any premium and accrued interest shall be deposited upon receipt in the Interest and Sinking Fund of the District within the County Treasury. All funds held in the Interest and Sinking Fund of the District shall be invested at the sole discretion of the County Treasurer-Tax Collector. All funds held in the Building Fund of the District by the County Treasurer hereunder shall be invested at the County Treasurer's discretion, unless otherwise directed in writing by the District, pursuant to law and the investment policy of the County. The County Treasurer's Office neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations. The District shall maintain or cause to be maintained detailed records with respect to the applicable proceeds. See "INVESTMENT OF DISTRICT FUNDS."

A portion of the proceeds of the Bonds will be retained by the Paying Agent in a costs of issuance account (the "Costs of Issuance Account") and used to pay costs associated with the issuance of the Bonds.

Debt Service Schedule

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

Bond Year Ending August 1	Principal (1)	Interest (2)	Total
2020	—	$ 128,302.78	$ 128,302.78
2021	—	121,550.00	121,550.00
2022	—	121,550.00	121,550.00
2023	—	121,550.00	121,550.00
2024	$ 15,000	121,550.00	136,550.00
2025	15,000	121,100.00	136,100.00
2026	25,000	120,650.00	145,650.00
2027	25,000	119,900.00	144,900.00
2028	35,000	119,150.00	154,150.00
2029	45,000	117,750.00	162,750.00
2030	50,000	115,950.00	165,950.00
2031	55,000	113,450.00	168,450.00
2032	60,000	110,700.00	170,700.00
2033	70,000	107,700.00	177,700.00
2034	80,000	104,200.00	184,200.00
2035	90,000	101,000.00	191,000.00
2036	100,000	97,400.00	197,400.00
2037	110,000	93,400.00	203,400.00
2038	120,000	89,000.00	209,000.00
2039	130,000	84,200.00	214,200.00
2040	145,000	79,000.00	224,000.00
2041	160,000	73,200.00	233,200.00
2042	170,000	66,800.00	236,800.00
2043	185,000	60,000.00	245,000.00
2044	200,000	52,600.00	252,600.00
2045	215,000	44,600.00	259,600.00
2046	235,000	36,000.00	271,000.00
2047	255,000	26,600.00	281,600.00
2048	410,000	16,400.00	426,400.00
TOTAL	$3,000,000	$2,685,252.78	$5,685,252.78

(1) Includes mandatory sinking fund installments.
(2) Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2020.

PAYING AGENT

Wilmington Trust, National Association, Costa Mesa, California, will act as the paying agent for the Bonds (the "Paying Agent"). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption 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 redemption of the Bonds called for redemption or of any other action premised on such notice.

The Paying Agent, the District, the County and the Underwriter 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 for the Bonds.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. See APPENDIX G—BOOK-ENTRY SYSTEM.

THE DISTRICT

General Information

The District provides pre-k and kindergarten through twelfth grade education within an approximately 256.67 square mile area, including the City and certain unincorporated county lands in the County. The District is governed by the five-member District Board which is elected in alternating four-year terms. The chief executive officer of the District is the Superintendent, who is appointed by the District Board. The District operates one elementary school (TK-3), one upper elementary school (4-6), one junior/high school (7-12) and one continuation high school. The District is under the authority of the Colusa County Office of Education.

Board of Trustees and Administration

The District is governed by a five-member District Board, each member of which is elected to a four-year term. Elections for positions to the District Board are held every two years, alternating between two and three available positions.

District Board Member	Office	Current Term Expires (November)
Silvia Vaca	President	2022
George W. Simmons, Jr.	Vice President	2020
Ana Leos-Vera	Boardmember	2022
Yareli Mora	Boardmember	2020
Maryah Stoots	Boardmember	2020

The administrative staff of the District includes Superintendent Dr. Edgar Lampkin and Director of Fiscal Services and Accountability Mechele Coombs.

MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Policy

Concurrently with the issuance of the Bonds, the Municipal Bond Insurer will issue the Municipal Bond Insurance Policy for the Bonds. The Municipal Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Municipal Bond Insurance Policy included as EXHIBIT H—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.

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

Municipal Bond Insurer

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

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

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

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

Capitalization of the Municipal Bond Insurer

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

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

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

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

Additional Information Available from the Municipal Bond Insurer

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

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

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

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

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem taxes levied and collected by the County on taxable property in the District. The District's General Fund is not a source for the repayment of the Bonds.

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited by the County in the District's Interest and Sinking Fund, which is required to be maintained by the County and to be used solely for the payment of bonds of the District.

Property Taxation System

The collection of property taxes is significant to the District and the Owners of the Bonds in two respects. First, the Board of Supervisors of the County will levy and collect *ad valorem* taxes on all taxable parcels within the District, which are pledged specifically to the repayment of the Bonds. Second, the general *ad valorem* property tax levy levied in accordance with Article XIIIA of the California Constitution and its implementing legislation is taken into account in connection with the State's Local Control Funding Formula ("LCFF") which determines the amount of funding received by the District from the State to operate the District's educational programs. The LCFF replaces revenue limit and most categorical program funding previously used to determine the amount of funding received by the District from the State and consists primarily of base, supplemental and concentration funding formulas that focus resources based on a school district's student demographic. See APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—Allocation of State Funding to School Districts; Restructuring of the K-12 Funding System and APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—Final 2018-19 State Budget. As described below, the general *ad valorem* property tax levy and the additional *ad valorem* property tax levy pledged to repay the Bonds will be collected on the annual tax bills distributed by the County to the owners of parcels within the boundaries of the District.

The District received approximately 21% of its total general fund operating revenues from local property taxes in fiscal year 2017-18.

Local property taxation is the responsibility of various officers of the counties. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes according to the approved tax rolls. In addition, the treasurer-tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located. The SBE also assesses certain special classes of property, as described later in this section.

Method of Property Taxation

Under Proposition 13, an amendment to the California Constitution adopted in 1978 that added Article XIIIA of the California Constitution, the county assessor's valuation of real property is established as shown on the fiscal year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold and may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership. See APPENDIX B-DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION.

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

Local agencies and schools will share the growth of "base" sources from the tax rate area. Each year's growth allocation becomes part of each local agency's allocation in the following year. The availability of revenue from growth in the tax bases in such tax rate areas may be affected by the existence of redevelopment successor agencies which, under certain circumstances, may be entitled to sources resulting from the increase in certain property values. State law exempts $7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is supplemented by the State.

For assessment and tax collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the SBE is commonly identified for taxation purposes as "utility" property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to any delinquent payment. Property on the secured roll, with respect to which taxes are delinquent, becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent 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 Treasurer.

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

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the SBE. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution.

Certain classes of property, such as churches, colleges, not-for-profit hospitals and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions. Both the general *ad valorem* property tax levy and the additional *ad valorem* levy for the Bonds are based upon the assessed valuation of the parcels of taxable property in the District. Property taxes allocated to the District are collected by the County at the same time and on the same tax rolls as are county, city and special district taxes. The assessed valuation of each parcel of property is the same for both District and the County taxing purposes. The valuation of secured property by the County Assessor is established as of January 1 and is subsequently equalized in September of each year.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds. The following table shows recent history of taxable property assessed valuation in the District.

HISTORIC ASSESSED VALUATIONS
Fiscal Years 2011-12 to 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total Valuation	Percent Change
2011-12	$622,485,640	—	$41,213,853	$663,699,493	--
2012-13	639,031,656	—	44,129,131	683,160,787	2.93%
2013-14	654,669,993	—	47,486,763	702,156,756	2.78
2014-15	672,698,245	—	48,775,198	721,473,443	2.75
2015-16	712,556,330	—	53,519,701	766,076,031	6.18
2016-17	795,007,649	—	53,199,936	848,207,585	10.72
2017-18	820,825,794	—	50,669,399	871,495,193	2.75
2018-19	845,206,822	—	54,515,774	899,722,596	3.24

Source: California Municipal Statistics, Inc.

As indicated above, assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are prorated for each portion of the tax year.

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

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

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis.

Risk of Decline in Property Values; Fire; Earthquake Risk. Property values could be reduced by factors beyond the District's control, including fire, earthquake and a depressed real estate market due to general economic conditions in the County, the region and the State.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, drought, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes). Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional bonds in the future might also cause the tax rate to increase.

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

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

The following table shows the 2018-19 assessed valuation of each jurisdiction within the boundaries of the District:

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2018-19

Jurisdiction	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Williams	$396,732,649	44.09%	$ 396,732,649	100.00%
Unincorporated Colusa County	502,989,947	55.91	2,515,996,522	19.99
Total District	$899,722,596	100.00%		
Colusa County	$899,722,596	100.00%	$3,260,280,283	27.60%

Source: California Municipal Statistics, Inc.

The following table gives a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2018-19

	2018-19 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	$328,530,025	38.87%	1,109	38.57%
Commercial/Office	71,015,203	8.40	133	4.63
Vacant Commercial	16,760,553	1.98	66	2.30
Industrial	210,486,776	24.90	27	0.94
Vacant Industrial	348,317	0.04	2	0.07
Government/Social/Institutional	132,757	0.02	14	0.49
Miscellaneous	2,403,464	0.28	7	0.24
Subtotal Non-Residential	$629,677,095	74.50%	1,358	47.23%
Residential:				
Single Family Residence	$194,287,620	22.99%	1,202	41.81%
Mobile Home	1,762,252	0.21	14	.49
2-4 Residential Units	8,297,345	0.98	60	2.09
5+ Residential Units/Apartments	4,699,200	0.56	16	.56
Miscellaneous Residential	627,329	0.07	7	.24
Vacant Residential	5,852,981	0.69	218	7.58
Subtotal Residential	$215,529,727	25.50%	1,517	52.77%
Total	$845,206,822	100.00%	2,875	100.00%

Source: California Municipal Statistics, Inc.
(1) Total Secured Assessed Valuation, excluding tax-exempt property.

The following table shows the assessed valuations of single-family homes for the District.

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	1,202	$194,287,620	$161,637	$158,691

2018-18 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	19	1.581%	1.581%	$ 280,053	0.144%	0.144%
$25,000 - $49,999	52	4.326	5.907	2,015,608	1.037	1.182
$50,000 - $74,999	88	7.321	13.228	5,537,554	2.850	4.032
$75,000 - $99,999	100	8.319	21.547	8,816,734	4.538	8.570
$100,000 - $124,999	169	14.060	35.607	18,897,098	9.726	18.296
$125,000 - $149,999	119	9.900	45.507	16,446,364	8.465	26.761
$150,000 - $174,999	177	14.725	60.233	28,937,432	14.894	41.655
$175,000 - $199,999	130	10.815	71.048	24,483,782	12.602	54.257
$200,000 - $224,999	92	7.654	78.702	19,502,556	10.038	64.295
$225,000 - $249,999	113	9.401	88.103	26,806,335	13.797	78.092
$250,000 - $274,999	41	3.411	91.514	10,715,515	5.515	83.608
$275,000 - $299,999	67	5.574	97.088	18,828,571	9.691	93.299
$300,000 - $324,999	12	0.998	98.087	3,690,997	1.900	95.198
$325,000 - $349,999	1	0.083	98.170	340,554	0.175	95.374
$350,000 - $374,999	6	0.499	98.669	2,152,133	1.108	96.481
$375,000 - $399,999	3	0.250	98.918	1,167,168	0.601	97.082
$400,000 - $424,999	6	0.499	99.418	2,460,878	1.267	98.349
$425,000 - $449,999	4	0.333	99.750	1,723,288	0.887	99.236
$450,000 - $474,999	2	0.166	99.917	915,000	0.471	99.707
$475,000 - $499,999	—	0.000	99.917	—	0.000	99.707
$500,000 and greater	1	0.083	100.000	570,000	0.293	100.000
Total	1,202	100.000%		$194,287,620	100.000%	

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

Tax Rates

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

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

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical Tax Rate Area within the District for the past five fiscal years.

TYPICAL *AD VALOREM* TAX RATES
Fiscal Years 2014-15 to 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Yuba Joint Community College District	0.025002	0.024935	0.026346	0 .025348	0.029941
Williams Unified School District	—	—	—	0.048000	0.040152
Total Tax Rates	1.025002%	1.024935%	1.026346%	1.073348%	1.070093%

Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

Beginning in 1978-79, Article XIIIA and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior voter approved debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each County. Tax charges and delinquency data is not available for the District.

Teeter Plan

The Board of Supervisors of the County has approved the implementation of 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. The Teeter Plan guarantees distribution of 100% of the general taxes levied to the taxing entities within the County, with the County retaining all penalties and interest penalties affixed upon delinquent properties and redemptions of subsequent collections. Under the Teeter Plan, the County apportions secured property taxes on a cash basis to local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, the County distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities.

The Teeter Plan is applicable to secured property tax levies, including for the Bonds. The Teeter Plan is not applicable to unsecured property tax levies. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts, special assessment districts, and benefit assessment districts.

The County cash position is protected by a special fund, known as the "Tax Loss Reserve Fund," which accumulates moneys from interest and penalty collections. In each fiscal year, the Tax Loss Reserve Fund is required to be funded to the amount of delinquent taxes plus one percent of that year's tax levy. Amounts exceeding the amount required to be maintained in the tax loss reserve fund may be credited to the County's general fund. Amounts required to be maintained in the tax loss reserve fund may be drawn on to the extent of the amount of uncollected taxes credited to each agency in advance of receipt.

The Teeter Plan is to remain in effect unless the County Board orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the County Board receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the County Board is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The County Board may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency, but penalties and interest would be credited to the political subdivisions.

The Teeter Plan is applicable to secured property tax levies. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts, special assessment districts, and benefit assessment districts.

The County has the right under certain circumstances to terminate the Teeter Plan or remove the District from the Teeter Plan. The County has not notified the District of any intention to terminate the Teeter Plan or to exclude the District from the plan.

Largest Property Owners

Concentration of Property Ownership. Based on fiscal year 2018-19 locally assessed taxable valuations, the top twenty taxable property owners in the District represent approximately 37.85% of the total fiscal year 2018-19 taxable value of the District's total secured assessed valuation.

The following table shows the 20 largest owners of taxable property in the District as determined by secured assessed valuation in fiscal year 2018-19.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2018-19

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total [(1)]
1.	Morning Star Packing Co. LP	Industrial	$ 95,238,690	11.27%
2.	OLAM Tomato Processors Inc.	Industrial	61,655,278	7.29
3.	Vann Brothers	Agricultural	21,466,786	2.54
4.	Garnett A. Vann	Agricultural	20,874,607	2.47
5.	Depue Warehouse Company	Industrial	14,913,104	1.76
6.	ACC-GWG LLC	Industrial	12,660,558	1.50
7.	T & P Farms	Agricultural	12,484,814	1.48
8.	Chico Nut Hulling and Shelling Company	Agricultural	11,590,121	1.37
9.	Foothill Warehouse Co. LLC	Industrial	8,024,320	0.95
10.	Cortina Hulling & Shelling LLC	Commercial	6,596,670	0.78
11.	Clifford Allen Myers, Trustee	Agricultural	6,550,398	0.78
12.	Ronald LaGrande Living Trust	Agricultural	6,503,726	0.77
13.	V & R Land Corporation	Commercial	5,986,240	0.71
14.	Chrisman Estate Co.	Industrial	5,718,686	0.68
15.	Wadham Energy LP	Industrial	5,700,000	0.67
16.	Douglas E. & Judy Parker Trust	Agricultural	5,649,318	0.67
17.	Peter D. Peterson	Agricultural	4,916,147	0.58
18.	Granzellas Inn LLC	Hotel	4,828,290	0.57
19.	Williams Petroleum Inc.	Commercial	4,633,875	0.55
20.	Mark J. & Debra J. LaGrande Trust	Agricultural	3,919,558	0.46
	Total Top 20		$319,911,186	37.85%

Source: California Municipal Statistics, Inc.
(1) 2018-19 Local secured assessed valuation: $845,206,822.

Morning Star Packing Company LP. The Morning Star Packing Company LP produces and distributes tomato products and ingredients. The company provides hot and cold break tomato pastes, diced tomatoes, purees, ketchups, and crushed products. It serves food processors worldwide.

OLAM Tomato Processors Inc. OLAM Tomato Processors Inc. engages in processing of organic products like aseptic bulk tomato paste and diced and canned products.

Direct and Overlapping Debt

Direct and Overlapping Debt. Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of May 1, 2019, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public credit markets by the public agencies listed. 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.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT

WILLIAMS UNIFIED SCHOOL DISTRICT

2018-19 Assessed Valuation: $899,722,596

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/19
Yuba Joint Community College District	2.858%	$ 4,598,697
Williams Unified School District	**100.000**	**7,570,000**(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		12,168,697
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Yuba Joint Community College District General Fund Obligations	2.858	342,298
Williams Unified School District General Fund Obligations	100.000	5,887,411
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		6,229,709
COMBINED TOTAL DEBT		18,398,406(2)

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($7,570,000) 0.84%
Total Direct and Overlapping Tax and Assessment Debt............. 1.35%
Combined Direct Debt ($13,457,411) 1.50%
Combined Total Debt 2.04%

Source: California Municipal Statistics, Inc.
(1) Excludes the Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Bonding Capacity

As a unified school district, the District may issue bonds in an amount up to 2.50% of the assessed valuation of taxable property within its boundaries. Based on the fiscal year 2018-19 assessment roll, the District's gross bonding capacity is approximately $22,493,064.90, and its net bonding capacity, including other outstanding bonds, will be $11,923,064.90 following issuance of the Bonds. Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Risks Relating to the Municipal Bond Insurance Policy

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Municipal Bond Insurance Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory sinking fund or optional redemption, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Municipal Bond Insurance Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory sinking fund or optional prepayment of the Bonds by the District which is recovered by the District from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Municipal Bond Insurance Policy, however, such payments will be made by the Municipal Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the Municipal Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Municipal Bond Insurer without appropriate consent. The Municipal Bond Insurer may direct and must consent to any remedies and the Municipal Bond Insurer's consent may be required in connection with amendments to any applicable Bond documents.

In the event the Municipal Bond Insurer is unable to make payment of principal and interest as such payments become due under the municipal bond insurance policy, the Bonds are payable solely from the moneys received pursuant to the applicable Bond documents. In the event the Municipal Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Municipal Bond Insurer and its claim paying ability. The financial strength and claims paying ability of the Municipal Bond Insurer are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Municipal Bond Insurer and of the ratings on the Bonds will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See RATINGS.

The obligations of the Municipal Bond Insurer are general obligations of the Municipal Bond Insurer and in an event of default by the Municipal Bond Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the District or Underwriter have made independent investigation into the claims paying ability of the Municipal Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Municipal Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Municipal Bond Insurer, particularly over the life of the investment.

INVESTMENT OF DISTRICT FUNDS

In accordance with Section 41001 of the California Education Code, each California public school district maintains substantially all of its operating funds in the county treasury of the county in which it is located, and each county treasurer-tax collector serves as *ex officio* treasurer for those school districts located within the county. Each treasurer-tax collector has the authority to invest school district funds held in the county treasury. Generally, the treasurer-tax collector pools county funds with school district funds and funds from certain other public agencies and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis. In addition, the County is required to establish its own investment policies which may impose limitations beyond those required by the Government Code. See APPENDIX D—COUNTY INVESTMENT POLICY.

LEGAL MATTERS

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations relating to potential bankruptcies of school districts in California. It is not an exhaustive discussion of the potential application of bankruptcy law to the District. State law contains a number of safeguards to protect the financial solvency of school districts. See APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent of Public Instruction (the "State Superintendent"), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of a district for the adjustment of its debts, assuming that such district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts under current State law are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District (including ad valorem tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, if the bankruptcy court were to determine that the alterations were fair and equitable. In addition, in such a proceeding, as part of such a plan, the District may be able to eliminate the obligation of the County to raise taxes if necessary, to pay the Bonds. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

As stated above, if a school district were to go into bankruptcy, the bankruptcy petition would be filed under Chapter 9 of the Bankruptcy Code. Chapter 9 provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. For purposes of the language of Chapter 9, a school district is a municipality. State law provides that the ad valorem taxes levied to pay the principal and interest on the Bonds shall be used for the payment of principal and interest of the District's general obligation bonds and for no other purpose. If this restriction on the expenditure of such ad valorem taxes is respected in a bankruptcy case, then the ad valorem tax revenue could not be used by the District for any purpose other than to make payments on the Bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to Senate Bill 222 (2015) ("SB 222") that became effective on January 1, 2016, all general obligation bonds issued by local agencies in California, including the Bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board and will be valid and binding from the time the bonds are executed and delivered. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged ad valorem taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues. If the ad valorem tax revenues that are pledged to the payment of the Bonds (see "THE BONDS – Security") are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged ad valorem revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the ad valorem taxes for payment of the Bonds. Additionally, the ad valorem taxes levied for payment of the Bonds are permitted under the State Constitution only where either (i) the applicable bond proposition is approved by 55% of the voters and such proposition contains a specific list of school facilities projects, or (ii) if the applicable bond proposition is approved by two-thirds of voters and such bonds must be issued for the acquisition or improvement of real property. Because State law prohibits the use of the tax proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of ad valorem tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

In addition, even if the ad valorem tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the ad valorem tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Bonds.

Possession of Tax Revenues; Remedies. If the County or the District goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County or the District, as applicable, does not voluntarily pay such tax revenues to the owners of the Bonds, it is not clear what procedures the owners of the Bonds would take or how effective they would be in obtaining possession of such tax revenues.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed form of opinion of Bond Counsel, attached hereto as Appendix E, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Legal Opinions

All legal matters in connection with the execution and delivery of the Bonds are subject to the approval of Quint & Thimmig LLP, Larkspur, California, Bond Counsel. Certain legal matters will also be passed on for the District by Quint & Thimmig LLP, as Disclosure Counsel. The fees of Bond Counsel and Disclosure Counsel are contingent upon the issuance and delivery of the Bonds.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals.

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax exempt obligations" under the small issuer exception provided under section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under section 265(b)(2) of the Code.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for the Bonds is the price at which a substantial amount of the Bonds is first sold to the public. The Issue Price of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity, the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Internal Revenue Code of 1986, as amended (the "Code") (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax exempt bond. The amortized bond premium is treated as a reduction in the tax exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bonds. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Bond owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

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

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX E—FORM OF OPINION OF BOND COUNSEL.

MUNICIPAL ADVISOR

Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California (the "Municipal Advisor"), is an independent financial advisory firm registered as a "Municipal Advisor" with the Securities Exchange Commission and Municipal Securities Rulemaking Board. The Municipal Advisor does not underwrite, trade or distribute municipal or other public securities. The Municipal Advisor has assisted the District in connection with the planning, structuring, sale and issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibilities for the accuracy, completeness or fairness of the information contained in this Official Statement not provided by the Municipal Advisor.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than March 31 after the end of the District's fiscal year (the current end of the District's fiscal year is on June 30), commencing with the report for the 2018-19 fiscal year, and to provide notices of the occurrence of certain events listed in the District's Continuing Disclosure Certificate, the form of which is in APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE. The Annual Report and notices of listed events will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB"), by posting on the MSRB's Electronic Municipal Market Access or "EMMA" system (website: www.emma.msrb.org). These continuing disclosure covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

In the last five years, the District has timely made all required filings with respect to its continuing disclosure obligations.

The District has retained Isom Advisors, a Division of Urban Futures, Inc. to assist it with the preparation and timely filing of future annual reports and event notices required under its existing continuing disclosure obligations with respect to the District's outstanding bonds as well as for the District's continuing disclosure obligations related to the Bonds.

LEGALITY FOR INVESTMENT IN CALIFORNIA

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, are eligible for security for deposits of public moneys in California.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished by the District to the Underwriter at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the County's ability to receive *ad valorem* taxes or contesting the District's ability to issue and retire the Bonds.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned the rating of "AA" to the Bonds based on the issuance of the Municipal Bond Insurance Policy by the Municipal Bond Insurer at the time of delivery of the Bonds. See "MUNICIPAL BOND INSURANCE." In addition, S&P has assigned the underlying rating of "A+" to the Bonds without regard to the issuance of the Municipal Bond Insurance Policy. These ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

The District has covenanted in the Continuing Disclosure Certificate to file on the EMMA website notices of any rating changes on the Bonds. See APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from S&P prior to such information being provided to the District and prior to the date the District is obligated to file a notice of a rating change on EMMA. Purchasers of the Bonds are directed to S&P, its website and official media outlet for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

The Bonds were purchased by O'Connor & Company Securities, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of $3,256,917.60 (being equal to the aggregate principal amount of the Bonds $3,000,000), plus an original issue premium of $301,917.60, less an Underwriter's discount of $45,000.00). The Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the bond purchase agreement between the District and the Underwriter, the approval of certain legal matters by counsel and certain other conditions. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Bonds, the Resolution, the Continuing Disclosure Certificate of the District and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District Board.

EXECUTION

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

WILLIAMS UNIFIED SCHOOL DISTRICT

By /s/ Edgar Lampkin
Dr. Edgar Lampkin,
Superintendent

APPENDIX A

THE ECONOMY OF THE DISTRICT

While the economics of the City and County and surrounding region influence the economics within the District, only property within the District is subject to an unlimited ad valorem tax levy to pay debt service on the Bonds.

Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

Colusa County (the "County") was established in 1850 as one of the original 27 counties created by the first state legislature. The County is located in the Central Valley region of California, northwest of the state capital, Sacramento.The County seat is the City of Colusa. The City of Williams (the "City") is the second largest city in the County. The County has a total area of 1,156 square miles (2,990 km^2), of which 1,151 square miles (2,980 km^2) is land and 5.6 square miles (15 km^2) (0.5%) is water. A large number of streams drain the County, including Elk Creek and Salt Creek.

The County is located approximately 70 miles north of Sacramento, roughly two hours from San Francisco and three hours from the Fort Bragg-Mendocino coastline. Interstate 5 offers a north/south route through the County. The economy of the County is based on agriculture and agricultural-related business. The County is governed by a five-member Board of Supervisors.

Population

The table below summarizes population of the City, County and the State of California for the last five years.

WILLIAMS, COLUSA COUNTY and CALIFORNIA
Population

Year	City of Williams	Colusa County	State of California
2014	5,405	21,794	38,568,628
2015	5,368	21,873	38,912,464
2016	5,353	21,968	39,179,627
2017	5,365	22,050	39,500,973
2018	5,465	22,098	39,809,693

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2010-2018, with 2010 Census Benchmark.

Employment

The following table summarizes historical employment and unemployment for the County, the State of California and the United States:

COLUSA COUNTY, CALIFORNIA, and UNITED STATES
Civilian Labor Force, Employment, and Unemployment
(Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate [1]
2014	Colusa County	11,150	9,200	1,950	17.5%
	California	18,981,800	17,798,600	1,183,200	6.2
	United States	155,922,000	146,305,000	9,617,000	6.2
2015	Colusa County	11,190	9,480	1,720	15.3
	California	19,102,700	18,065,000	1,037,700	5.4
	United States	157,130,000	148,834,000	8,296,000	5.3
2016	Colusa County	10,890	9,200	1,690	15.5
	California	19,102,700	18,065,000	1,037,700	5.4
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	Colusa County	10,760	9,220	1,540	14.3
	California	19,312,000	18,393,100	918,900	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018[2]	Colusa County	10,970	9,550	1,420	12.9
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-2018, and US Department of Labor.

(1) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.

(2) Latest available full-year data.

Major Employers

The table below sets forth the principal employers of the County in 2019.

COLUSA COUNTY
2019 Major Employers

Employer	Location	Industry
Adams Grain Co	Arbuckle	Grain Brokers (whls)
Adams Vegetable Oils Inc	Arbuckle	Oils-Vegetable (mfrs)
ADM Milling Co	Arbuckle	Flour Mills (mfrs)
Alsco-Geyer Irrigation Inc	Arbuckle	Irrigation Systems & Equipment (whls)
Arbuckle Elementary School	Arbuckle	Schools
Colusa Casino Resort	Colusa	Casinos
Colusa County Coroner	Colusa	Government Offices-County
Colusa County Health-Human	Colusa	Government Offices-County
Colusa County Sheriff Dept	Colusa	Government Offices-County
De Pue Warehouse Co	Williams	Warehouses-Merchandise & Self Storage
De Pue Warehouse Co Inc	Maxwell	Rice-Wholesale
Enid Pride Continuation Hs	Maxwell	Schools
George T Egling Middle School	Colusa	Schools
Granzella's	Williams	Restaurants
James Burchfield Primary Sch	Colusa	Schools
Myers & Charter Inc	Arbuckle	Rice Mills (mfrs)
Pierce Joint Unified School	Arbuckle	Schools
Premier Mushrooms	Colusa	Fruits & Vegetables-Wholesale
Ron La Grande Ofc	Williams	Farms
Social Services-Eligibility	Colusa	Human Services Organizations
Sun VALLEY Rice Co LLC	Arbuckle	Investments
Sunsweet Dryers	Colusa	Fruits & Vegetables-Growers & Shippers
Valley West Care Ctr	Williams	Health Services
Williams Elementary School	Williams	Schools

Source: California Employment Development Department, America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition. Data retrieved May 2, 2019.

Construction Activity

The following table reflects the five-year history of building permit valuation for the City and the County:

CITY OF WILLIAMS
Building Permits and Valuation
(Dollars in Thousands)

	2013	2014	2015	2016	2017(1)
Permit Valuation:					
New Single-family	$ -	$ -	$ -	$ 8,183	$ 1,742
New Multi-family	5,860	-	-	5,314	-
Res. Alterations/Additions	406	73	472	260	456
Total Residential	6,266	73	472	13,758	2,198
Total Nonresidential	7,082	1,068	1,483	790	79,168
Total All Building	13,348	1,142	1,955	14,548	81,366
New Dwelling Units:					
Single Family	-	-	-	40	10
Multiple Family	48	-	-	32	-
Total	48	-	-	72	10

COLUSA COUNTY
Building Permits and Valuation
(Dollars in Thousands)

	2013	2014	2015	2016	2017(1)
Permit Valuation:					
New Single-family	$ 12,076	$ 13,545	$ 10,529	$ 12,523	$ 4,604
New Multi-family	6,172	-	-	5,412	-
Res. Alterations/Additions	1,660	1,423	2,040	1,494	1,861
Total Residential	19,909	14,969	12,570	19,430	6,466
Total Nonresidential	34,546	8,802	9,454	12,726	88,092
Total All Building	54,456	23,772	22,024	32,157	94,558
New Dwelling Units:					
Single Family	50	57	45	56	19
Multiple Family	55	-	-	34	-
Total	105	57	45	90	19

Source: Construction Industry Research Board: "Building Permit Summary," California Cities and Counties Data for Calendar Years 2013-2017.
Note: Totals may not add due to independent rounding.
(1) Last available full year data.

Median Household Income

The following table summarizes the median household effective buying income for the City, the County, the State of California and the nation for the five most recent years.

WILLIAMS, COLUSA COUNTY, CALIFORNIA and UNITED STATES
Effective Buying Income

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2014	Williams	$ 74,675	$ 41,797
	Colusa County	376,883	43,520
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	Williams	78,913	46,182
	Colusa County	389,075	45,767
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	Williams	84,553	46,542
	Colusa County	390,097	44,821
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017	Williams	90,828	49,825
	Colusa County	429,761	48,084
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2018	Williams	93,900	53,829
	Colusa County	477,924	52,457
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: Nielsen Claritas, Inc.

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APPENDIX B

DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

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

Allocation of State Funding to School Districts; Restructuring of the K-12 Funding System

California school districts receive a significant portion of their funding from State appropriations. As a result, changes in State revenues may affect appropriations made by the Legislature to school districts. Commencing with the Fiscal Year 2013-14, the State budget restructured the manner in which the State allocates funding for K-12 education. In Fiscal Year 2013-14, State legislation replaced the majority of revenue limit and categorical funding formulas with a new set of funding formulas. The new formula for school funding is known as the "Local Control Funding Formula" (the "Local Control Funding Formula" or "LCFF"). The State budget provided funding in Fiscal Year 2013-14 to begin implementing the new formulas. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. The new system provides a base rate per student multiplied by the school district's average daily attendance ("ADA") for each of several grade levels. The base rates are augmented by several funding supplements such as for (1) students needing additional services, defined as English learners, students from lower income families, and foster youth; and (2) school districts with high concentrations of English learners and lower income families. The new funding system requires school districts to develop local control and accountability plans describing how the school district intends to educate its students and achieve annual education goals to be achieved in state-mandated areas of priority.

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

The Local Control Funding Formula is also based on ADA. ADA can fluctuate due to factors such as population growth or decline, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in ADA will cause a school district to lose operating revenues, without necessarily permitting the school district to make adjustments in fixed operating costs.

Average Daily Attendance

In the past, annual State apportionments of basic and equalization aid to school districts were computed based on a revenue limit per unit of ADA. Prior to Fiscal Year 1998-99, daily attendance numbers included students who were absent from school for an excused absence, such as illness. Effective in Fiscal Year 1998-99, only actual attendance is counted in the calculation of ADA. This change was essentially fiscally neutral for school districts which maintain the same excused absence rate. The rate per student was recalculated to provide the same total funding to school districts in the base year as would have been received under the old system. After Fiscal Year 1998-99, school districts which improved their actual attendance rate received additional funding.

As indicated above, commencing with the Fiscal Year 2013-14, the State budget restructured the manner in which the State allocates funding for K-12 education using the Local Control Funding Formula. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. The following table shows the District's enrollment, ADA and LCFF Revenues for the most recent fiscal years.

AVERAGE DAILY ATTENDANCE,
LCFF AND ENROLLMENT
Fiscal Years 2014-15 to 2018-19

Fiscal Year	Average Daily Attendance[(1)]	LCFF Revenues[(2)]	Enrollment[(3)]
2014-15	1,298	$10,607,721	1,377
2015-16	1,263	12,335,147	1,345
2016-17	1,277	13,001,259	1,382
2017-18	1,242	13,438,525	1,346
2018-19[(4)]	1,223	14,048,068	1,335

Source: Williams Unified School District

(1) Except for fiscal year 2018-19, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year.

(2) Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in Fiscal Year 2008-09 and discontinued following the implementation of the LCFF.

(3) Except for fiscal year 2018-19, enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS") in each school year.

(4) As projected in the District's 2018-19 2nd Interim Report, adopted March 14, 2019.

Effect of Changes in ADA. Changes in local property tax income and student enrollment (or ADA) affect community funded districts and revenue limit districts, now known as "LCFF districts," differently. In a LCFF district increasing enrollment increases the amount allocated under LCFF and thus generally increases a district's entitlement to State aid, while increases in property taxes do nothing to increase district revenues, but only offset the State aid funding requirement. Operating costs typically increase disproportionately slower than enrollment growth until the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State aid, while operating costs typically decrease slowly until the district decides to lay off teachers, close schools, or initiate other cost-saving measures.

In community funded districts the opposite is generally true: increasing enrollment does increase the amount allocated under LCFF, but since all LCFF income (and more) is already generated by local property taxes, there is typically no increase in State income. New students impose increased operating costs, but typically at a slower pace than enrollment growth, and the effect on the financial condition of a community funded district would depend on whether property tax growth keeps pace with enrollment growth. Declining enrollment typically does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

For LCFF districts, such as the District, any loss of local property taxes is made up by an increase in State aid. For community funded districts, the loss of tax revenues is not reimbursed by the State.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in and out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the district to make adjustments in fixed operating costs.

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's Second Interin report and projected ADA are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for fiscal year 2018-19 or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

District Budget

State Budgeting Requirements. The District is required by the provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. The budget process has been further amended by subsequent amendments, including Senate Bill 97, which became law on September 26, 2013 (requiring budgets to include sufficient funds to implement local control and accountability plans), Senate Bill 858, which became law on June 20, 2014 (requiring budgets' ending fund balances to exceed the minimum recommended reserve for economic uncertainties), and Assembly

Bill 2585, which became State law on September 9, 2014 (eliminating the dual budget cycle option for school districts).

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a local control and accountability plan, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district boards must be notified by August 15 of the county superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than September 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than October 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reporting. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education 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 office of education 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 will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meets its financial obligations for the current fiscal year or two subsequent fiscal years.

The District's 2nd Interim Report for fiscal year 2018-19 was certified as "Positive." The District has not received a qualified or negative certification in any of the last five years.

Accounting Practices

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

The District's 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. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. 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 District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special type of fund. The District's fiscal year begins on July 1 and ends on June 30.

Financial Statements

The District's general fund finances the basic operating activities of the District. 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. Audited financial statements for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection at the office of the Superintendent of the District, 499 Marguerite Street, Suite C, Williams, CA 95987, telephone number (530) 473-2550. Copies of such financial statements will be mailed to prospective investors and their representatives upon request directed to the District at such address. For further information, see also APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.

The following table shows the District's audited revenues, expenditures and changes in fund balances for the past three fiscal years, estimated actuals for 2018-19 and budgeted projections from the District's 2019-20 Budget.

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years 2015-16 to 2019-20

	FY2015-16 Audited	FY2016-17 Audited	FY2017-18 Audited	FY2018-19[1] Estimated Actuals	FY2019-20[1] Budgeted
REVENUES					
Revenue Limit/LCFF Sources	$ 12,335,147	$ 13,001,259	$ 13,438,525	$ 14,048,068	$ 14,493,834
Federal Sources	213,855	420,477	950,633	1,486,453	1,372,190
Other State Sources	1,827,152	1,488,496	1,537,214	1,475,426	1,112,382
Other Local Sources	266,750	460,673	151,951	421,391	187,247
Total Revenues	14,642,904	15,370,905	16,078,323	17,431,338	17,165,653
EXPENDITURES					
Certificated Salaries	5,727,250	6,128,838	6,471,063	6,246,137	6,698,554
Classified Salaries	1,963,343	1,962,503	2,003,584	1,968,717	2,107,781
Employee Benefits	2,474,226	2,768,327	3,189,396	3,336,116	3,717,625
Books and Supplies	884,381	812,355	863,334	1,154,652	733,715
Contract Services	1,234,809	1,706,438	2,194,555	2,272,476	2,204,327
Capital Outlay	264,873	314,935	284,043	637,051	163,422
Other Outgo	726,599	752,407	838,197	1,407,448	1,403,142
Debt Service – Principal	60,110	464,061	341,655	-	-
Debt Service - Interest	-	-	131,824	-	-
Total Expenditures	13,335,591	14,909,864	16,317,651	17,022,597	17,028,566
Excess (Deficiency) of Revenues over Expenditures	1,307,591	461,041	(239,328)	408,741	137,087
OTHER FINANCING SOURCES					
Operating transfers in	26,004	48,621	52,284	-	-
Operating transfers out	(347,876)	(118,824)	(223,615)	(260,629)	(250,000)
Other sources	-	-	55,069	-	-
Total financing sources (uses)	(321,872)	(70,203)	(116,262)	(260,629)	(250,000)
Net change in fund balances	985,441	390,838	(355,590)	148,112	(112,913)
Fund Balance, July 1	3,566,421	4,551,862	4,942,700	4,004,407[2]	4,152,519[2]
Fund Balance, June 30	4,551,862	4,942,700	4,587,110	4,152,519[2]	4,039,606[2]

Source: Williams Unified School District 2014-2018 audited financial statements and 2018-19 2nd Interim Report.
(1) From the District's 2019-20 Budget, adopted June 12, 2019.
(2) Fund balances for 2018-19 and 2019-20 do not include the following funds otherwise included in General Fund Balances for 2014-15 through 2017-18: Fund 14 and Fund 20.

Summary of District Revenues and Expenditures

The District's audited financial statements for the year ending June 30, 2018, are reproduced in Appendix C. The final (unaudited) statement of receipts and expenditures for each fiscal year ending June 30 is required by State law to be approved by the District Board by September 15, and the audit report must be filed with the County Superintendent of Schools and State officials by December 15 of each year.

The District is required by State law and regulation to maintain various reserves, including a "reserve for economic uncertainty" equal to no less than 3% of general fund expenditures and other financing uses. For fiscal year 2019-20, the District has budgeted $ 521,887 for its reserve for economic uncertainty. Substantially all funds of the District are required by law to be deposited with and invested by the County Treasurer-Tax Collector on behalf of the District, pursuant to law and the investment policy of the County. See "INVESTMENT OF DISTRICT FUNDS" in the front portion of this Official Statement.

Local Control Funding Formula. The State Constitution requires that from all State revenues there will be funds set aside to be allocated by the State for support of the public school system and public institutions of higher education. As discussed below, school districts in the State receive a significant portion of their funding from these State allocations. The general operating income of school districts in California is comprised of two major components: (i) a State portion funded from the State's general fund, and (ii) a local portion derived from the School District's share of the 1% local *ad valorem* tax authorized by the State Constitution. School districts may also be eligible for special categorical and grant funding from State and federal government programs.

As part of the State Budget for Fiscal Year 2013-14 (the "2013-14 State Budget"), State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97") was enacted to establish a new system for funding State school districts, charter schools and county offices of education by the implementation of the Local Control Funding Formula or LCFF. This formula replaced the 40-year revenue limit funding system for determining State apportionments and the majority of categorical programs. Subsequently, AB 97 was amended and clarified by Senate Bill 91 (Stats. 2013 Chapter 49). The LCFF consists primarily of base, supplemental and concentration funding formulas that focus resources based on a school district's student demographic. Each school district and charter school will receive a base grant per its ADA used to support the basic costs of instruction and operations. The implementation of the LCFF is to occur over a period of several years. Beginning in fiscal year 2013-14 an annual transition adjustment has been calculated for each individual school district, equal to such district's proportionate share of appropriations included in the State Budget. The Governor's Department of Finance estimates the LCFF funding targets could be achieved in eight years, with LCFF being fully implemented by 2018-19.

The LCFF includes the following components:

- An average base grant for each local education agency equivalent to $7,643 per unit of ADA (by the end of the implementation period). This amount includes an adjustment of 10.4% to the base grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in high schools. It should be noted that the authorizing LCFF statute, AB 97, provides for a differentiated base grant amount according to four different grade spans: K-3, 4-6, 7-8, and 9-12. Unless otherwise collectively bargained for, following full implementation of the LCFF, school districts must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site by the target year so as to continue receiving its adjustment to the K-3 base grant.
- A 20% supplemental grant for students classified as English learners ("EL"), those eligible to receive a free or reduced price meal ("FRPM") and foster youth, to reflect increased costs associated with educating those students. These supplemental grants are only attributed to each eligible student once, and the total student population eligible for the additional funding is known as an "unduplicated count."

- An additional concentration grant equal to 50% of a local education agency's base grant, based on the number of unduplicated EL, FRPM and foster youth served by the local agency that comprise more than 55% of the school district's or charter school's total enrollment.

The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for the most recent fiscal years.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2014-15 through 2018-19

Fiscal Year	Average Daily Attendance K-3	4-6	7-8	9-12	Total District ADA	Total District Enrollment(2)	% of EL/LI Enrollment(3)
2014-15	445.50	270.71	176.13	362.63	1,254.97	1,377	86.5%
2015-16	433.89	296.06	173.54	359.91	1,263.40	1,345	87.3
2016-17	434.56	313.45	174.05	354.57	1,276.63	1,368	88.0
2017-18	407.23	303.53	187.21	344.24	1,242.21	1,346	89.9
2018-19(4)	368.57	303.16	205.49	346.34	1,223.56	1,335	91.3

Source: Williams Unified School District
(1) Reflects P-2 ADA.
(2) Reflects CBEDS enrollment.
(3) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students will be based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
(4) As projected in the District's 2018-19 2nd Interim Report, adopted March 14, 2019.

Of the more than $25 billion in funding to be invested through the LCFF through full implementation of the LCFF, the vast majority of new funding will be provided for base grants. Specifically, of every dollar invested through the LCFF, 84 cents will go to base grants, 10 cents will go to supplemental grants, and 6 cents will go to concentration grants. Under the 2013-14 State Budget, the target average base grant was $7,643, which was an increase of $2,375 from the prior year's average revenue limit. Base grants are adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget. The differences among base grants are linked to differentials in Statewide average revenue limit rates by district type and are intended to recognize the generally higher costs of education at higher grade levels. For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in Fiscal Year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding and restoration of categorical funding to pre- recession levels. The sum of a school district's adjusted base, supplemental and concentration grants will be multiplied by such district's Second Principal Apportionment (P-2) ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with categorical block grant add-ons, will yield a school district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and the individual school district's share of applicable local property taxes allocations. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues in a particular year may significantly affect appropriations made by the State Legislature to school districts.

The new legislation includes a "hold harmless" provision which provides that a school district or charter school will maintain total revenue limit and categorical funding at its Fiscal Year 2012-13 level, unadjusted for changes in ADA, or cost of living adjustments.

A summary of the target LCFF funding amounts for California school districts and charter schools based on grade levels and targeted students classified as English learners, those eligible to receive a free or reduced price meal, foster youth, or any combination of these factors ("unduplicated" count) is shown below:

CALIFORNIA SCHOOL DISTRICTS AND CHARTER SCHOOLS
GRADE SPAN FUNDING AT FULL LCFF IMPLEMENTATION
LOCAL CONTROL TARGET FUNDING FORMULA 2018-19

Grade Levels	2017-18 Base Grants per ADA	2018-19 "Super COLA" (3.70%)	Grade Span Adjustments	2018-19 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

Source: California Department of Education

Since July 1, 2015, school districts have been required to develop a three-year Local Control and Accountability Plan (each, a "LCAP"). County Superintendents of Schools and the State Superintendent of Public Instruction review and provide support to school districts and county offices of education under their jurisdictions. In addition, the 2013-14 State budget created the California Collaborative for Education Excellence (the "Collaborative") to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. The State Superintendent of Public Instruction may direct the Collaborative to provide additional assistance to any district, county office, or charter school. For those entities that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction has authority to make changes to school district or county office's local plan. For charter schools, the charter authorizer will be required to consider revocation of a charter if the Collaborative finds that the inadequate performance is so persistent and acute as to warrant revocation. The State will continue to measure student achievement through statewide assessments, produce a dash board system for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

Federal Sources. The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Education for Economic Security, and the free and reduced lunch program.

Other State Sources. In addition to LCFF revenues, the District receives substantial other State revenues. The LCFF replaced most of the State categorical program funding that existed prior to Fiscal Year 2013-14. Categorical funding for certain programs was excluded from the LCFF, and school districts continue to receive restricted State revenues to fund these programs. These other State revenues are primarily restricted revenue funding items such as the Special Education Master Plan, Economic Impact Aid, and Tier 3 Funding.

Other State revenues include 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.

Other Local Sources. In addition to property taxes, the District receives additional local revenues from items such as leases and rentals, interest earnings, transportation fees, interagency services, and other local sources.

Effect of State Budget on Revenues

Most public school districts in California are dependent on revenues from the State for a large portion of their operating budgets, because the primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes as previously described herein (see "—Education Funding Generally" above). 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"), 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 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 generally. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

District Expenditures

The largest part of each school district's general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

Labor Relations. Currently the District employs 71.7 full-time equivalent (FTE) certificated employees and 35.1 FTE classified employees, and 14.7 management and confidential employees. There are two formal bargaining organizations operating in the District as detailed in the table below.

LABOR ORGANIZATIONS
Williams Unified School District

Labor Organization	Members	Contract Expiration
California Schools Employees Association	38	June 30, 2019
Williams Teacher Association	32	June 30, 2022

Source: Williams Unified School District

District Retirement Programs

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, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State recently passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS Defined Benefit Program

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200%	8.560%
July 1, 2016	10.250%	9.205%
July 1, 2017	10.250%	9.205%
July 1, 2018	10.250%	10.250%

Source: AB 1469.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS Defined Benefit Program

Effective Date	K-14 School District
July 1, 2014	8.88%
July 1, 2015	10.73%
July 1, 2016	12.58%
July 1, 2017	14.43%
July 1, 2018	16.28%
July 1, 2019	18.13%
July 1, 2020	19.10%

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter, the STRS Teachers' Retirement Board (the "STRS Board") is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

The District's contribution to STRS for the most recent fiscal years was as follows:

Fiscal Year	District STRS Contribution
2014-15	$ 433,994
2015-16	575,762
2016-17	723,721
2017-18	894,120
2018-19(1)	1,437,249(2)
2019-20(1)	1,536,582(2)

Source: Williams Unified School District.
(1) From the District's 2019-20 Budget, adopted June 12, 2019.
(2) Includes State on-behalf of payment.

The State also contributes to STRS, currently in an amount equal to 7.328% of teacher payroll for fiscal year 2018-19. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2019-20 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual COLA's, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2014, included 1,580 public agencies and 1,513 K-14 school districts. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.847% of eligible salary expenditures for fiscal year 2015-16, 13.888% in fiscal year 2016-17, 15.531% in fiscal year 2017-18 and 18.062% for fiscal year 2018-19. Participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6% of their respective salaries for fiscal years 2015-16 and 2016-17, 6.50% in fiscal year 2017-18 and 7.00% in fiscal year 2018-19. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contribution to PERS for the most recent fiscal years was as follows:

Fiscal Year	District PERS Contribution
2014-15	$225,913
2015-16	252,463
2016-17	299,662
2017-18	326,946
2018-19[1]	317,005
2019-20[1]	426,541

Source: Williams Unified School District
(1) From the District's 2019-20 Budget, adopted June 12, 2019.

For further information about the District's contributions to STRS and PERS, see APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018—Note 6.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference. Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS
(Dollar Amounts in Millions)[1]
Fiscal Years 2010-11 through 2017-18

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[2]	Unfunded Liability (MVA)[2][3]	Value of Trust Assets (AVA)[4]	Unfunded Liability (MVA)[4]
2010-11	$ 208,405	$ 147,140	$ 68,365	$ 143,930	$ 64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[2]	Unfunded Liability (MVA)[2][3]	Value of Trust Assets (AVA)[4]	Unfunded Liability (MVA)[4]
2010-11	$ 58,358	$ 45,901	$ 12,457	$ 51,547	$ 6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	—[5]	—[5]
2014-15	73,325	56,814	16,511	—[5]	—[5]
2015-16	77,544	55,785	21,759	—[5]	—[5]
2016-17	84,416	60,865	23,551	—[5]	—[5]
2017-18	92,071	64,846	27,225	—[5]	—[5]

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.
(1) Amounts may not add due to rounding.
(2) Reflects market value of assets.
(3) Excludes assets allocated to the SBPA reserve.
(4) Reflects actuarial value of assets.
(5) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. On February 1, 2017, the STRS Board adopted a new set of actuarial assumptions reflecting increasing life expectancies and current economic trends. These actuarial assumptions include, but are not limited to: (i) adopting a generational morality methodology to reflect past improvements in life expectancies, (ii) decreasing the investment rate of return from 8.25% for the June 30, 2016 STRS Actuarial Valuation to 7.00% for the June 30, 2017 STRS Actuarial Valuation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.According to the STRS Actuarial Valuation, as of June 30, 2017, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be sufficient to finance its obligations with a projected ending funded ratio in the 2045-46 fiscal year of 99.6%. This finding reflects the scheduled contribution increases specified in AB 1469 and is based on the valuation assumptions and the valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation assumption rate from 2.75% to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the mortality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved modifications to the PERS amortization policy for investment gains and losses from 30 years to 20 years, requiring that the amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, and eliminated the 5-year ramp-up/ramp-down policy for all gains and losses except for the ramp-up policy for gains and losses related to investments. Such policy changes will be reflected in actuarial valuations beginning June 30, 2019, and will be implemented starting with fiscal year 2021-22 contributions. These policies apply only to prospective accumulation of amortization and will not affect current accrued unfunded liabilities, with the exception that, with regards to the PERS Schools Pool Actuarial Valuation, the impact of the discount rate change from 7.25% to 7.00% in the June 30, 2019 valuation will be amortized under the old policy. Shortening the amortization period will increase employer contributions and help pay down the PERS's unfunded liability faster, which may result in future cost savings.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

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 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive

36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

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

The District's proportionate shares of the net pension liabilities, pension expense, deferred outflow of resources and deferred inflow of resources for STRS and PERS, as of June 30, 2018, are as shown in the following table.

Pension Plan	Net Pension Liability	Deferred Outflows Related to Pensions	Deferred Inflows Related to Pensions	Pension Expenses
STRS	$ 9,830,721	$ 3,266,739	$ 2,085,109	$ 1,901,825
PERS	4,044,654	1,269,586	304,792	543,779
Totals	13,875,375	4,536,325	2,389,901	2,445,604

Source: Williams Unified School District 2017-18 Audited Financial Statements

For additional information, see APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018—Note 6.

Other Post-Employment Benefits

Plan Description. The District's governing board administers the Postemployment Benefits Plan (the "Plan"). The Plan is a single- employer defined benefit plan that is used to provide medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Membership of the plan consisted of 10 inactive employees receiving benefits and 108 participating active employees as of June 30, 2017, the most recent actuarial valuation date.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB liability for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

OPEB LIABLITY
Fiscal Year 2017-18

Service cost	$ 74,917
Interest on net OPEB obligation	39,349
Benefits payments	(82,286)
Increase in net OPEB obligation	31,980
Net OPEB obligation, beginning of the year	1,128,964
Net OPEB obligation, end of the year	$1,160,944

Source: Williams Unified School District 2017-18 Audited Financial Statements

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

See also APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018, Note 7.

District Debt

Short Term Bonds. The District has no outstanding short term debt.

General Obligation Bonds. The following table shows all of the District's outstanding general obligation bonds, including the Bonds of this issue.

Issue Date	Series	Final Maturity	Amount of Original Issue	Outstanding as of 7/11/19
8/23/2017	Election of 2016, Series A	2047	$4,000,000	$3,570,000
5/23/2018	Election of 2016, Series B	2047	4,000,000	4,000,000
7/11/2019	Election of 2016, Series C	2048	3,000,000	3,000,000
Total			$11,000,000	$10,570,000

The following table shows the District's debt service obligations with respect to its outstanding general obligation bonds, assuming no optional redemption.

DEBT SERVICE OBLIGATIONS ON
OUTSTANDING GENERAL OBLIGATION BONDS
As of July 11, 2019

Bond Year Ending August 1	2017 Bonds	2018 Bonds	2019 Bonds	Total
2019	$ 598,375.00	$ 170,200.00	—	$ 768,575.00
2020	205,025.00	170,200.00	$ 128,302.78	503,527.78
2021	192,425.00	170,200.00	121,550.00	484,175.00
2022	200,225.00	170,200.00	121,550.00	491,975.00
2023	132,625.00	190,200.00	121,550.00	444,375.00
2024	132,625.00	199,800.00	136,550.00	468,975.00
2025	137,625.00	209,200.00	136,100.00	482,925.00
2026	142,525.00	213,400.00	145,650.00	501,575.00
2027	157,325.00	217,387.50	144,900.00	519,612.50
2028	156,325.00	226,200.00	154,150.00	536,675.00
2029	160,762.50	234,775.00	162,750.00	558,287.50
2030	170,050.00	243,025.00	165,950.00	579,025.00
2031	179,000.00	250,925.00	168,450.00	598,375.00
2032	187,625.00	258,225.00	170,700.00	616,550.00
2033	195,900.00	265,225.00	177,700.00	638,825.00
2034	203,800.00	271,925.00	184,200.00	659,925.00
2035	216,400.00	278,025.00	191,000.00	685,425.00
2036	223,431.26	288,800.00	197,400.00	709,631.26
2037	235,150.00	298,000.00	203,400.00	736,550.00
2038	241,250.00	311,600.00	209,000.00	761,850.00
2039	254,750.00	319,400.00	214,200.00	788,350.00
2040	262,250.00	331,600.00	224,000.00	817,850.00
2041	274,000.00	338,000.00	233,200.00	845,200.00
2042	284,750.00	351,500.00	236,800.00	873,050.00
2043	299,500.00	363,750.00	245,000.00	908,250.00
2044	308,000.00	374,750.00	252,600.00	935,350.00
2045	320,500.00	389,500.00	259,600.00	969,600.00
2046	336,750.00	397,750.00	271,000.00	1,005,500.00
2047	346,500.00	414,750.00	281,600.00	1,042,850.00
2048	—	—	426,400.00	426,400.00
TOTAL	$6,755,468.76	$7,918,512.50	$5,685,252.78	$20,359,234.04

General Fund Obligations. On April 29, 2012, the District entered into a $1,729,396.72 3.25% lease purchase agreement to refinance two prior leases entered into in 2004 and 2006 to finance capital projects. The lease term extends until October 28, 2019. The District's obligations under the lease are payable from its general fund.

On January 29, 2014, the District entered into a $2,885,000 QZAB lease. The lease financed solar installation and lighting, retrofits to install energy efficient lighting and building repair and rehabilitation, along with electrical distribution upgrades at Williams Junior Senior High School, Williams Upper

Elementary School and Williams Elementary School. The District's obligations under the lease are payable from its general fund.

On July 1, 2014, the District entered into a $461,828 2.95% lease agreement to finance Prop 39 HVAC projects. The lease term extends until August 11, 2019. The District's obligations under the lease are payable from its general fund.

On April 27, 2016, the District caused the execution and delivery of its $3,490,000 Certificates of Participation (2016 Capital Improvement Project) (the "2016 COPs") to finance the acquisition, construction, installation, improvement and equipping of various District facilities. The 2016 COPs mature on May 1, 2041. The District's obligations with respect to the 2016 COPs of approximately $196,000 annually are payable from its general fund. As of June 1, 2019, $3,170,000 principal amount of the 2016 COPs remains outstanding.

Concurrently with the issuance of the Bonds, the District plans to cause the execution and delivery of $3,185,000 Certificates of Participation (2019 Capital Improvement Project) (the "2019 COPs") to finance the acquisition, construction, installation, improvement and equipping of various District facilities. The District's obligations with respect to the 2019 COPs will be payable from its general fund.

STATE FUNDING; RECENT STATE BUDGETS

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. Public 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 primary source of funding for school districts are revenues under the LCFF, which are a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION"). State funds typically make up the majority of a district's LCFF allocation, although Community Funded school districts derive most of their revenues from local property taxes. School districts also receive some funding from the State for certain categorical programs. 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"), 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.

2018-19 State Budget

On June 28, 2018, Governor Jerry Brown approved the final 2018-19 State Budget (the "2018-19 Budget"), a $201.4 billion plan which includes funding of $97.2 billion ($56.1 billion General Fund and $41.1 billion other funds) for K-12 education programs and a $6.16 billion increase in one-time and ongoing appropriations for K-12 school districts in Fiscal Year 2018-19. The 2018-19 Budget also includes $500 million in grants for cities to use to address homelessness and anticipates placing the $2 billion 'No Place Like Home' bond on the November 2018 ballot to accelerate the delivery of housing projects to serve individuals with mental illness. Altogether, the 2018-19 Budget includes $5 billion related to affordable housing and homelessness, across multiple State departments and programs and increases the value of welfare grants through the CalWORKS program by approximately $360 million. The 2018-19 Budget also includes $79 million for programs to help those in the U.S. illegally by funding legal services programs and assistance for young adults who signed up with the Deferred Action for Childhood Arrivals program.

For K-12 schools, the 2018-19 Budget provides an increase in funding levels of approximately $4,633 per student over Fiscal Year 2011-12 levels and notes that available funding will allow the State to reach 100-percent implementation of the LCFF. In an effort to improve student achievement and transparency, the 2018-19 Budget requires school districts to create a link between their local accountability plans and their budgets to show how increased funding is being spent to support English learners, students from low-income families, and youth in foster care. The 2018-19 Budget also provides $300 million to school district targeting improvements for the State's lowest performing students, and includes $82.8 million in specific funding for K-12 accountability measures including the following:

- *Statewide System of Support*. $57.8 million Proposition 98 General Fund for county offices of education to provide technical assistance to school districts.

- *Multi-Tiered Systems of Support ("MTSS")*. $15 million one-time Proposition 98 General Fund to expand the state's MTSS framework.

- *Community Engagement Initiative*. $13.3 million one-time Proposition 98 General Fund for the California Collaborative for Educational Excellence.

- *Special Education Local Plan Area ("SELPA") Technical Assistance*. $10 million Proposition 98 General Fund for SELPAs to assist county offices of education in providing technical assistance.

In addition, the 2018-19 Budget includes the following features affecting K-12 school districts:

- *Classified School Employee Summer Assistance Program*. $50 million one-time Proposition 98 General Fund to provide State matching funds to classified school employees that elect to have a portion of their monthly paychecks withheld during the school year and then paid during the summer recess period.

- *Classified School Employee Professional Development Block Grant Program*. $50 million one- time Proposition 98 General Fund for professional development opportunities for classified staff, with a priority on professional development for the implementation of school safety plans.

- *English Language Proficiency Assessment for California ("ELPAC").* $27.1 million one-time Proposition 98 General Fund to convert the paper-based ELPAC to a computer-based assessment and to develop an ELPAC assessment specific to students with exceptional needs.

- *Charter School Facility Grant Program.* $21.1 million one-time and $24.8 million ongoing Proposition 98 General Fund to reflect increases in programmatic costs.

- *Kids Code After School Program.* $15 million one-time Proposition 98 General Fund to increase opportunities for students in after-school programs to access computer coding education.

- *Fire-Related Support.* $4.4 million Proposition 98 General Fund over two years in property tax relief to schools impacted by the fires in Northern and Southern California in 2017, and an additional $25 million Proposition 98 General Fund relief through the LCFF.

- *Local Solutions Grant Program.* $50 million one-time Proposition 98 General Fund to provide one-time competitive grants to local educational agencies to develop and implement new, or expand existing, locally identified solutions that address a local need for special education teachers.

- *Teacher Residency Grant Program.* $75 million one-time Proposition 98 General Fund to support locally sponsored, one-year intensive, mentored, clinical teacher preparation programs with $50 million aimed at preparing and retaining special education teachers and $25 million aimed at bilingual and science, technology, engineering and mathematics teachers.

2019-20 Proposed State Budget

On January 10, 2019, Governor Gavin Newsom released his proposed State budget for Fiscal Year 2019-20 (the "2019-20 Proposed State Budget"). The $209 billion 2019-20 Proposed State Budget represents a 4 percent increase over the previous year. According to analysis of the 2019-20 Proposed State Budget by the Legislative Analyst's Office (the "LAO Analysis"), lower-than-expected state spending on health and human services programs during the 2018-19 fiscal year lead to an additional $20.6 billion in available discretionary resources for Governor Newsom to allocate in 2019-20. According to the LAO Analysis, the 2019-20 Proposed State Budget will spend nearly half of these resources, $9.7 billion, to pay down certain state liabilities, including unfunded retirement liabilities and budgetary debts; $5.1 billion—25 percent—on one-time or temporary programmatic spending and $3 billion—15 percent—on discretionary reserves.

The LAO Analysis of the 2019-20 Proposed State Budget estimates that revenues will grow by $5.1 billion (3.6 percent) compared to 2018-19, a growth rate consistent with recent years. Spending is projected to remain flat compared to the prior year, though the 2019-20 Proposed State Budget attributes at least $7 billion in certain debt repayment proposals to the 2018-19 fiscal year. The 2019-20 Proposed State Budget calls for putting $1.8 billion into the state's rainy-day fund, which would increase it to a total of $15.3 billion.

The 2019-20 Proposed State Budget includes a record $80.7 billion for K-12 education. Proposition 98 K-12 per-pupil funding is increased to $12,003, up from $11,568 in 2018-19. LCFF funding is set at approximately $63 billion, representing a 3.46-percent cost-of-living adjustment over the prior year. Significant new K-12 related expenditures include $125 million in funding to increase access to full-day preschool, $750 million to fund more all-day kindergarten programs and a $3 billion one-time payment to trim school districts' pension costs, which is estimated to save school districts an estimated $6.9 billion over 30 years. The 2019-20 Proposed State Budget also provides $750 million for schools to build or retrofit classrooms to provide full-day kindergarten programs. The 2019-20 Proposed State Budget also includes the following adjustments to K-12 related expenditures relative to prior years:

- *School District Declining Average Daily Attendance*—A decrease of $388 million Proposition 98 General Fund in 2018-19 for school districts resulting from a decrease in projected average daily attendance from the 2018 Budget Act, and a decrease of $187 million Proposition 98 General Fund in 2019-20 for school districts resulting from a further projected decline in average daily attendance for 2019-20.

- *Local Property Tax Adjustments*—A decrease of $283 million Proposition 98 General Fund for school districts and county offices of education in 2018-19 as a result of higher offsetting property tax revenues, and a decrease of $1.25 billion Proposition 98 General Fund for school districts and county offices of education in 2019-20 as a result of increased offsetting property taxes.

- *CalWORKs Stages 2 and 3 Child Care*—A net increase of $119.4 million non-Proposition 98 General Fund in 2019-20 to reflect increases in the number of CalWORKs child care cases. Total costs for Stage 2 and 3 are $597 million and $482.2 million, respectively.

- *Full-Year Implementation of Prior Year State Preschool Slots*—An increase of $26.8 million Proposition 98 General Fund to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through the 2018-19 fiscal year.

- *County Offices of Education*—An increase of $9 million Proposition 98 General Fund to reflect a 3.46-percent cost-of-living adjustment and average daily attendance changes applicable to the LCFF.

- *Instructional Quality Commission*—An increase of $279,000 General Fund on a one-time basis for the Instructional Quality Commission to continue its work on the development of model curriculum and frameworks.

2019-20 Proposed State Budget—May Revision

On May 9, 2019, the Governor released his May Revision (the "May Revision") to the 2019-20 Proposed Budget. The following information is drawn from the summaries of the provisions of the May Revision.

The May Revision projects that state revenues will outpace expectations by $3.2 billion relative to the 2019-20 State Budget proposed in January (the "January 2019-20 Proposed Budget"), however most of the increased revenues are constitutionally obligated to reserves, debt repayment, and schools. The May Revision overall budget surplus remains relatively unchanged. The May Revision recognizes slower growth in the state's economy but does not predict a recession. Given the slowing economic forecast and the intensified risks, the May Revision proposes to sunset certain program expansions at the end of December 31, 2021. This includes programs in which the growth of expenditures continues to outpace long-term revenue growth. The May Revision allocates $15 billion to building budgetary resiliency and paying down the state's unfunded liabilities—$1.4 billion higher than in the January 2019-20 Proposed Budget. This includes $4.5 billion to eliminate debts and reverse deferrals, $5.7 billion to build reserves, and $4.8 billion to pay down unfunded retirement liabilities. The May Revision proposes to expand the Earned Income Tax Credit (EITC) to include an additional $210 million in state funding. A Cost-of-Living Refund will help low-income families with young children by expanding the additional credit proposed in January from $500 to $1,000. The May Revision also provides for monthly advanced payments contingent on a federal waiver to ensure participants do not lose federal benefits.

The 2019-20 Proposed State Budget established the goal to expand California's Paid Family Leave program so newborns can be cared for by a parent or close relative for the first six months of the child's life. The May Revision proposes to further this goal by expanding paid family leave for each parent from six to eight weeks which adds an additional month of paid leave for two-parent families allowing up to a combined four months of leave after the birth or adoption of their child. The May Revision invests an additional $150 million over the January 2019-20 Proposed Budget for a total of $650 million one-time to support local governments on the frontline combating the state's ongoing homelessness epidemic. The May Revision also includes additional funding to expand the whole person care pilot projects to additional counties and makes a major investment in workforce, education, and training of mental health professionals. In total, the May Revision includes $1 billion to prevent and mitigate the homelessness epidemic.

Significant revisions made to the 2019-20 Proposed Budget relating to K-12 Education. The May Revision includes total funding of $101.8 billion ($58.9 billion General Fund and $42.9 billion other funds) for all K-12 education programs. The May Revision increases the ongoing funding of K-12 education by over $300 million compared to the January 2019-20 Proposed Budget. Modifications to the January Proposed 2019-20 Budget contained in the May Revision include the following:

- *Proposition 98 Funding* - Total K-14 Proposition 98 funding at May Revision is $75.6 billion in 2017-18, $78.1 billion in 2018-19, and $81.1 billion in 2019-20. Relative to the January 2019-20 Proposed Budget, Proposition 98 funding at May Revision is up by $78.4 million in 2017-18, $278.8 million in 2018-19, and $389.3 million in 2019-20. This assumes that average daily attendance continues to decline slightly. These changes are largely due to increases in General Fund revenues over the January Proposed 2019-20 Budget ($2 billion in 2018-19 and $1.6 billion in 2019-20), an increase in the minimum guarantee funding level in 2017-18 due to increases in prior year apportionment costs, and a slightly slower decline in average daily attendance than projected in the January 2019-20 Proposed Budget.

- *Special Education* - The May Revision proposes to allocate $696.2 million ongoing Proposition 98 General Fund for special education. This is $119.2 million more than was proposed in the January Proposed 2019-20 Budget and is a 21-percent year-over-year increase in state funding for services for students with disabilities. The May Revision also includes $500,000 one-time non-Proposition 98 General Fund to increase local educational agencies' ability to draw down federal funds for medically related special education services and to improve the transition of three-year-olds with disabilities from regional centers to local educational agencies.

- *Retaining and Supporting Educators* - The May Revision includes $89.8 million one-time non-Proposition 98 General Fund to provide an estimated 4,500 loan assumptions (repayments) of up to $20,000 for newly credentialed teachers to work in high-need schools for at least four years. Funds will be prioritized for teachers in hard-to-hire subject matter areas (special education and STEM) and school sites with the highest rates of non-credentialed or waiver teachers. Additionally, the May Revision includes $44.8 million one-time non-Proposition 98

General Fund to provide training and resources for classroom educators, including teachers and paraprofessionals, to build capacity around inclusive practices, social emotional learning, computer science, and restorative practices as well as subject matter competency, including STEM. Finally, the May Revision includes $13.9 million ongoing federal funds for professional learning opportunities for public K-12 school administrators to provide the knowledge, skills, and competencies necessary to successfully support the diverse student population served in California public schools.

- *Computer Science* - The May Revision includes $15 million one-time non-Proposition 98 General Fund for broadband infrastructure and $1 million one-time non-Proposition 98 General Fund, available over four years, to the State Board of Education to establish a state Computer Science Coordinator.

- *CalSTRS* - The May Revision adds $150 million one-time non-Proposition 98 General Fund to reduce the employer contribution rate to 16.7 percent in 2019-20.

For additional information regarding the May Revision, see the Department of Finance website at ebudget.ca.gov. The District can take no responsibility for the continued accuracy of the above-referenced internet address as for the or for the accuracy, completeness, or timeliness of information posted therein, and such information is not incorporated herein by reference. The final fiscal year 2019-20 State budget, which will require approval by a majority vote of each house of the State legislature, may differ substantially from the May Revision. Accordingly, the District cannot predict the impact that the final fiscal year 2019-20 State budget, or subsequent State budgets, will have on its finances and operations.

On June 27, 2019, the Governor signed the final 2019-20 State Budget.

Future State Budgets

The District receives a significant portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the District and other school districts in the State.

The District cannot predict the extent of the budgetary problems the State will encounter in this Fiscal Year or in any future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the District cannot predict the final outcome of current and future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors over which the District has no control.

Supplemental Information Concerning Litigation Against the State of California

In June 1998, a complaint was filed in Los Angeles County Superior Court challenging the authority of the State Controller to make payments in the absence of a final, approved State Budget. The Superior Court judge issued a preliminary injunction preventing the State Controller from making payments including those made pursuant to continuing appropriations prior to the enactment of the State's annual budget. As permitted by the State Constitution, the Legislature immediately enacted and the Governor signed an emergency appropriations bill that allowed continued payment of various State obligations, including debt service, and the injunction was stayed by the California Court of Appeal, pending its decision.

On May 29, 2003, the California Court of Appeal for the Second District decided the case of *Steven White, et al. v. Gray Davis (as Governor of the State of California), et al.* The Court of Appeal concluded that, absent an emergency appropriation, the State Controller may authorize the payment of state funds during a budget impasse only when payment is either (i) authorized by a "continuing appropriation" enacted by the Legislature, (ii) authorized by a self-executing provision of the California Constitution, or (iii) mandated by federal law. The Court of Appeal specifically concluded that the provisions of Article XVI, Section 8 of the California Constitution – the provision establishing minimum funding of K-14 education enacted as part of Proposition 98 – did not constitute a self-executing authorization to disburse funds, stating that such provisions merely provide formulas for determining the minimum funding to be appropriated every budget year but do not appropriate funds. The State Controller has concluded that the provisions of the Education Code establishing K-12 and county office revenue limit funding do constitute continuing appropriations enacted by the Legislature and, therefore, the State Controller has indicated that State payments of such amounts would continue during a budget impasse. However, no similar continuing appropriation has been cited with respect to K-12 categorical programs and revenue limit funding for community college districts, and the State Controller has concluded that such payments are not authorized pursuant to a continuing appropriation enacted by the Legislature and, therefore, cannot be paid during a budget impasse. The California Supreme Court granted the State Controller's Petition for Review on a procedural issue unrelated to continuous appropriations and on the substantive question as to whether the State Controller is authorized to pay State employees their full and regular salaries during a budget impasse. No other aspect of the Court of Appeal's decision was addressed by the State Supreme Court.

On May 1, 2003, with respect to the substantive question, the California Supreme Court concluded that the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those state employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act. The Supreme Court also remanded the preliminary injunction issue to the Court of Appeal with instructions to set aside the preliminary injunction in its entirety.

Jarvis v. Connell. On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. (See "THE BONDS—Security.") Articles XIIIA, XIIIB, XIIIC and XIIID of the California Constitution, Propositions 98, 111, 218 and 39, 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 County to levy taxes and of the District to spend tax proceeds and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County 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, Article XIIIC, and all applicable laws.

Article XIIIA of the California Constitution

Article XIIIA of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to 1% of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition.

Section 2 of Article XIIIA defines "full cash value" to mean the county assessor's valuation of real property as shown on the fiscal year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restored value of the damaged property. The State courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the 1% base tax levied by each county and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the District.

Both the State Supreme Court and the United States Supreme Court have upheld the 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.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency, if any, claims on tax increment and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

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.

Beginning in fiscal year 1981-82, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 of assessed value. All taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

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

Article XIIIB of the California Constitution

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. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government will be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to 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 certain 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.

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 will be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

California Lottery

In the November 1984 general election, the voters of the State approved a Constitutional Amendment establishing a California State Lottery, the net revenues (revenues less expenses and prizes) of which shall be used to supplement other moneys allocated to public education. The legislation further requires that the funds shall be used for the education of pupils and students and cannot be used for the acquisition of real property, the construction of facilities or the financing of research.

Allocation of Lottery net revenues is based upon the average daily attendance of each school and community college district; however, the exact allocation formula may vary from year to year. The District estimates that it will receive $249,699 in Lottery aid in fiscal year 2019-20, representing approximately 2% of the District's general fund revenues. At this time, the amount of additional revenues that may be generated by the Lottery in any given year cannot be predicted.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act") which amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55% of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55% voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to exempt the 1% *ad valorem* tax limitation that Section 1(a) of Article XIIIA of the Constitution levies, to pay bonds approved by 55% of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for an elementary and high school district, indebtedness shall not exceed $30 per $100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed $25 per $100,000 of taxable property. 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. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Alternatively, charter schools are independent public schools formed by teachers, parents, and other individuals and/or groups. Charter schools function under contracts or "charters" with local school districts, county boards of education, or the State Board of Education. Charter schools operate with minimal supervision by the local school district. Charter schools receive revenues from the State and from the local school district for each student enrolled, and thus effectively reduce revenues available for students enrolled in local school district schools. School districts are required to accommodate charter school students originating in the school district in facilities comparable to those provided to regular school district students.

Proposition 39 requires that each local K-12 school district provide charter school facilities sufficient to accommodate the charter school's students. A K-12 school district, however, would not be required to spend its general discretionary revenues to provide these facilities for charter schools. Instead, the district could choose to use these or other revenues — including State and local bonds. Such facilities must be reasonably equivalent to the district schools that such charter students would otherwise attend. The respective K-12 school district is permitted to charge the charter school for its facilities if district discretionary revenues are used to fund the facilities and a district may decline to provide facilities for a charter school with a current or projected enrollment of fewer than 80 students who are residents in the District.

Article XIIIC and XIIID of the California Constitution

On November 5, 1996, an initiative to amend the California Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District's voters, depending upon the Article of the Constitution under which it is passed.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the February 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6,1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond or a Mello-Roos Community Facilities District bond in the future, although certain procedures and burdens of proof may be altered slightly. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Propositions 98 and 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). 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.

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

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 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.

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:

a. 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.

b. 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.

c. 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.

d. 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.

e. 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 capital personal income. 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 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends 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-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. 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 amends 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.

Many of the provisions of Proposition 1A have been superseded by Proposition 22 enacted in November 2010.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of California Redevelopment Association v. Matosantos, finding California Assembly Bill x1 26 to be constitutional and California Assembly Bill x1 27 to be unconstitutional. As a result, all redevelopment agencies in California were dissolved on February 1, 2012, and the property tax revenue which previously flowed to the redevelopment agencies is now instead going to other local governments, including school districts. It is likely that the dissolution of redevelopment agencies has mooted the effects of Proposition 22.

Proposition 30 and Proposition 55

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax (which expired on January 1, 2017) and personal income tax rates on higher incomes. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and through the taxable year 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 $340,000 but less than $408,000 for head-of-household filers and 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 $408,000 but less than $680,000 for head-of-household filers and 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 $680,000 for head-of-household filers and over $1,000,000 for joint filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being 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 are allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds are 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, a constitutional amendment initiative, was approved by California voters at the November

8, 2016 general election 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. Tax revenue received under Proposition 55 will be allocated 89% to K-12 schools and 11% to community colleges. The sales and use tax rate increase under Proposition 30 will not be extended.

Proposition 2

Proposition 2, also known as The Rainy Day Budget Stabilization Fund Act ("Proposition 2") was approved by California voters on November 8, 2016. Proposition 2 provides for changes to State budgeting practices, including revisions to certain conditions under which transfers are made into and from the State's Budget Stabilization Account (the "Stabilization Account") established by the California Balanced Budget Act of 2004 (also known as Proposition 58). Commencing in Fiscal Year 2015-16 and for each Fiscal Year thereafter, the State is required to make an annual transfer to the Stabilization Account in an amount equal to 1.5% of estimated State general fund revenues (the "Annual Stabilization Account Transfer"). For a Fiscal Year in which the estimated State general fund revenues allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues, supplemental transfers to the Stabilization Account (a "Supplemental Stabilization Account Transfer") are also required. Such excess capital gains taxes, which are net of any portion thereof owed to K-14 school districts pursuant to Proposition 98, are required to be transferred to the Stabilization Account.

In addition, for each Fiscal Year, Proposition 2 increases the maximum size of the Stabilization Account to 10% of estimated State general fund revenues. Such excess amounts are to be expended on State infrastructure, including deferred maintenance, in any Fiscal Year in which a required transfer to the Stabilization Account would result in an amount in excess of the 10% threshold. For the period from Fiscal Year 2015-16 through Fiscal Year 2029-30, Proposition 2 requires that half of any such transfer to the Stabilization Account (annual or supplemental), shall be appropriated to reduce certain State liabilities, including repaying State interfund borrowing, reimbursing local governments for State mandated services, making certain payments owed to K-14 school districts, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. After Fiscal Year 2029-30, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the Stabilization Account to the reduction of such State liabilities and any amount not so applied shall be transferred to the Stabilization Account or applied to infrastructure, as set forth above.

Accordingly, the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the Stabilization Account are impacted by Proposition 2. Unilateral discretion to suspend transfers to the Stabilization Account are not retained by the Governor. Neither does the Legislature retain discretion to transfer funds from the Stabilization Account for any reason, as was previously provided by law. Instead, the Governor must declare a "budget emergency" (defined as an emergency within the meaning of Article XIIIB of the Constitution) or a determination that estimated resources are inadequate to fund State general fund expenditure, for the current or ensuing Fiscal Year, at a level equal to the highest level of State spending within the three immediately preceding Fiscal Years, and any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the Stabilization Account are limited to the amount necessary to address the budget emergency, and no draw in any Fiscal Year may exceed 50% of the funds on deposit in the Stabilization Account, unless a budget emergency was declared in the preceding Fiscal Year.

Proposition 2 also provides for the creation of a Public School System Stabilization Account (the "Public School System Stabilization Account") into which transfers will be made in any Fiscal Year in which a Supplemental Stabilization Account Transfer is required, requiring that such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. Transfers to the Public School System Stabilization Account are only to be made if certain additional conditions are met, including that: (i) the minimum funding guarantee was not suspended in the immediately preceding Fiscal Year, (ii) the operative Proposition 98 formula for the Fiscal Year in which a Public School System Stabilization Account transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the Fiscal Year in which a Public School System Stabilization Account transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the Fiscal Year in which a Public School System Stabilization Account transfer might be made is higher than the immediately preceding Fiscal Year, as adjusted for ADA growth and cost of living.

Under Proposition 2, the size of the Public School System Stabilization Account is capped at 10% of the estimated minimum guarantee in any Fiscal Year, and any excess funds must be paid to K-14 school districts. Any reductions to a required transfer to, or draws upon, the Public School System Stabilization Account, are subject to the budget emergency requirements as described above. However, in any Fiscal Year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living, Proposition 2 also mandates draws on the Public School System Stabilization Account.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution 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.

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.

Kindergarten Through Community College Public Education Facilities Bond Act of 2016

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities. The District makes no guarantee that it will either pursue or qualify for Proposition 51 state facilities funding.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual state budget process.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 2, 22, 26, 30, 39, 46, 55 and 98 were each adopted as measure that qualified for the State ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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APPENDIX C

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

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WILLIAMS UNIFIED SCHOOL DISTRICT

COUNTY OF COLUSA
WILLIAMS, CALIFORNIA

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

WILLIAMS UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

WILLIAMS UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION

OTHER INDEPENDENT AUDITOR'S REPORTS

FINDINGS AND RECOMMENDATIONS

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Williams Unified School District
Williams, 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 Williams 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Williams 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 1W 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, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP) and Actual – General Fund, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Pension Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 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 4, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS

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This section of the Williams Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the Independent Auditor's Report and the District's financial statements, which immediately follows this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 10 and 11, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 12 through 15, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

The District's net position decreased by -220.4% from 2016-17 to 2017-18. This was brought about primarily by the general obligation bonds payable for current interest and the increase in the net pension

- Capital assets increased by $772,262, due primarily to site improvements.
- Total long-term liabilities increased $9,250,918, or 45.7%, primarily due to the increase in the net pension liability and the general obligation bond payable.
- The District's P-2 ADA decreased from 1,277 ADA at June 30, 2017 to 1,242 ADA at June 30, 2018, a decrease of 35 ADA. In addition, the district, under LCFF rules, now claims County Program ADA. The amount claimed for 2017-18 was 8.29 ADA.
- The District maintains sufficient reserves for a district its size. It meets the state required minim um reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2017-18, total General Fund expenditures and other financing uses totaled $16,488,982. At June 30, 2018, the District has a reserve for economic uncertainty of $493,017 in the Unrestricted General Fund, which represents a reserve of 3.0%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.

- Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.
- Short and long-term financial information about the activities of the District that operate like businesses are provided in the proprietary fund statements.
- Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary funds statements.

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

Reporting the District as a Whole

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

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

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

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

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

Governmental Activities:

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

Business-type Activities:

The District does not provide any services that should be included in this category.

Reporting the District's Most Significant Funds

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

Governmental Funds

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

Proprietary Funds

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. These include both Enterprise funds and Internal Service funds. Enterprise funds are considered business-type activities and are also reported under a full accrual method. This is the same basis as business-type activities; therefore no reconciling entries are required. Internal service funds are reported with the Governmental Funds. The District does not have funds of this type.

Fiduciary Funds

The District is the trustee, or fiduciary, for its student activity funds. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance their operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Condensed Statement of Net Position

	(As restated) June 30, 2017	June 30, 2018	Change	Percentage Change
Assets				
Current assets	$ 8,227,051	$ 15,689,143	$ 7,462,092	90.7%
Capital assets	10,932,243	11,704,505	772,262	7.1%
Total assets	19,159,294	27,393,648	8,234,354	43.0%
Deferred Outflows of Resources	3,314,447	4,674,976	1,360,529	41.0%
Current liabilities	1,653,674	2,584,485	930,811	56.3%
Long-term liabilities	19,658,776	28,444,072	8,785,296	44.7%
Total liabilities	21,312,450	31,028,557	9,716,107	45.6%
Deferred Inflows of Resources	402,383	3,077,529	2,675,146	664.8%
Net Position				
Invested in capital assets	3,985,025	5,276,487	1,291,462	32.4%
Restricted	2,630,670	9,964,081	7,333,411	278.8%
Unrestricted	(5,856,787)	(17,278,030)	(11,421,243)	195.0%
Total net position	$ 758,908	$ (2,037,462)	$ (2,796,370)	-368.5%

Condensed Statement of Activities for the Fiscal Years Ended June 30

	2017	2018	Change	Percentage Change
Revenues				
Charges for services	$ 203,712	$ 85,657	$ (118,055)	-58.0%
Operating grants and contributions	2,310,620	3,000,421	689,801	29.9%
Taxes levied for general purposes	3,261,224	3,369,370	108,146	3.3%
Federal and state aid not restricted for specific purposes	10,254,945	10,504,012	249,067	2.4%
Interest and investment earnings	38,393	67,192	28,799	75.0%
Miscellaneous	348,120	129,047	(219,073)	100.0%
Total revenues	16,417,014	17,155,699	738,685	4.5%
Expenses				
Instruction	9,293,931	10,934,688	1,640,757	17.7%
Instruction related services	1,449,578	1,905,627	456,049	31.5%
Pupil services	1,395,055	1,714,661	319,606	22.9%
General administration	1,354,826	1,884,336	529,510	39.1%
Plant services	1,407,412	1,540,450	133,038	9.5%
Ancillary services	127,372	137,871	10,499	8.2%
Interest on long-term debt	163,526	360,491	196,965	120.4%
Other outgo	752,408	1,249,943	497,535	66.1%
Depreciation (unallocated)	729,319	689,404	(39,915)	-5.5%
Total expenses	16,673,427	20,417,471	3,744,044	22.5%
Change in net position	$ (256,413)	$ (3,261,772)	$ (3,005,359)	1172.1%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the school year, the governmental funds reported a combined fund balance of $14,348,641.

General Fund Budgetary Highlights

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May revised figures. In addition, the District revises its budget at First and Second Interim and any other time there are significant changes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

- Capital assets increased $772,262 due primarily to site improvements.

Long-Term Liabilities

- Total long-term liabilities increased $9,250,918, or 45.7%, primarily due to the increase in the net pension liability and the bond obligation payable.

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

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California. Enrollment is expected to increase in fiscal year 2018-19.

The future predictions require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

BASIC FINANCIAL STATEMENTS

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WILLIAMS UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 14,638,769
Receivables	1,039,442
Stores inventory	10,932
Capital assets, net of accumulated depreciation	11,704,505
Total Assets	27,393,648
DEFERRED OUTFLOWS OF RESOURCES	
Discount on Certificate of Participation	47,906
Deferred outflows on OPEB (note 7)	90,445
Deferred outflows on pensions (note 6)	4,536,625
Total Deferred Outflows	4,674,976
LIABILITIES	
Accounts payable and other current liabilities	1,347,662
Unearned revenue	173,493
Long-term liabilities:	
Due within one year	1,063,330
Due in more than one year	28,444,072
Total Liabilities	31,028,557
DEFERRED INFLOWS OF RESOURCES	
Deferred bond premium revenue	687,628
Deferred inflows on pensions (note 6)	2,389,901
Total Deferred Inflows	3,077,529
NET POSITION	
Net investment in capital assets	5,276,487
Restricted	9,964,081
Unrestricted	(17,278,030)
Total Net Position	$ (2,037,462)

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

WILLIAMS UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	$ 10,934,688	$ -	$ 1,509,215	$ -	$ (9,425,473)
Instruction-related services:					
Instructional supervision and administration	190,766	-	137,773	-	(52,993)
Instructional library, media and technology	417,642	-	-	-	(417,642)
School site administration	1,297,219	-	35,355	-	(1,261,864)
Pupil Services:					
Home-to-school transportation	188,263	-	-	-	(188,263)
Food services	1,100,390	82,271	860,853	-	(157,266)
All other pupil services	426,008	-	133,857	-	(292,151)
General administration:					
All other general administration	1,884,336	2,942	144,870	-	(1,736,524)
Plant services	1,540,450	444	4,292	-	(1,535,714)
Ancillary services	137,871	-	4,644		(133,227)
Interest on long-term debt	360,491	-	-	-	(360,491)
Other outgo	1,249,943	-	169,562	-	(1,080,381)
Depreciation (unallocated)	689,404	-	-	-	(689,404)
Total governmental activities	$ 20,417,471	$ 85,657	$ 3,000,421	$ -	(17,331,393)

General Revenues	
Taxes and subventions:	
Taxes levied for general purposes	3,369,370
Taxes levied for debt service	465,402
Federal and state aid not restricted to specific purposes	10,504,012
Interest and investment earnings	67,192
Miscellaneous	129,047
Total General Revenues	14,535,023
Change in Net Position	(2,796,370)
Net Position - beginning	1,692,644
Prior period adjustment (note 1W)	(933,736)
Net Position - beginning, As restated	758,908
Net Position, June 30, 2018	$ (2,037,462)

WILLIAMS UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Building Fund	County School Facilities Fund	All Non-Major Funds	Totals
ASSETS					
Cash and cash equivalents	$ 4,853,861	$ 7,754,243	$ 628,150	$ 1,402,515	$ 14,638,769
Accounts receivable	591,078	-	435,066	13,298	1,039,442
Due from other funds	106,483	-	-	66,811	173,294
Stores inventory	-	-	-	10,932	10,932
Total Assets	$ 5,551,422	$ 7,754,243	$ 1,063,216	$ 1,493,556	$ 15,862,437
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 790,704	$ -	$ 375,983	$ 322	$ 1,167,009
Due to other funds	115	66,696	58,091	48,392	173,294
Unearned revenue	173,493	-	-	-	173,493
Total Liabilities	964,312	66,696	434,074	48,714	1,513,796
Fund balances					
Nonspendable	6,050	-	-	10,982	17,032
Restricted	386,530	7,687,547	629,142	1,260,862	9,964,081
Assigned	3,701,513	-	-	172,998	3,874,511
Unassigned	493,017	-	-	-	493,017
Total Fund Balances	4,587,110	7,687,547	629,142	1,444,842	14,348,641
Total liabilities and fund balances	$ 5,551,422	$ 7,754,243	$ 1,063,216	$ 1,493,556	$ 15,862,437

WILLIAMS UNIFIED SCHOOL DISTRICT

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

GOVERNMENTAL FUNDS

JUNE 30, 2018

Total fund balances - governmental funds		$ 14,348,641
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	$ 20,201,489	
Accumulated depreciation	(8,496,984)	
Net		11,704,505
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.		(180,653)
Unamortized premiums and discounts: In governmental funds, bond premiums are recognized as revenues in the period they are received while bond discounts are recognized as expenditures in the period they are incurred. In the government-wide statements, premiums and discounts are amortized over the life of the debt. Unamortized premiums and discounts at year-end consist of:		
Unamortized portion of COP discounts		47,906
Unamortized portion of bond premiums		(687,628)
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:		
Net pension liabilities	$ 13,875,375	
General obligation bonds payable:		
Current Interest	8,000,000	
Net OPEB liability	1,160,944	
Capital lease payable	3,148,018	
Certificate of participation	3,280,000	
Compensated absences payable	43,065	
		(29,507,402)
Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.		
Deferred outflows of resources relating to OPEB		90,445
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		4,536,625
Deferred inflows of resources relating to pensions		(2,389,901)
Total net position - governmental activities		$ (2,037,462)

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

WILLIAMS UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Building Fund	County School Facilities Fund	All Non-Major Funds	Totals
REVENUES					
LCFF sources	$ 13,438,525	$ -	$ -	$ -	$ 13,438,525
Federal revenue	950,633	-	-	845,199	1,795,832
Other state revenues	1,537,214	-	-	108,227	1,645,441
Other local revenues	151,951	32,408	11,477	560,430	756,266
Total revenues	16,078,323	32,408	11,477	1,513,856	17,636,064
EXPENDITURES					
Certificated salaries	6,471,063	-	-	-	6,471,063
Classified salaries	2,003,584	-	-	342,458	2,346,042
Employee benefits	3,189,396	-	-	125,290	3,314,686
Books and supplies	863,334	-	18,858	505,822	1,388,014
Services and other operating expenditures	2,194,555	344,861	-	22,322	2,561,738
Capital outlay	284,043	-	1,177,623	-	1,461,666
Other outgo	785,913	-	-	52,284	838,197
Debt service expenditures					
Principal	341,655	-	-	233,518	575,173
Interest	131,824	-	-	90,649	222,473
Total expenditures	16,265,367	344,861	1,196,481	1,372,343	19,179,052
Excess (deficiency) of revenues over expenditures	(187,044)	(312,453)	(1,185,004)	141,513	(1,542,988)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	2,281	221,334	223,615
Operating transfers out	(223,615)	-	-	-	(223,615)
Proceeds from capital leases	55,069	-	-	-	55,069
Proceeds from debt issuance	-	8,000,000	-	-	8,000,000
Other sources		-	-	700,698	700,698
Other uses	-	-	-	(66,886)	(66,886)
Total other financing sources (uses)	(168,546)	8,000,000	2,281	855,146	8,688,881
Net change in fund balances	(355,590)	7,687,547	(1,182,723)	996,659	7,145,893
Fund balances, July 1, 2017	4,942,700	-	1,811,865	448,183	7,202,748
Fund balances, June 30, 2018	$ 4,587,110	$ 7,687,547	$ 629,142	$ 1,444,842	$ 14,348,641

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

WILLIAMS UNIFIED SCHOOL DISTRICT

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

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds		$ 7,145,893
Amounts reported 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	$ 1,461,666	
Depreciation expense	(689,404)	772,262
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:		574,269
Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were:		(8,055,069)
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:		(148,690)
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:		58,465
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:		(2,445,604)
Compensated absences in governmental funds are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		(8,170)
Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt.		(689,726)
Total change in net position - governmental activities		$ (2,796,370)

WILLIAMS UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

Student Body Funds

Assets	
Cash on hand and in banks	$ 150,662
Liabilities	
Due to student groups	150,662
Net Position	$ -

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. HISTORY OF THE ORGANIZATION

The Williams Unified School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Governing Board elected by registered voters of the District, which comprises an area in Colusa County. The District serves students in transitional kindergarten through twelfth grade.

B. REPORTING ENTITY

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District has determined that no outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

C. ACCOUNTING POLICIES

The District prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the Department of Education's *California School Accounting Manual*.

D. BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the District and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities.

D. BASIS OF PRESENTATION (CONTINUED)

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

Fund Financial Statements

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after year-end.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

F. 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 or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, non-major, and fiduciary funds as follows:

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 expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- The **Cafeteria Fund** is used to account separately for federal, state, and local resources to operate the food service program.

The **Capital Projects Funds** are used to account for resources used for the acquisition or construction of major capital facilities and equipment.

- The **Building Fund** is used to account for the proceeds from the sale of bonds and may not be used for any purpose other than those for which the bonds were issued.

F. FUND ACCOUNTING (CONTINUED)

- The **Capital Facilities Fund** is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code sections 17620–17626).

- The **County Schools Facilities Fund** is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District is using this fund to account for the 2016 Certificates of Participation activity.

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

- The **Bond Interest and Redemption Fund** is maintained by the County Treasurer and is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of other parties in a trustee or agent capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements. The District maintains the following agency fund:

- The **Student Body Fund** is used to account for assets held by the District on behalf of student groups.

G. BUDGETS AND BUDGETARY ACCOUNTING

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

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures.

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

H. 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.

I. DEPOSITS AND INVESTMENTS

The District is authorized to maintain cash in banks and revolving funds that are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC).

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations.

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

J. INVENTORY

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

The Cafeteria Fund records supplies expense which includes a handling charge for the delivery of government surplus food commodities. The state requires the Cafeteria Fund to record the fair market value of these commodities.

K. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives as follows: buildings and improvements, 5 to 50 years; furniture and equipment, 2 to 15 years; and vehicles, 8 years.

L. UNEARNED REVENUE

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

M. INTERFUND BALANCES

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs at cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

N. COMPENSATED ABSENCES

All vacation pay is accrued when incurred in the government-wide financial statements. Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense 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.

O. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

P. RESTRICTED NET POSITION

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then, unrestricted resources as they are needed.

Q. 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.

R. LOCAL CONTROL FUNDING FORMULA/PROPERTY TAX

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

The County of Colusa is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. Taxes are levied for each fiscal year on taxable real and personal property in the county. Secured property taxes attach as an enforceable lien on property as of March 1. Property taxes become delinquent after December 10 and April 10, respectively.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

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

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

S. ELIMINATIONS AND RECLASSIFICATIONS

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

T. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. 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 Williams 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.

V. POSTEMPLOYMENT 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.

W. 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 shown below:

Net position previously reported, June 30, 2017	$ 1,692,644
OPEB previously reported	195,228
Net OPEB liability	(1,128,964)
Amounts paid by the District subsequent to the measurement date	-
Net position as restated	$ 758,908

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 and cash equivalents as of June 30, 2018 consist of the following:

	Governmental Activities	Fiduciary Activities
Cash in County Treasury	$ 13,572,329	$ -
Cash on hand and in banks	-	150,662
Cash in revolving fund	6,100	-
Cash with fiscal agent	1,060,340	-
Total	$ 14,638,769	$ 150,662

A. CASH ON HAND AND IN BANKS

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation.

B. CASH IN REVOLVING FUNDS

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds.

C. CASH WITH FISCAL AGENT

Cash with Fiscal Agent represents funds held by third parties restricted for the repayment of the capital lease.

D. CASH IN COUNTY TREASURY

County pool investments consist of District cash held by the Colusa County Treasury that is invested in the county investment pool. 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 1,029 days. The pool is rated AAA by Standard and Poor’s.

Interest Rate Risk. California Government Code Section 53601 limits the District’s investments to maturities of five years. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

D. CASH IN COUNTY TREASURY (CONTINUED)

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at June 30, 2018 are as shown below:

Description	Level 1	Level 2	Level 3	N/A	Total
US Agency, Treasury & Municipal Notes (USATM):					
US Agency Notes:	$ 162,062	$ -	$ -	$ -	$ 162,062
Notes/Discount Notes FFCB	162,811	-	-	-	162,811
US Treasury Notes:	2,339,686	-	-	-	2,339,686
Supranationals	1,755,845	-	-	-	1,755,845
LAIF	-	-	-	9,151,925	9,151,925
Total	$ 4,420,404	$ -	$ -	$ 9,151,925	$ 13,572,329

3. INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

	Interfund Receivables	Interfund Payables
Major Fund		
General Fund	$ 106,483	$ 115
Building Fund	-	66,696
County School Facilities Fund	-	58,091
Nonmajor Funds		
Cafeteria Fund	115	48,392
Bond Interest and Redemption Fund	66,696	-
Total	$ 173,294	$ 173,294

3. INTERFUND TRANSACTIONS (CONTINUED)

Interfund Transfers

As of June 30, 2018, the interfund transfers were as follows:

Transfer from General Fund to Capital Facilities Fund to cover K-1 complex payment	$ 220,000
Transfer from General Fund to County School Facilities Fund to cover negative interest	2,281
Transfer from General Fund to Cafeteria Fund for site purchases from food service	1,334
Total Transfers	$ 223,615

4. CAPITAL ASSETS

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

	Balance July 1, 2017	Additions and Adjustments	Deductions and Adjustments	Balance June 30, 2018
Non-depreciable assets:				
Land	$ 68,237	$ -	$ -	$ 68,237
Work in progress	1,079,120	1,177,623	1,244,151	1,012,592
	1,147,357	1,177,623	1,244,151	1,080,829
Depreciable assets:				
Sites and improvements	4,956,738	1,080,138	-	6,036,876
Building and improvements	11,034,541	241,286	-	11,275,827
Furniture and equipment	1,656,363	206,770	55,176	1,807,957
Subtotal	17,647,642	1,528,194	55,176	19,120,660
Totals, at cost	18,794,999	2,705,817	1,299,327	20,201,489
Accumulated depreciation:				
Sites and improvements	(1,263,007)	(301,122)	(1,242)	(1,562,887)
Building and improvements	(5,584,667)	(258,334)	-	(5,843,001)
Furniture and equipment	(1,015,082)	(135,078)	(59,064)	(1,091,096)
Subtotal	(7,862,756)	(694,534)	(60,306)	(8,496,984)
Depreciable assets, net	9,784,886	833,660	(5,130)	10,623,676
Capital assets, net	$ 10,932,243	$ 2,011,283	$ 1,239,021	$ 11,704,505

The entire amount of depreciation expense was unallocated.

5. LONG TERM LIABILITIES

A. SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
GO Bonds	$ -	$ 8,000,000	$ -	$ 8,000,000	$ 430,000
Capital Lease	3,562,218	55,069	469,269	3,148,018	480,265
Certificate of Participation	3,385,000	-	105,000	3,280,000	110,000
Net OPEB Liability	1,128,964	31,980	-	1,160,944	-
Net Pension Liability	12,145,407	1,729,968	-	13,875,375	-
Compensated Absences	34,895	8,170	-	43,065	43,065
	$ 20,256,484	$ 9,825,187	$ 574,269	$ 29,507,402	$ 1,063,330

The General Fund and Capital Facilities Fund make payments for the capital leases. The accrued vacation (compensated absences) and other postemployment benefits will be paid by the fund for which the employee works. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund.

B. QZAB PROGRAM

On January 29, 2014, the District entered a QZAB Lease program for the amount of $2,885,000. The QZAB program consists generally of solar installation and lighting, retrofits to install energy efficient lighting and building repair and rehabilitation, along with electrical distribution upgrades at Williams Junior Senior High School, Williams Upper Elementary School, and Williams Elementary School, and is known as the Williams Unified School District Zone Academies, as more particularly described in the District's application to the California Department of Education, School Facilities Planning Division.

The equipment and improvements are financed by the lease, including (without limitation) installation of solar array energy system, photovoltaic equipment and related property, including (without limitation) photovoltaic modules, inverters, transformers, switches and interconnection equipment, together with all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions located on the Leased Property.

The lease details are included under the capital lease schedules on the following page.

C. CAPITAL LEASES

Description	Date of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding July 1, 2017	Additions	Redeemed Current Year	Outstanding June 30, 2018
260 11th Street	4/1/2012	3.50%	10/29/2019	$ 1,725,109	$ 598,488	$ -	$ 233,623	$ 364,865
John Deere	10/1/2017	4.50%	9/4/2022	55,069	-	55,069	11,456	43,613
Prop 39 Lease	7/1/2014	2.95%	2/11/2020	461,828	239,364	-	93,648	145,716
QZAB Lease	1/29/2014	1.40% - 5.34%	1/29/2032	2,885,000	2,724,366	-	130,542	2,593,824
				$ 5,127,006	$ 3,562,218	55,069	$ 469,269	$ 3,148,018

The leases have minimum payments as follows:

Year Ended June 30,	Principal	Interest	Total
2019	$ 480,265	$ 50,994	$ 531,259
2020	317,759	37,892	355,651
2021	147,266	32,778	180,044
2022	155,704	30,340	186,044
2023	164,201	27,799	192,000
2024-2028	949,263	101,737	1,051,000
2029-2033	933,560	27,067	960,627
Totals	$ 3,148,018	$ 308,607	$ 3,456,625

D. CERTIFICATES OF PARTICIPATION

In 2016, the District issued Certificates of Participation in the aggregate principal amount of $3,490,000 for the purpose of financing the acquisition, construction, installation, improvement and equipping of various District facilities, the Certificates, purchase a reserve fund municipal bond insurance policy in lieu of cash funding a bond reserve fund for the Certificates, and pay costs of delivery of the Certificates. The 2016 Certificates of Participation mature through May 2041, and have interest rates ranging from 2.0% to 3.125%.

Description	Date Of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding July 1, 2017	Additions	Redeemed Current Year	Outstanding June 30, 2018
2016 COP	4/14/2016	2.00% - 3.125%	5/1/2041	$ 3,490,000	$ 3,385,000	$ -	$ 105,000	$ 3,280,000
				$ 3,490,000	$ 3,385,000	-	$ 105,000	$ 3,280,000

The table on the following page is a schedule of the future payments for the 2016 Certificates of Participation as of June 30, 2018.

D. CERTIFICATES OF PARTICIPATION (CONTINUED)

Year Ended June 30,	Principal	Interest	Total
2019	$ 110,000	$ 85,838	$ 195,838
2020	110,000	83,638	193,638
2021	115,000	81,438	196,438
2022	115,000	79,138	194,138
2023	120,000	76,838	196,838
2024-2028	630,000	347,164	977,164
2029-2033	705,000	269,656	974,656
2033-2037	820,000	161,870	981,870
2039-2043	555,000	34,994	589,994
Totals	$ 3,280,000	$ 1,220,574	$ 4,500,574

Payments of Certificates of Participation are made from the General Fund.

E. GENERAL OBLIGATION BONDS

On August 23, 2017, the District issued Measure C Series A (2017) General Obligation Bonds (the “Bonds”) in the aggregate principal amount of $4,000,000 for the purpose of financing the school facility improvements and to pay certain costs of issuance associated therewith.

On May 23, 2018, the District issued Measure C Series B (2018) General Obligation Bonds (the “Bonds”) in the aggregate principal amount of $4,000,000 for the purpose of financing the school facility improvements and to pay certain costs of issuance associated therewith.

The Bonds are payable from the proceeds of *ad valorem* property taxes which the Board of Supervisors of the Colusa County are obligated to levy and collect on all taxable property in the District for the payment of principal and interest on the Bonds when due. The Series A and Series B bonds carry interest rates ranging from 2.0% to 5.0% and mature in staggered amounts each year starting in August 1, 2018 up through August 1, 2047.

Description	Date Of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding July 1, 2017	Additions	Redeemed Current Year	Outstanding June 30, 2018
GO Bond Election of 2016, Series A	8/23/2017	2.25% - 5.00%	8/1/2047	$ 4,000,000	$ -	$ 4,000,000	$ -	$ 4,000,000
GO Bond Election of 2016, Series B	5/3/2018	2.00% - 5.00%	8/1/2047	4,000,000	-	4,000,000	-	4,000,000
				$ 8,000,000	$ -	$ 8,000,000	$ -	$ 8,000,000

E. GENERAL OBLIGATION BONDS (CONTINUED)

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

Year Ended June 30,	Principal	Interest	Total
2019	$ 430,000	$ 188,263	$ 618,263
2020	445,000	323,575	768,575
2021	65,000	310,225	375,225
2022	55,000	307,625	362,625
2023	65,000	305,425	370,425
2024-2028	225,000	1,507,713	1,732,713
2029-2033	605,000	1,461,912	2,066,912
2033-2037	1,135,000	1,341,656	2,476,656
2039-2043	1,910,000	1,059,100	2,969,100
2044-2048	3,065,000	486,750	3,551,750
Totals	$ 8,000,000	$ 7,292,244	$ 15,292,244

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.

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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%

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. Williams 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.

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

	CalPERS	STRS	Total
Contributions - employer	$ 326,946	$ 894,120	$ 1,221,066
On behalf contributions - state	-	472,954	472,954
Total	$ 326,946	$ 1,367,074	$ 1,694,020

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

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

	Proportionate Share of Net Pension Liability
CalPERS	$ 4,044,654
STRS	9,830,721
Total Net Pension Liability	$ 13,875,375

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

	CalPERS	STRS
Proportion - June 30, 2016	0.01773%	0.01069%
Proportion - June 30, 2017	0.01694%	0.01063%
Change - Increase (Decrease)	-0.00079%	-0.00006%

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

For the year ended June 30, 2018, the District recognized pension expense of $543,779 and $1,901,825 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	$ 326,946	$ -	$ 1,367,074	$ -	$ 1,694,020	$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2016-17.	-	49,775	-	378,796	-	428,571
Changes of Assumptions	439,302	122,592	1,561,077	-	2,000,378	122,592
Differences between Expected and Actual Experience	214,544	-	31,161	361,987	245,706	361,987
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	132,426	307,427	1,020,397	307,427	1,152,822
Net differences between projected and actual investment earnings on pension plan investments	288,794	-	-	323,929	288,794	323,929
Total	$ 1,269,586	$ 304,792	$ 3,266,739	$ 2,085,109	$ 4,536,325	$ 2,389,901

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

Year Ended June 30	CalPERS	STRS	Total Deferred Outflows/ (Inflows) of Resources
2019	$ 53,050	$ (432,602)	$ (379,552)
2020	267,560	(125,840)	141,720
2021	289,254	(15,849)	273,404
2022	27,983	71,889	99,873
2023	-	96,237	96,237
Thereafter	-	220,721	220,721
Total	$ 637,848	$ (185,444)	$ 452,404

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 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 for the Plan was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate, the amortization and smoothing periods adopted by the Board in 2013 were used. For the Plan, projections of expected benefit payments and contributions at the statutorily required member and employer rates were performed to determine if the assets would run out. The tests revealed the assets would not run out for the Plan. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The crossover test results can be found on CalPERS' website at https://www.calpers.ca.gov/page/employers/actuarial-services/gasb.

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

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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 of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

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

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

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

STRS

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions 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.

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

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

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

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

	CalPERS		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	$ 5,950,982	$ 4,044,654	$ 2,463,195

	STRS		
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability	$ 14,434,620	$ 9,830,721	$ 6,094,346

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

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

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan description. The plan is a single-employer defined benefit plan. The plan provides other postemployment benefits for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The Plan does not issue financial statements.

Benefits provided. The postretirement health plans and the District's obligation vary by employee group as described below.

	Certificated	**Classified**	**Management*** **
Benefit types provided	Medical only	Medical, dental, and vision	Medical, dental, and vision
Duration of benefits	To age 65	To age 65	To age 65
Required service	20 years**	15 years	15 years
Minimum age	59**	60*	55
Dependent coverage	No	No	No
District contribution %	100%	100%	100%
District cap	$800 per month	$714 per month	Same as applicable employee classification

* Classified management and confidential are eligible for District-paid benefits at age 55

** Certificated employees hired prior to July 1, 2014 may receive benefits at age 55 with 15 or more years of service

*** Management and Confidential employees hired on or after July 1, 2011 have no entitlement

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Contributions. The contribution requirements of Plan members and the District are established and may be amended by the District, the Williams Teachers Association (WTA), and the local California School Employees Association (CSEA) chapter. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2017-18, the District contributed $82,286 to the Plan, of which $82,286 was used for current premiums.

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	108
	118

Net OPEB Liability

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

Actuarial assumptions. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	2.75% per year
Inflation Rate	2.75% per year
Investment rate of return	3.5% per year net of expenses
Healthcare cost trend rates	4% per year

The discount rate of 3.5% is based on the Bond Buyer 20 Bond Index. We assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The mortality assumptions are based on the 2009 CalSTRS Mortality table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees for classified employees. The retirement assumptions are based on the 2009 CalSTRS Retirement Rates table created by CalSTRS and the 2009 CalPERS 2.0% @ 60 Rates for Miscellaneous Employees and 2009 CalPERS Retirement Rates for School Employees tables created by CalPERS.

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (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	$ 1,128,964	$ -	$ 1,128,964
Changes for the year:			
Service cost	74,917	-	74,917
Interest	39,349	-	39,349
Differences between expected and actual experience	-	-	-
Contributions - employer	-	82,286	(82,286)
Net investment income	-	-	-
Benefit payments	(82,286)	(82,286)	-
Administrative expense	-	-	-
Net changes	31,980	-	31,980
Balances at June 30, 2018	$ 1,160,944	$ -	$ 1,160,944

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

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability (asset)	$ 1,258,454	$ 1,160,944	$ 1,072,315

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 (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current healthcare cost trend rates:

	1% Decrease (3%)	Healthcare Cost Trend Rates (4%)	1% Increase (5%)
Net OPEB liability (asset)	$ 1,082,017	$ 1,160,944	$ 1,236,931

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

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (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 $58,465. Certain types of TOL changes are subject to deferral, as are investment gains/losses. To qualify for deferral, gains and losses must be based on GASB 74/75 compliant valuations. Since the District's prior valuation was performed in accordance with GASB 43/45, it is not possible to calculate compliant gains and losses. 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	-	-
Contributions made subsequent to measurement date	90,445	-
Total	$ 90,445	$ -

The District will recognize the contributions made subsequent to the measurement date in the next fiscal year.

Payable to the OPEB Plan

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

8. FUND BALANCES

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

	General Fund	Building Fund	County Schools Facilities Fund	Non-Major Funds	Total
Nonspendable:					
Stores	$ -	$ -	$ -	$ 10,932	$ 10,932
Revolving Cash	6,050	-	-	50	6,100
Total Nonspendable	6,050	-	-	10,982	17,032
Restricted:					
Lottery: Instructional Materials	127,375	-	-	-	127,375
College Readiness Block Grant	16,081	-	-	-	16,081
California Clean Energy Jobs Act	207,859	-	-	-	207,859
COP Projects	-	-	629,142	-	629,142
Child Nutrition: School Programs	-	-	-	229,558	229,558
Child Nutrition: Child Care Food Program (CCFP)	-	-	-	1,422	1,422
Other Restricted State	8,311	-	-	-	8,311
Other Restricted Local	26,904	7,687,547	-	1,029,882	8,744,333
Total Restricted	386,530	7,687,547	629,142	1,260,862	9,964,081
Assigned:					
Affordable Care Act	50,000	-	-	-	50,000
Weight Room Equipment	350,000	-	-	-	350,000
Construction Contingency	500,000	-	-	-	500,000
Board Reserve Policy	1,992,923	-	-	-	1,992,923
Education Protection Account	-	-	-	-	-
Lottery	225,888	-	-	-	225,888
Other assignments	582,702	-	-	172,998	755,700
Total Assigned	3,701,513	-	-	172,998	3,874,511
Unassigned:					
Reserve for Economic Uncertainties	493,017	-	-	-	493,017
Total Unassigned	493,017	-	-	-	493,017
Total Fund Balances	$ 4,587,110	$ 7,687,547	$ 629,142	$ 1,444,842	$ 14,348,641

9. JOINT VENTURES

The District participates in three joint ventures under joint powers agreements (JPAs); the Tri-Counties Self Insurance Group (Tri-Counties SIG), the North Valley Schools Insurance Group (NVSIG) and the Schools Excess Liability Fund (SELF) for property, liability, workers' compensation, health benefits and excess liability coverage. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and provide coverage for its members. The JPAs are governed by a board consisting of a representative from each member district. Each board controls the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPAs.

The JPAs are audited on an annual basis. Financial information can be obtained by contacting each JPAs management.

Condensed financial information for the JPAs for the most recent fiscal year are available as follows:

	Tri-Counties SIG June 30, 2017*	NVSIG June 30, 2018	SELF June 30, 2018
Total Assets	$ 18,722,833	$ 3,308,256	$ 118,692,006
Deferred Outflows of Resources	183,953	-	497,939
Total Liabilities	9,365,157	1,738,535	101,064,545
Deferred Inflows of Resources	19,160	-	28,087
Net Position	$ 9,522,469	$ 1,569,721	$ 18,097,313
Revenues	$ 43,039,245	$ 13,843,468	$ 15,139,473
Expenditures	39,467,946	13,840,086	19,471,187
Change in Net Position	$ 3,571,299	$ 3,382	$ (4,331,714)

* Latest available audited financial reports.

10. COMMITMENTS AND CONTINGENCIES

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

11. SUBSEQUENT EVENTS

The District's management evaluated its June 30, 2018 financial statements for subsequent events through December 4, 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

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WILLIAMS 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	$ 13,342,890	$ 13,438,525	$ 13,438,525	$ -
Federal revenue	1,204,849	1,329,275	950,633	(378,642)
Other state revenues	1,293,868	1,667,807	1,537,214	(130,593)
Other local revenues	125,109	177,920	151,951	(25,969)
Total revenues	15,966,716	16,613,527	16,078,323	(535,204)
EXPENDITURES				
Certificated salaries	6,641,002	6,519,989	6,471,063	48,926
Classified salaries	1,963,898	2,021,609	2,003,584	18,025
Employee benefits	3,143,178	3,212,552	3,189,396	23,156
Books and supplies	752,616	948,622	863,334	85,288
Services and other operating expenditures	1,902,597	2,389,697	2,194,555	195,142
Capital outlay	163,712	291,389	284,043	7,346
Other outgo	693,816	785,912	838,197	(52,285)
Debt service expenditures				
Principal	325,126	341,656	341,655	1
Interest	138,936	131,824	131,824	-
Total expenditures	15,724,881	16,643,250	16,317,651	325,599
Excess (deficiency) of revenues over expenditures	241,835	(29,723)	(239,328)	(209,605)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	52,284	52,284
Operating transfers out	(220,000)	(223,615)	(223,615)	-
Proceeds from Capital Leases	-	59,057	55,069	(3,988)
Total other financing sources (uses)	(220,000)	(164,558)	(116,262)	48,296
Net change in fund balance	21,835	(194,281)	(355,590)	(161,309)
Fund balance, July 1, 2017	4,942,700	4,942,700	4,942,700	-
Fund balance, June 30, 2018	$ 4,964,535	$ 4,748,419	$ 4,587,110	$ (161,309)

WILLIAMS UNIFIED SCHOOL DISTRICT

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

JUNE 30, 2018

	2018
Total OPEB liability	
Service cost	$ 74,917
Interest	39,349
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(82,286)
Net change in total OPEB liability	31,980
Total OPEB liability - beginning	1,128,964
Total OPEB liability - ending (a)	$ 1,160,944
Plan fiduciary net position	
Contributions - employer	$ 82,286
Net investment income	-
Benefit payments, including refunds of member contributions	(82,286)
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	$ -
District's net OPEB liability - ending (a) - (b)	$ 1,160,944
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%
Covered-employee payroll	$ 8,297,710
District's net OPEB liability as a percentage of covered-employee payroll	14.0%

WILLIAMS 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	0.01468%	0.01719%	0.01773%	0.01694%
Proportionate share of the net pension liability	$ 1,666,423	$ 2,533,116	$ 3,502,388	$ 4,044,654
Covered-employee payroll [2]	$ 1,497,859	$ 1,890,360	$ 1,814,840	$ 1,931,962
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]	$ 176,313	$ 223,951	$ 252,045	$ 300,053

STRS	June 30, 2014 [1]	June 30, 2015 [1]	June 30, 2016 [1]	June 30, 2017 [1]
Proportion of the net pension liability	0.01066%	0.01002%	0.01069%	0.01063%
Proportionate share of the net pension liability	$ 6,228,709	$ 6,746,556	$ 8,643,019	$ 9,830,721
Covered-employee payroll [2]	$ 4,410,664	$ 3,849,292	$ 4,542,464	$ 4,911,594
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]	$ 391,667	$ 413,029	$ 571,442	$ 708,743

(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.

WILLIAMS 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)	$ 176,313	$ 223,951	$ 252,045	$ 300,053
Contributions in relation to the actuarially determined contributions (2)	(225,913)	(252,463)	(299,662)	(326,946)
Contribution deficiency (excess)	$ (49,600)	$ (28,512)	$ (47,617)	$ (26,893)
Covered-employee payroll (3)	$ 1,497,859	$ 1,890,360	$ 1,814,840	$ 1,931,962
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)	$ 391,667	$ 413,029	$ 571,442	$ 708,743
Contributions in relation to the actuarially determined contributions (2)	(433,994)	(575,762)	(723,721)	(894,120)
Contribution deficiency (excess)	$ (42,327)	$ (162,733)	$ (152,279)	$ (185,377)
Covered-employee payroll (3)	$ 4,410,664	$ 3,849,292	$ 4,542,464	$ 4,911,594
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 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP) and Actual – General Fund

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.

At June 30, 2018, the District did not incur any excess of expenditures over appropriations by major object code in the individual major fund presented in the schedule.

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

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the initial year of implementation, only one year is currently available.

Changes in Assumptions
There were no changes to assumptions.

Changes in Benefit Terms
In fiscal year 2017-18, certificated staff of the District received $800 per month District cap, prior to fiscal year 2017-18, their cap was $711 per month.

C - Schedule of Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Assumptions
The CalPERS plan discount rate was changed from 7.65 percent to 7.15 percent since the previous valuation. The CalSTRS plan discount rate was changed from 7.60 percent to 7.10 percent since the previous valuation.

Changes in Benefit Terms
There were no changes in benefit terms since the previous valuations for both CalPERS and CalSTRS.

D - Schedule of Pension Contributions

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

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

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

SUPPLEMENTARY INFORMATION

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WILLIAMS UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2018

	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Totals
ASSETS				
Cash and cash equivalents	$ 266,331	$ 172,998	$ 963,186	$ 1,402,515
Accounts receivable	13,298	-	-	13,298
Stores inventory	10,932	-	-	10,932
Due from other funds	115	-	66,696	66,811
Total Assets	$ 290,676	$ 172,998	$ 1,029,882	$ 1,493,556
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 322	$ -	$ -	$ 322
Due to other funds	48,392	-	-	48,392
Total Liabilities	48,714	-	-	48,714
Fund balances				
Nonspendable	10,982	-	-	10,982
Restricted	230,980	-	1,029,882	1,260,862
Assigned	-	172,998	-	172,998
Total Fund Balances	241,962	172,998	1,029,882	1,444,842
Total Liabilities and Fund Balances	$ 290,676	$ 172,998	$ 1,029,882	$ 1,493,556

WILLIAMS UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL NON-MAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Totals
REVENUES				
Federal revenue	$ 845,199	$ -	$ -	$ 845,199
Other state revenues	64,399	-	43,828	108,227
Other local revenues	88,026	47,186	425,218	560,430
Total revenues	997,624	47,186	469,046	1,513,856
EXPENDITURES				
Classified salaries	342,458	-	-	342,458
Employee benefits	125,290	-	-	125,290
Books and supplies	505,822	-	-	505,822
Services and other operating expenditures	22,322	-	-	22,322
Other outgo	52,284	-		52,284
Debt service expenditures				
Principal	-	233,518	-	233,518
Interest	-	17,673	72,976	90,649
Total expenditures	1,048,176	251,191	72,976	1,372,343
Excess (deficiency) of revenues over expenditures	(50,552)	(204,005)	396,070	141,513
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,334	220,000	-	221,334
Other sources	-	-	700,698	700,698
Other uses	-	-	(66,886)	(66,886)
Total other financing sources (uses)	1,334	220,000	633,812	855,146
Net change in fund balances	(49,218)	15,995	1,029,882	996,659
Fund balances, July 1, 2017	291,180	157,003	-	448,183
Fund balances, June 30, 2018	$ 241,962	$ 172,998	$ 1,029,882	$ 1,444,842

WILLIAMS UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ALL AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Student Body Funds				
Assets				
Cash on hand and in banks				
Williams High School	$ 91,193	$ 132,676	$ 101,325	$ 122,544
Williams Upper Elementary School	27,110	33,706	32,698	28,118
Total Assets	$ 118,303	$ 166,382	$ 134,023	$ 150,662
Liabilities				
Due to student groups	$ 118,303	$ 166,382	$ 134,023	$ 150,662
Total Liabilities	$ 118,303	$ 166,382	$ 134,023	$ 150,662

WILLIAMS UNIFIED SCHOOL DISTRICT

ORGANIZATION

JUNE 30, 2018

The Williams Unified School District (the "District") is located in Williams, California. There were no changes in the boundaries of the District during the current year. The District is currently operating one elementary school, one upper elementary school, one junior high school, one high school, and a continuation high school.

GOVERNING BOARD

Name	Office	Term Expires November
Silvia Vaca	President	2018
George W. Simmons	Vice President	2020
Kelly Lewis	Member	2018
Yareli Mora	Member	2020
Rosa Orozco-Lopez	Member	2020

ADMINISTRATION

Dr. Edgar R. Lampkin
Superintendent

Mechele Coombs
Director of Fiscal Services and Accountability

WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Second Period Report	Revised Second Period Report*	Annual Report
Elementary			
TK through Third	407.08	407.08	412.21
Fourth through Sixth	303.53	303.53	304.33
Seventh through Eighth	187.21	187.21	188.44
	897.82	897.82	904.98
Secondary			
Ninth through Twelfth	328.79	328.63	328.70
Continuation Education	15.46	15.62	15.21
	344.25	344.25	343.91
Total ADA	1,242.07	1,242.07	1,248.89

* The revisions to the P-2 Period of Attendance report were not the result of the audit.

WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Grade Level	Standard Minutes Requirement	2017-18 Actual Minutes	Instructional Days	Status
Kindergarten	36,000	52,170	180	In compliance
Grade 1	50,400	53,025	180	In compliance
Grade 2	50,400	53,025	180	In compliance
Grade 3	50,400	53,025	180	In compliance
Grade 4	54,000	56,235	180	In compliance
Grade 5	54,000	56,235	180	In compliance
Grade 6	54,000	556,235	180	In compliance
Grade 7	54,000	66,188	180	In compliance
Grade 8	54,000	66,188	180	In compliance
Grade 9	64,800	66,188	180	In compliance
Grade 10	64,800	66,188	180	In compliance
Grade 11	64,800	66,188	180	In compliance
Grade 12	64,800	66,188	180	In compliance

See the accompanying notes to supplementary information.

WILLIAMS 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

There are currently no charter schools chartered by the District.

WILLIAMS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	County School Facilities Fund
Balance, June 30, 2018, Annual Financial and Budget Report	$ -
Adjustments and Reclassifications	
Increase in:	
Cash with Fiscal Agent	1,060,340
Accounts Receivable	1,404
Decrease in:	
Cash in County Treasury	(432,602)
Net Adjustments and Reclassifications	629,142
Balance, June 30, 2018, Audited Financial Statements	$ 629,142

See the accompanying notes to supplementary information.

WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number		Federal Expenditures
U.S. Department of Education				
Passed through California Department of Education				
84.010	ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	14329		$ 159,124
84.330B	NCLB Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	14831		1,162
84.367	ESEA (ESSA): Title II, Part A, Improving Teacher Quality Local Grants	14341		13,767
84.365	ESEA (ESSA): Title III, English Learner Student Program	14346		59,566
84.365	ESEA (ESSA): Title III, Immigrant Student Program	15146		2,585
84.377	NCLB: Title I, School Improvement Grant (SIG)	15127	*	714,429
	Total U.S. Department of Education			950,633
U.S. Department of Agriculture				
Passed through California Department of Education				
10.555	Child Nutrition: School Programs (NSL Sec 11)	13524		756,362
10.558	Child Nutrition: CACFP Claims - Centers and Family Day Care Homes	13529		69,559
	Total Cash Assistance Subtotal			825,921
10.555	School Lunch Program - Nonmonetary Assistance	13391		19,278
	Total Non-Cash Assistance Subtotal			19,278
	Total U.S. Department of Agriculture			845,199
	Total Federal Programs			$ 1,795,832

* Tested as a major program

See the accompanying notes to supplementary information.

WILLIAMS 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	$ 17,132,111	$ 16,133,392	$ 15,419,526	$ 14,668,908
Expenditures	16,966,135	16,265,367	14,909,864	13,335,591
Other Uses and Transfers Out	260,000	223,615	118,824	347,876
Total Outgo	17,226,135	16,488,982	15,028,688	13,683,467
Change in Fund Balance	(94,024)	(355,590)	390,838	985,441
Ending Fund Balance	$ 4,493,086	$ 4,587,110	$ 4,942,700	$ 4,551,862
Available Reserves	$ 516,784	$ 493,017	$ 450,000	$ 2,331,784
Reserve for Economic Uncertainties	$ 516,784	$ 493,017	$ 450,000	$ 2,205,134
Unappropriated Fund Balance	$ -	$ -	$ -	$ 126,650
Available Reserves as a Percentage of Total Outgo	3.0%	3.0%	3.0%	17.0%
Total Long-Term Debt	$ 28,444,072	$ 29,507,402	$ 20,256,484	$ 16,982,836
Average Daily Attendance at P-2	1,262	1,242	1,277	1,263

The general fund balance has increased by $1,020,689 over the past three years. The fiscal year 2018-2019 budget projects a decrease of $94,024. For a District this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District had an operating surplus in two of the past three fiscal years.

Total long-term liabilities have increased by $12,524,566 over the past two years due to the addition of the net pension liability, addition of the net OPEB liability with the implementation of GASB 75, and issuances of 2016 General Obligation Bonds.

Average Daily Attendance (ADA) has decreased by 21 over the past two years. The District anticipates an increase of 20 ADA for the fiscal year 2018-2019.

1. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes in 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. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206. Districts must maintain their instructional minutes at the State's standard requirements as required by Education Code Section 46201(b).

3. 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.

4. 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.

5. 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

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

Board of Trustees
Williams Unified School District
Williams, California

Report on Compliance for Each State Program

We have audited the compliance of Williams 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	No, see below
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

Local Education Agencies Other Than Charter Schools

Description	Procedures Performed
Early Retirement Incentive Program	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below

School Districts, County Offices of Education and Charter Schools

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

Charter Schools

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

We did not perform any procedures related to Kindergarten Continuance because no students repeated kindergarten in the current year.

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

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

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

Opinion on Compliance with State Laws and Regulations

In our opinion, Williams 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 4, 2018

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Williams Unified School District
Williams, 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 Williams 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 4, 2018.

Internal Control Over Financial Reporting

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

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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
Sacramento, California
December 4, 2018

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Williams Unified School District
Williams, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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Report on 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 4, 2018

FINDINGS AND RECOMMENDATION

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WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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
84.377	School Improvement Grant

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

State Awards

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	

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – State Award Findings and Questioned Costs

No matters were reported.

WILLIAMS UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

No matters were reported.

APPENDIX D

COUNTY INVESTMENT POLICY

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County of COLUSA

STATEMENT OF INVESTMENT POLICY

In accordance with the government code section 53600 series, it is the responsibility of the County Treasurer, with the approval of the Board of Supervisors, to secure and protect the public funds of the County, and to establish proper safeguards, controls, and procedures to maintain these funds in a lawful, rational and auspicious manner. Said maintenance shall include the prudent and secure investment of those funds that are not immediately required for daily operations, in a manner anticipated to provide additional benefit to the people of the County of Colusa. In addition, the County Treasurer acts as the Treasurer, cash manager, and investor for a sizable number of public agencies within the County rather than each entity having to locate and hire a knowledgeable person to handle the entity's banking, investments and other financial duties separately. This pooling of public funds eliminates duplication of expenses, but also smoothes out cash flow differences, permits cost savings through higher volume, and attracts more professional service providers.

This Statement of Investment Policy will be provided annually for the review of the Oversight Committee and the approval of the Board of Supervisors after discussion in an open public meeting. Upon request, it will also be provided to participants in the County Investment Pool; to securities dealers, banks and brokers, currently approved for conducting investment transactions with the County Treasurer's office in the ongoing effort to manage the excess cash portfolio; to other involved persons or entities; and to any member of the electorate wishing to review this document. The Treasurer reserves the right to provide these documents on a cost basis.

SCOPE

This Statement of Investment Policy pertains to those temporarily surplus funds under the control of the Treasurer, designated for the daily ongoing operations of the County and pool participants; and concerns the deposit, maintenance, and safekeeping of all such funds, and the investments made with these funds. This Policy does not apply to pension moneys, delayed compensation funds, trustee, and certain other non-operating funds not participating in the County Investment Pool. Percentage limitations noted within this Policy shall apply to all money considered to be within the County Investment Pool. Any investments existing outside the Pool shall be subject to the local agency's individual percentages.

PURPOSE OF POLICY STATEMENT

The purpose of this Statement of Investment Policy is to provide the Board of Supervisors, the Treasury Oversight Committee, those entities invested in the County Investment Pool, those involved in servicing the investment requirements of the County, and any other interested party, a clear understanding of the regulations and internal guidelines that will be observed in maintaining and investing those pooled funds deemed to not be required for immediate cash flow needs.

TREASURY OBJECTIVES

The underlying objective of the Treasurer is to protect the safety of the principal of the Investment Pool through the judicious purchase of those legal investments permitted to local agencies, as defined in the State of California Government Codes 53600, consistent with current conditions and the other dominant objectives pursuant to managing a local agency portfolio, namely:

Safety: It is the primary responsibility of the Treasurer to maintain the safe return of all principal placed in investments by avoiding decisions that might result in losses through either fraud, default, or adverse market conditions.

Liquidity: Will be maintained per the Treasurer-Tax Collector's goals. It shall always be assumed that all investments could require immediate liquidation in order to meet unexpected cash calls.

Availability: Due to the nature of a public funds portfolio, it is mandatory that moneys be available to meet the monetary requirements inherent to operating a public entity. Thus funds need to be invested in such a manner that money will always be available, without risk of trading loss, to pay normal cash requirements. A sufficient portion of all funds shall be invested in securities providing a high degree of availability, that is, in securities easily sold or converted to cash in a timely manner, with little or no loss of interest earnings.

Yield: In conformance with the statement of investment policy the Treasurer shall attempt to maximize investment income and at the same time minimize risk of principal.

Diversified Portfolio: To insure maximum diversification of the Treasury Portfolio no more than thirty-three (33) per cent of the total portfolio will be invested in any single financial institution. However State of California LAIF and Government Bonds shall not be limited.

The Treasurer places investments with the objective of obtaining a respectable rate of return, not attempting to maximize yield at the expense of either safety, liquidity, or availability, yet not totally ignoring those factors within the marketplace that may be indicative of either favorable or hazardous conditions. The portfolio will be managed very conservatively, but actively enough to avert avoidable losses due to adverse market conditions.

PRUDENCE

The Treasurer is subject to the "Prudent Person Rule" whenever making a decision regarding the investment of the County's funds. This rule states, in principle:

> *"In investing property for the benefit of others, a trustee shall exercise the judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence, would exercise in the management of their own affairs - not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable safety of, as well as the probable income from, their capital."*

The Treasurer, and those acting for the Treasurer, is considered to have a fiduciary, trustee, relationship with the public for the public funds, and all investment decisions will be made in a manner sustaining this responsibility.

DELEGATION OF AUTHORITY

While the Treasurer has final responsibility for all investment decisions, other Treasury personnel may aid in the day-to-day operations. Those staff members, in addition to the Treasurer, currently authorized to act on behalf of the County, as of the date entered on this Policy, are listed below. This list is subject to change, and those parties newly involved in transactions with the Treasurer's department should always obtain a current Trading Authorization and Agreement form, and be verbally introduced by a known Treasury employee, prior to accepting unconfirmed verbal instructions from any previously unknown Treasury staff member.

Title
Assistant Treasurer-Tax Collector

Only the persons listed on a current *Trading Authorization & Agreement,* and the Treasurer, may initiate trading activity with Treasurer's written consent and prior knowledge.

SECURITIES CUSTODY

Minimum legal requirement: As long as the securities for safekeeping are in the name of or under the control of County of Colusa and kept in a legally separate trust department, they can be held by the same firm from which they were purchased. (Sections 53601, 53608 and 53635). The Treasurer has contracted with Union Bank of California for 3rd party safekeeping that meets all legal requirements.

MAXIMUM MATURITIES

Maximum maturity over 5 years allowed per Colusa County Board of Supervisors Resolution NO. 93-83 dated 9-28-93. The Treasurer will limit maturity to 11 years or less, per the Treasurer's goals.

AUTHORIZED INVESTMENTS AND LIMITATIONS

The Government Codes of the State of California, primarily within sections 53600 ET. seq., establish the legality of certain types of investment vehicles for a California local agency's portfolio. Thereby, under no circumstances is the Treasurer permitted to purchase an investment that is not specifically authorized for a local agency under these, or other code sections that may apply, or might later be enacted, pertaining to local agency investments. Securities brokers dealing with the County should possess a complete understanding of these Code sections.

An attached Addendum briefly describes the types of securities legal within the Government Code sections noted above and outlines the various limitations included in these sections. Except for the restrictions noted below in this section, all legality permitted investment options described in the Government Code are authorized at this time. Funds placed in the State's Local Agency Investment Fund (LAIF) shall follow the limitations placed on these deposits by the State and may change in accordance with these restrictions.

Though these Government Code sections define the investment types and terms permissible to the Treasurer under this Policy, various temporary and more restrictive constraints may at times be deemed beneficial due to transient conditions within the marketplace. These flexible constraints are not part of this Policy but are presented in a document "Temporary Constraints and Restrictions on Investments", and will change on an "as needed" basis. These constraints or restrictions may only be ***more*** restrictive than those of the Policy, but may ***not*** be ***less*** restrictive. Securities Brokers and Dealers should be aware of these temporary conditions in order to save time and best serve the County.

Though the Government Code sections define the investment types and terms permissible to the Treasurer, the Treasurer currently will not:

- Invest in any security or investment wherein, by the terms of the investment, interest might not be earned during any period the security or investment exists.

- Purchase any security wherein under terms inherent to the security, or the investment agreement under which the security is purchased, circumstances could result wherein the investment runs a risk of earning a rate of return substantially below other investments obtainable on a fixed rate basis at the time of purchase or the drastically different than prevailing rate during any time prior to the maturity of the issue.
- Enter into a reverse repurchase agreement.
- Invest in futures or options.

AUTHORIZED DEALER LIST

It is prohibited for a transaction to be entered into with any securities broker, dealer or bank investment department or subsidiary prior to that enmity being designated an Authorized Dealer, and placed on the Authorized Dealer List. For a firm to become authorized it must first demonstrate that it will add value to the Treasurer's efforts to best manage the cash portfolio, as well as fulfill certain other minimum requirements. To qualify for Authorized Dealer status, a brokerage firm or bank must:

1) Be a dealer operation properly licensed to deal with local agencies in California, **and;**
2) Have a minimum of $10mm in capital, or, be a Primary Dealer of the Federal Reserve Bank of New York; **and;**
3) Be headquartered in the State of California, or, the City of New York, or be the direct issuer of a security type normally purchased by the Treasurer

Or;

Be a department or subsidiary of an insured bank with minimum assets of $50mm that the County has comprehensive banking relationships with

Or;

Be an established broker operation in New York or its environs, with a history of profitability, that is properly licensed to deal with local agencies in California, that has capital of not less than $500mm, and does not position securities for their own portfolio, but brokers securities for their established clients consisting primarily of traders for Primary Dealers and/or other major institutional fixed income brokerage operations, issuers and investors.

If meeting the above requirements, a salesperson may apply to become an Authorized Dealer by sending to the Treasurer their most recent annual and interim audited financial statements and a letter furnishing:

1) Their reasons for believing they would add value to the present coverage; **and,**
2) A general roster of those markets they participate in, and specifics on those types of securities they as a firm, regularly issue or regularly hold dealer trading positions in; [**or,** a list of those dealers they are able to represent, and the securities they regularly position;] **and,**
3) A list of five references, at least three being California local agency treasurers, including telephone numbers that the Treasurer or his representative may contact.

The Treasurer will instigate an investigation of the applying salesperson and the firm through various sources, including the California Department of Corporations and the N.A.S.D., to determine market participation, knowledge, reputation, and financial stability. All salespeople and their supervisors will be expected to have a working knowledge of the appropriate sections of the State of California Government Code, sufficient experience in covering public entities, a willingness to well serve their customers, a complete and total understanding of this Investment Policy, and demonstrate an ongoing ability to work with the Treasurer and staff. The Treasurer will review all new requests at the end of each quarter, and if the decision is made that additional dealers would be beneficial to best service the portfolio's needs, those dealers selected will be informed of their addition to the Authorized Dealer List. All dealers are subject to removal from the Authorized Dealer List at any time, solely at the discretion of the Treasurer.

The Treasurer, or Treasury staff, is prohibited from dealing with a salesman, broker, or account executive from any broker, dealer or bank investment department or bank subsidiary until the Acknowledgment form found on the last page of the Trading Authorization and Agreement is signed by all parties and received by the Treasurer. The Trading Authorization and Agreement is sent out to all approved dealers, and is an integral addition to this Policy Statement for Brokers/ Dealers, etc. doing investment business with the County Treasurer or Treasury staff.

Similar restrictions and forms may be required of those firms doing business with the County through retained financial advisors or managers. Certain selected firms may be chosen or appointed by the Treasurer to render specific services the Treasurer determines they are uniquely qualified to provide, wherein some of the requirements of this section may be waived.

Neither the Treasurer, nor any member of the Treasurer's staff, may accept any gift, honoraria, gratuity or service of value in violation of the regulations set forth by the Fair Political Practices Commission, the Government Code, additional limitations set forth by County ordinance, or internal requirements of the Treasurer. The Treasurer and all members of the Treasury staff are prohibited from conducting any business with any broker, dealer, or securities firm that has made a political contribution within any consecutive 48 month period beginning January 1, 1996, in an amount exceeding the limitation contained in Rule G 37 of the Municipal Securities Rulemaking Board, to the County Treasurer or any member of the Board of Supervisors, or any candidate for these offices.

THE COUNTY TREASURY OVERSIGHT COMMITTEE

Upon the instruction of the County Board of Supervisors, the Treasurer will nominate for approval by the Board, a County Treasury Oversight Committee. This committee will include from three to eleven members, as the Board of Supervisors, in consultation with the County Treasurer, shall determine is appropriate. Government Codes require that this Committee shall include selected persons only from the following categories:

a) The County Treasurer.

b) The County Auditor/Auditor-Controller/Finance Director.

c) An appointed representative of the Board of Supervisors.

d) The County Superintendent of Schools, or designee.

e) A representative of the special districts within the County that are required or authorized to deposit money in the County Investment Pool.

f) One to five bipartisan members of the public that have expertise in public finance and come from diverse economic backgrounds.

g) School Districts and community colleges.

Under State law, members of the Committee may not have contributed to the any election campaign for the position of Treasurer or for any candidate to the Board of Supervisors within the past three years. Members may not directly or indirectly raise money for any candidate for local treasurer or a candidate for member of the legislative body of any local agency with money in the County Pool while a member of the Committee, nor may a member secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the committee, or for one year after leaving the Committee. Members may not accept any gift, honoraria, gratuity or service of value in violation of the regulations set forth by the Fair Political Practices Commission, the Government Code, any additional limitations set forth by County ordinance, or internal requirements of the Treasurer.

The Treasurer will annually provide a copy of the Investment Policy for review and monitoring by the Oversight Committee. The Treasurer will provide a report monthly to the Board and bi-annually to the Oversight Committee, identifying all investments held in the County Investment Pool, or elsewhere by the Treasurer, or as required by the Board of Supervisors. The Oversight Committee shall, via this report and other appropriate means, monitor the activities of the Treasurer, and cause to be performed an annual audit to determine the Treasurer's compliance with the Investment Policy, and other appropriate regulations.

Committee meetings shall be open to the public and in compliance with the appropriate sections of the Ralph M. Brown Act. By Code, all costs related to the duties of the Oversight Committee will be considered normal charges against earnings of the Investment Pool.

The Oversight Committee shall have no authority to direct the process or daily operation of any portion of the Treasury department, nor shall the Committee play any role in determining which banks, firms or individuals the Treasurer does business with, nor shall the Committee be involved in determining which investments the Treasurer purchases, but shall act only to review the actions of the Treasurer to determine that they are in accordance with the Investment Policy and all other legal requirements or regulations.

TERMS FOR FUNDS INVESTED WITH THE COUNTY INVESTMENT POOL

The Government Code requires the County Treasurer to define the limits and conditions under which local agencies having their money in the Investment Pool may deposit and withdraw their funds. The Government Codes confer upon the Treasurer the final authority as to how funds for which the Treasurer is held responsible for overseeing, are to be invested. The Treasurer must take into consideration the current financial condition of the sum total of the Pool's agencies, the conditions of the market place, as well as the cash flow projections and the potential for changes in the Pool's cash needs. The Treasurer must protect the earnings of each individual local agency in the Pool, and also see that no decision will reward a particular agency or group of agencies within the Pool at the expense of another or others within the Pool. If the Treasurer determines that a request for a withdrawal of funds for a specific or outside investment is not, in the Treasurer's opinion, in the best interest of a particular agency, or is overly detrimental to the pool as a whole, the Treasurer must legally deny the request, or find a means of neutralizing the harm to all others affected.

Any funds deposited in accounts that are consolidated into the County Investment Pool that are not immediately required to meet cash flows of the Pool will be invested by the Treasurer or the Treasurer's staff. All Pool entities agree that by placing funds in such accounts that they agree to proportionately participate in all investments within the Investment Pool.

FUNDS OF AGENCIES REQUIRED TO INVEST WITHIN THE POOL

Funds will be accepted at all times, in the manner prescribed, from those local agencies where the County Treasurer is also the Treasurer for the local agency, or from any agencies that by statute must place their money in the County Pool. Funds will earn interest based on the average daily balance, paid on a quarterly basis.

Under language added to the Government Code in 1995, it is not permissible for local agency legislative bodies, required to have their funds within the Pool, to withdraw funds from the Pool in order to invest outside the County Pool in any manner, at any time, without the specific permission of the Treasurer. Any such investments shall either be terminated and all funds returned to the Pool, or the securities so purchased shall be transferred to the custody of the County Treasurer immediately. Upon receipt of any such securities by the Treasurer, the Treasurer shall at the Treasurer's option, place the investment in the Pool, terminate the investment at the current market value and credit the local agency with the proceeds, or place the security in the name of the local agency as a specific investment.

MONEY VOLUNTARILY INVESTED WITH THE COUNTY INVESTMENT POOL

By Code, the County Treasurer shall set conditions under which money from local agencies, not required to have their funds in the Investment Pool, may deposit and withdraw voluntarily invested funds.

Local agencies from outside the County will be permitted to deposit funds in the County Pool. Funds from local agencies within the County, voluntarily wishing to participant in the Pool, shall be accepted under the terms existing in this Policy. Voluntary money maybe withdrawn under conditions set forth in Sections 27133 and 27136 of the Government Codes.

APPORTIONING OF COSTS AND INTEREST

All costs related to investing, maintaining and accounting for the investments purchased for the Investment Pool, as authorized by Government Code Section 27013, shall be apportioned equally on the average daily balance method quarterly to all participants with funds in the Investment Pool, including those held in specific investments. Except for the Treasurer’s quarterly cost will be set by the Board of Supervisors each year during budget hearings.

Interest earning shall be apportioned on the same basis and also distributed quarterly.

REPORTING

The Treasurer will report to the Board of Supervisors monthly and the Oversight Committee bi-annually the holdings, status, and earnings of the portfolio. The Statement of Investment Policy will be provided at the start of each calendar year annually for the approval of the Board of Supervisors and for review by the Oversight Committee. Should circumstances require revision within this Policy during the year, the changes will be presented to the Oversight Committee, and approval obtained from the Board of Supervisors prior to these alterations being adopted.

Addendum

Investment Type	Max. % of Portfolio	Max. Maturity	Quality Requirements
a) Bonds issued by a local agency	None	None	None
b) Treasury obligations	None	None	None
c) State of California Obligations	None	None	None
d) Obligation of Calif. local agency	None	None	None
e) Obligations issued by Federal Agencies, and U.S. and Government sponsored enterprises.	None	None	None
f) Bankers Acceptances	40%	180 days max.	None
g) Commercial Paper	40% max. 10% of portfolio per issuer max. 10% of issuer's program	270 days max.	U.S. Corporations with $500MM in assets A or higher long term rating if any, A1/P1/F1 or better C.P. rating by Moody's/S&P/Fitch.
h) Negotiable C.D.s	30%	5 years	None
i) Repurchase Agreements	None	1 year	Collateral must be a legal investment
Reverse Repurchase Agreements	20% of base	92 days maximum, or to maturity	
j) Medium Term Note	30%	5 years	U.S. Corporations, or Banks licensed within any State of the U.S., "A" or better rating by major rating service.
k) Mutual Funds	20%, 10% per fund	NA	A defined money market fund; or invest only in a-j, m, n, of this list, as restricted; Highest letter and number ranking of 2 of 3 rating services; or a SEC Registered Advisor with 5 Yrs. experience, managing assets of $500MM or more; No load.
l) Investments as permitted by provision in agreements of indebtedness	As per bond agreement	NA	Not contrary to 53635 and other pertinent law.
m) Asset secured indebtedness	None	None	As required by 53652
n) Collateralized Mortgage obligations	20%	5 years	Issuer must be rated "A" minimum, security must be "AA" by national rating service.
o) Contracted Non-neg. Time Deposits	None	None	None

These tables are not meant to be a replacement for the Government Code. Involved parties should obtain a valid, updated copy of the pertinent Code sections to fully understand all the details included within these Codes.

Temporary Constraints and Restrictions on Investments

[

a. **Mutual Funds**. The Treasurer currently imposes no additional restrictions on Mutual Fund purchases beyond those in the Codes.

bl. **Investment of Bond indebtedness.** The Treasurer will consider GICs and other similar investments as bond documentation permits.

c. **Futures and Options**. Under the terms of the Investment Policy the Treasurer does not invest in futures or options.

d. **Maturity over one year**. Any investment made with a maturity exceeding one year, not made by the Treasurer, shall require prior approval of the Treasurer.

e. **Permitted Percentages.** State law states that all required percentages included within investment related sections of the Government Codes are only binding on the day the investment is made, and that future changes in the size of the portfolio do not require the Treasurer to readjustment the total percentage of each security type within the portfolio to reflect the change in size. Neither is it necessary to sell an investment when changes occur such that the security no longer meets the minimum requirements of the Codes, or the Codes are changed such as to no longer include certain current holdings. The Treasurer shall weigh the change in risk and determine whether or not a security should be sold or retained within the Portfolio after a change in conditions or the Codes result in a particular security no longer meeting existing or new regulations.

g. Only Government Bonds or Quasi Government bonds issued by GNMA, FNMA, FHLB, FHLMC, Federal Farm Credit Bank shall be permitted investments.

h. LAIF shall be a permitted investment from the State of California.

i. Corporate Bonds are not a permitted investment.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Trustees of the
Williams Unified School District
499 Marguerite Street, Suite C
Williams, California 95987

OPINION: $3,000,000 Williams Unified School District (Colusa County, California) General Obligation Bonds, Election of 2016, Series C (2019)

Members of the Board of Trustees:

We have acted as bond counsel to the Williams Unified School District (the "District") in connection with the issuance by the District of $3,000,000 principal amount of Williams Unified School District (Colusa County, California) General Obligation Bonds, Election of 2016, Series C (2019) (the "Bonds"), pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code (the "Act"), and a resolution adopted by the Board of Trustees of the District on June 12, 2019 (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 District contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, that:

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

2. The Resolution has been duly adopted by the District and creates a valid first lien on the funds pledged under the Resolution for the security of the Bonds.

3. The Bonds have been duly authorized, executed and delivered by the Board and are valid and binding general obligations of the District. The Board of Supervisors of Colusa County is required under the Act to levy a tax upon all taxable property in the District for the interest and redemption of all outstanding bonds of the District, including the Bonds. The Bonds are payable from an *ad valorem* tax levied without limitation as to rate or amount.

4. Subject to the District's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. It is also our opinion that the Bonds are "qualified tax-exempt obligations" under section 265(b)(3) of the Code.

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

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to the bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. 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,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the WILLIAMS UNIFIED SCHOOL DISTRICT (the "District") in connection with the issuance by the District of its $3,000,000 Williams Unified School District (Colusa County, California) General Obligation Bonds, Election of 2016, Series C (2019) (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on June 12, 2019 (the "Bond Resolution"). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and in the Indenture which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, 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 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is nine months after the end of the District's fiscal year (currently March 31 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" shall mean, initially, Isom Advisors, A Division of Urban Futures, Inc., or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"*Fiscal Year*" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official fiscal year period under a Certificate of the District filed with the Trustee.

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

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

"*Participating Underwriter*" shall mean O'Connor & Company Securities, Inc., as 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 it may be amended from time to time.

"*Significant Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. 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 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, 2020, with the report for fiscal year 2018-19 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. 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 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the 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 Significant 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 in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(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) The District's 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 prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

(i) The District's approved budget for the then current fiscal year;
(ii) Assessed value of taxable property in the District as shown on the recent equalized assessment role; and
(iii) Property tax levies, collections and delinquencies for the District, for the most recent completed fiscal year.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) 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 Significant Events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service 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;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;

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

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

(xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

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

(b) Whenever the District obtains knowledge of the occurrence of a Significant 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 Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier "if material." 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 the District determines the event's occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) 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 this 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 Significant Event under Section 5(b).

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. Any Dissemination Agent may resign by providing 30 days' written notice to the District.

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 Indenture for amendments to the Indenture 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.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant 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 Significant 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 Significant 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 Significant 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 Indenture, 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) Article VIII of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. 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 shall 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 Bond holders 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 the holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: [Closing Date]

WILLIAMS UNIFIED SCHOOL DISTRICT

By ______________________________

Dr. Edgar Lampkin,
Superintendent

ACKNOWLEDGED:

ISOM ADVISORS, A Division of Urban Futures Incorporated, as Dissemination Agent

By ______________________________

Authorized Signatory

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Williams Unified School District
Name of Issue:	Williams Unified School District (Colusa County, California) General Obligation Bonds, Election of 2016, Series C (2019)
Date of Issuance:	[Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _______________.

Dated: __________________________

ISOM ADVISORS, A Division of Urban Futures Incorporated, Dissemination Agent

By ____
Authorized Officer

cc: Paying Agent

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APPENDIX G

BOOK-ENTRY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined below) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other Bond related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect 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.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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 and www.dtc.org.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede &Co. or such other name as requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect 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 or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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 the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

The District may decide to discontinue use of the system of book-Entry Only transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered to DTC.

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

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the District determines that DTC shall no longer act and delivers a written certificate to the Paying Agent to that effect, then the District will discontinue the Book-Entry System with DTC for the Bonds. If the District determines to replace DTC with another qualified securities depository, the District will prepare or direct the preparation of a new single separate, fully registered Bond for each maturity of the Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the Resolution. If the District fails to identify another qualified securities depository to replace the incumbent securities depository for the Bonds, then the Bonds shall no longer be restricted to being registered in the Bond registration books in the name of the incumbent securities depository or its nominee but shall be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the Bonds shall designate.

In the event that the Book-Entry System is discontinued, the following provisions would also apply: (i) the Bonds will be made available in physical form, (ii) payment of principal of and interest on the Bonds will be payable upon surrender thereof at the trust office of the Paying Agent identified in the Resolution, and (iii) the Bonds will be transferable and exchangeable as provided in the Resolution.

The District and the Paying Agent do not have any responsibility or obligation to DTC Participants, to the persons for whom they act as nominees, to Beneficial Owners, or to any other person who is not shown on the registration books as being an owner of the Bonds, with respect to (i) the accuracy of any records maintained by DTC or any DTC Participants; (ii) the payment by DTC or any DTC Participant of any amount in respect of the principal of and interest on the Bonds; (iii) the delivery of any notice which is permitted or required to be given to registered owners under the Resolution; (iv) any consent given or other action taken by DTC as registered owner; or (v) any other matter arising with respect to the Bonds or the Resolution. The District and the Paying Agent cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of and interest on the Bonds paid to DTC or its nominee, as the registered owner, or any notices to the Beneficial Owners or that they will do so on a timely basis or will serve and act in a manner described in this Official Statement. The District and the Paying Agent are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner in respect to the Bonds or any error or delay relating thereto.

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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