The Information contained in this Preliminary Official Statement has been deemed by the District to be final as of the date hereof; however, the information contained herein is subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Draft April 10

PRELIMINARY OFFICIAL STATEMENT DATED _________, 2020

NEW ISSUE
DTC BOOK-ENTRY ONLY

S&P Rating: "___" (______ outlook)
Moody's Rating: "___" (______ outlook)
See "RATINGS" herein

In the opinion of Dannis Woliver Kelley, Bond Counsel to the District, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Bonds with certain covenants contained in the Resolutions authorizing the Bonds and subject to the matters set forth under "LEGAL MATTERS—Tax Matters" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and will not be included in computing the alternative minimum taxable income of the owners thereof. See "LEGAL MATTERS—Tax Matters" herein.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
(YOLO AND SOLANO COUNTIES, CALIFORNIA)

100,600,000*	__,___,000*
GENERAL OBLIGATION BONDS ELECTION OF 2018, SERIES 2020	2020 GENERAL OBLIGATION REFUNDING BONDS

DATED: Date of Delivery **DUE: August 1, as shown on the inside cover pages**

The Davis Joint Unified School District (Yolo and Solano Counties, California) General Obligation Bonds, Election of 2018, Series 2020 in the aggregate principal amount of $100,600,000* (the "2020 Bonds") are being issued by the Davis Joint Unified School District (the "District") to (i) finance certain of the school facilities projects set forth in the ballot measure approved by the District's voters at an election held on November 6, 2018, and (ii) pay certain costs of issuance of the 2020 Bonds. The Davis Joint Unified School District (Yolo and Solano Counties, California) 2020 General Obligation Refunding Bonds in the aggregate principal amount of $__,___,000 (the "Refunding Bonds") are being issued by the District to (i) refund certain outstanding general obligation bonds of the District and (ii) pay certain costs of issuance of the Refunding Bonds. See "PLAN OF FINANCE" herein.

The 2020 Bonds and the Refunding Bonds (together, the "Bonds") are general obligation bonds of the District payable from *ad valorem* property taxes levied and collected by Yolo County and Solano County. The Board of Supervisors of Yolo County and the Board of Supervisors of Solano County are empowered and obligated to annually levy and collect *ad valorem* property taxes without limitation as to rate or amount on all taxable property in the District (except for certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.

The Bonds are being issued as current interest bonds in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1 in the years and amounts set forth on the inside cover pages hereof. Interest on the Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2021. The 2020 Bonds are subject to redemption prior to maturity. The Refunding Bonds are not subject to redemption prior to maturity. See "THE BONDS—Payment of Principal and Interest" and "—Redemption Provisions" herein.

The Bonds are being issued as fully registered bonds, without coupons, in book-entry form only. When delivered, the Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), acting as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry only form and only in authorized denominations as described in this Official Statement. So long as Cede & Co. is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made by U.S. Bank National Association as paying agent (the "Paying Agent") to DTC for subsequent disbursement to DTC participants who will remit such payments to the Beneficial Owners. See "APPENDIX E—DTC BOOK-ENTRY ONLY SYSTEM" attached hereto.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELEVANT TO AN INVESTMENT IN THE BONDS. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. CAPITALIZED TERMS USED ON THIS COVER PAGE NOT OTHERWISE DEFINED WILL HAVE THEIR MEANINGS SET FORTH HEREIN.

MATURITY SCHEDULES
See Inside Cover Pages

The Bonds are being purchased for reoffering by _________ as underwriter of the Bonds (the "Underwriter"). The Bonds are offered when, as and if issued by the District and received by the Underwriter, subject to the approval as to their legality by Dannis Woliver Kelley, Bond Counsel to the District, and subject to certain other conditions. It is anticipated that the Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about May 19, 2020.

This Official Statement is dated ________, 2020.

*Preliminary, subject to adjustment.

MATURITY SCHEDULES

$100,600,000*
DAVIS JOINT UNIFIED SCHOOL DISTRICT
(YOLO AND SOLANO COUNTIES, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2020

Maturity Date August 1	Principal Amount*	Interest Rate	Yield	Price	CUSIP+
2021	$_,___,000				238848 ___
2022	,000				238848 ___
2023	,000				238848 ___
2024	,000				238848 ___
2025	,000				238848 ___
2026	,000				238848 ___
2027	,000				238848 ___
2028	,000				238848 ___
2029	,000				238848 ___
2030	,000				238848 ___
2031	,000				238848 ___
2032	,000				238848 ___
2033	,000				238848 ___
2034	,000				238848 ___
2035	,000				238848 ___
2036	,000				238848 ___
2037	,000				238848 ___
2038	,000				238848 ___
2039	,000				238848 ___
2040	,000				238848 ___
2041	,000				238848 ___
2042	,000				238848 ___
2043	,000				238848 ___

* Preliminary; subject to adjustment

$__,___,000*
DAVIS JOINT UNIFIED SCHOOL DISTRICT
(YOLO AND SOLANO COUNTIES, CALIFORNIA)
2020 GENERAL OBLIGATION REFUNDING BONDS

Maturity Date August 1	Principal Amount*	Interest Rate	Yield	Price	CUSIP+
2021	$___,000				238848 ___
2022	,000				238848 ___
2023	,000				238848 ___
2024	,000				238848 ___
2025	,000				238848 ___
2026	,000				238848 ___
2027	,000				238848 ___

* Preliminary; subject to adjustment

+ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. Copyright© 2020 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

Use of Official Statement. This Official Statement is submitted with respect to 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 to be construed as a contract between any owner of Bonds and the District or the Underwriter.

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 law of any state.

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

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 herein, and if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriter.

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

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

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based change.

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

Stabilization of and Changes to Offering Prices. In connection with the offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers, institutional investors, banks or others at prices lower or higher than the public offering prices stated on the inside cover pages hereof, and such public offering prices may be changed from time to time by the Underwriter.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
(YOLO AND SOLANO COUNTIES, CALIFORNIA)

100,600,000[*]
GENERAL OBLIGATION BONDS
ELECTION OF 2018, SERIES 2020

__,___,000[*]
2020 GENERAL OBLIGATION
REFUNDING BONDS

DISTRICT BOARD OF EDUCATION

Cindy Pickett, President
Joe DiNunzio, Vice-President
Tom Adams, Trustee
Alan Fernandes, Trustee
Bob Poppenga, Trustee

DISTRICT ADMINISTRATION

John A. Bowes, Ed.D., Superintendent
Bruce Colby, Chief Business and Operations Officer
Matt Best, Deputy Superintendent of Administrative Services
Rody Boonchouy, Ed.D., Associate Superintendent of Instructional Services

Davis Joint Unified School District
526 B Street
Davis, California 95616
(530) 757-5300

MUNICIPAL ADVISOR

Government Financial Strategies inc.
1228 N Street, Suite 13
Sacramento, California 95814
(916) 444-5100

BOND COUNSEL

Dannis Woliver Kelley
750 B Street, Suite 2310
San Diego, California 92101
(619) 595-0202

PAYING AGENT

U.S. Bank National Association
101 N. 1st Avenue, Suite 1600
Phoenix, Arizona 85003
(415) 677-3597

ESCROW AGENT

The Bank of New York Mellon Trust Company, N.A.
2001 Bryan Street, 10th Floor
Dallas, Texas 75201
(214) 468-6145

[*] Preliminary; subject to adjustment

DAVIS JOINT UNIFIED SCHOOL DISTRICT
(YOLO AND SOLANO COUNTIES, CALIFORNIA)

100,600,000*	__,___,000*
GENERAL OBLIGATION BONDS	2020 GENERAL OBLIGATION
ELECTION OF 2018, SERIES 2020	REFUNDING BONDS

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* Preliminary; subject to adjustment

OFFICIAL STATEMENT

DAVIS JOINT UNIFIED SCHOOL DISTRICT
(YOLO AND SOLANO COUNTIES, CALIFORNIA)

100,600,000*	__,___,000*
GENERAL OBLIGATION BONDS	2020 GENERAL OBLIGATION
ELECTION OF 2018, SERIES 2020	REFUNDING BONDS

INTRODUCTORY STATEMENT

General

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and attached appendices (the "Official Statement") is to provide certain information concerning the sale and delivery of the Davis Joint Unified School District (Yolo and Solano Counties, California) General Obligation Bonds, Election of 2018, Series 2020 in the aggregate principal amount of $100,600,000* (the "2020 Bonds") and the Davis Joint Unified School District (Yolo and Solano Counties, California) 2020 General Obligation Refunding Bonds in the aggregate principal amount of $__,___,000* (the "Refunding Bonds" and, together with the 2020 Bonds, the "Bonds").

This INTRODUCTORY STATEMENT is not a summary of this Official Statement—it is only a brief description of and guide to this Official Statement. This INTRODUCTORY STATEMENT is qualified by more complete and detailed information contained in this entire Official Statement. A full review of this entire Official Statement should be made by a person interested in investing in the Bonds. The offering of the Bonds to potential investors is made only by means of this entire Official Statement.

The District

Davis Joint Unified School District (the "District"), established in 1962, is a political subdivision of the State of California (the "State"). Encompassing approximately 130 square miles, the District serves a population of approximately 81,650 people residing in the southern portion of Yolo County and a small portion of northeastern Solano County. The District provides education to approximately 8,000 students in transitional kindergarten through twelfth grade, as well as additional students in preschool programs, adult education and a charter school. The District operates nine elementary schools, three junior high schools, one traditional senior high school, a charter school, an independent study school, an alternative continuation high school, a children's center and an adult school. The District is governed by a five-member Board of Education (the "District Board"). See "THE DISTRICT" and "DISTRICT FINANCIAL INFORMATION" herein.

Purpose of Issue

The 2020 Bonds are being issued by the District to (i) finance certain of the school facilities projects set forth in the ballot measure approved by the District's voters at an election held on November 6, 2018, and (ii) pay certain costs of issuance of the 2020 Bonds. The Refunding Bonds are being issued by the District to (i) refund certain outstanding general obligation bonds of the District (the "Refunded Bonds") and (ii) pay certain costs of issuance of the Refunding Bonds. See "THE BONDS—Authority for Issuance" and "PLAN OF FINANCE" herein.

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* Preliminary; subject to adjustment

Authority for Issuance

The 2020 Bonds are being issued by the District under and pursuant to the California Constitution (the "State Constitution"), certain provisions of the California Government Code (the "Government Code") and the California Education Code (the "Education Code"), and a resolution adopted by the District Board on April 16, 2020 (the "2020 Bonds Resolution"). The Refunding Bonds are being issued by the District under and pursuant to certain provisions of the Government Code and a resolution adopted by the District Board on April 16, 2020 (the "Refunding Bonds Resolution" and, together with the 2020 Bonds Resolution, the "Resolutions"). See "THE BONDS—Authority for Issuance" herein.

Description of the Bonds

The Bonds are being issued as fully registered bonds, without coupons, in book-entry form only. When delivered, the Bonds will be initially registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"). So long as Cede & Co. is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as paying agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC participants who will remit such payments to the beneficial owners of the Bonds (the "Beneficial Owners"). See "APPENDIX E—DTC BOOK-ENTRY ONLY SYSTEM" attached hereto.

The Bonds are being issued as current interest bonds in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds are dated their date of delivery and mature on August 1 in each of the years and in the amounts set forth on the inside cover pages hereof. Interest on the Bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2021. Interest on the Bonds is computed on the basis of a 360-day year comprised of 12 months of 30 days each. See "THE BONDS—Payment of Principal and Interest" herein.

The 2020 Bonds are subject to redemption prior to maturity. The Refunding Bonds are not subject to redemption prior to maturity. See THE BONDS—Redemption Provisions" herein.

Source of Payment for the Bonds

The Bonds are general obligation bonds of the District payable from *ad valorem* property taxes, levied pursuant to the provisions of the State Constitution and other State law, which the Board of Supervisors of Yolo County (the "Yolo County Board") and the Board of Supervisors of Solano County (the "Solano County Board") are empowered and obligated to annually levy and collect, without limitation as to rate or amount, on all taxable property in the District (except for certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds and from amounts on deposit in the Interest and Sinking Fund (as defined herein). See "SECURITY AND SOURCE OF PAYMENT" herein.

Impact of COVID-19

An outbreak of a respiratory disease caused by a new strain of coronavirus ("COVID-19") was first detected in China in late 2019 and has subsequently spread globally. The federal and State governments have both declared emergencies and taken action to limit the spread of the outbreak and reduce the resulting economic impact. The District cannot predict the outbreak's extent or duration or what impact the outbreak as well as responses by federal, State or local authorities may have on the District's financial condition or on the assessed value of real property in the District. See "DISCLOSURE RELATED TO COVID-19" herein.

Bond Insurance

The decision as to whether or not payment of debt service on the Bonds will be insured will be determined by the Underwriter of the Bonds at the time of the sale of the Bonds.

Tax Matters

In the opinion of Dannis Woliver Kelley, Bond Counsel to the District ("Bond Counsel"), under existing law, interest on the Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Bonds with certain covenants contained in the Resolutions authorizing the Bonds and subject to the matters set forth under "LEGAL MATTERS—Tax Matters" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and will not be included in computing the alternative minimum taxable income of the owners thereof. See "LEGAL MATTERS—Tax Matters" herein. The form of the proposed opinion of Bond Counsel relating to the Bonds is included with this Official Statement. See "APPENDIX C—FORM OF OPINION OF BOND COUNSEL" attached hereto.

Continuing Disclosure

The District will covenant for the benefit of the Underwriter, the Registered Owners (as defined herein) and the Beneficial Owners to make available annually certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with Securities and Exchange Commission (the "SEC") Rule 15c2-12(b)(5). The specific nature of the information to be made available annually and the enumerated events for which notice will be given are set forth in "APPENDIX B—FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. See also "CONTINUING DISCLOSURE" herein.

Professionals Involved

Government Financial Strategies inc., Sacramento, California, has acted as municipal advisor (the "Municipal Advisor") to the District with respect to the sale and delivery of the Bonds. See "MUNICIPAL ADVISOR" herein. Certain proceedings in connection with the sale and delivery of the Bonds are subject to the approving legal opinion of Dannis Woliver Kelley, as Bond Counsel. U.S. Bank National Association will act as paying agent with respect to the Bonds. The Bank of New York Mellon Trust Company, N.A. will act as escrow agent (the "Escrow Agent") with respect to the Refunded Bonds. Dannis Woliver Kelley, U.S. Bank National Association and The Bank of New York Mellon Trust Company, N.A. will receive compensation contingent upon the sale and delivery of the Bonds.

Other Information

This Official Statement may be considered current only as of its date that has been made a part of the cover page hereof, and the information contained herein is subject to change. A description of the Bonds and the District, together with summaries of certain provisions of the Resolutions and other legal documents related to the Bonds (collectively, the "Legal Documents") are included in this Official Statement. Such summaries do not purport to be comprehensive or definitive, and all references made herein to the Legal Documents approved by the District are qualified in their entirety by reference to such document, and all references made herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Legal Documents.

Interested parties may obtain copies of the Legal Documents, audited financial statements, annual budgets, or other information which is generally made available to the public by contacting Davis Joint Unified School District, 526 B Street, Davis, California 95616, telephone (530) 757-5300, Attention: Chief Business and Operations Officer, or by contacting the Municipal Advisor, Government Financial Strategies inc., 1228 N Street, Suite 13, Sacramento, California 95814-5609, telephone (916) 444-5100.

THE BONDS

Purpose of Issue

The 2020 Bonds are being issued by the District to (i) finance certain of the school facilities projects set forth in the ballot measure approved by the District's voters at an election held on November 6, 2018, and (ii) pay certain costs of issuance of the 2020 Bonds. The Refunding Bonds are being issued by the District to (i) refund certain outstanding general obligation bonds of the District referred to as the "Refunded Bonds" and (ii) pay certain costs of issuance of the Refunding Bonds. See "—Authority for Issuance" and "PLAN OF FINANCE" herein.

Authority for Issuance

2020 Bonds. The 2020 Bonds are being issued by the District in accordance with the provisions of Article XIIIA, Section 1 of the State Constitution, the provisions of Government Code Section 53506 *et seq*., and all laws amendatory to or supplemental thereof, certain provisions of the Education Code, including Section 15264 *et seq.,* and all laws amendatory to or supplemental thereof, and pursuant to the provisions of the 2020 Bonds Resolution.

Pursuant to provisions of State law, the District Board adopted a resolution calling for an election to authorize the issuance of $150.9 million in aggregate principal amount of general obligation bonds for authorized school purposes. On November 6, 2018, at an election duly held pursuant to State law (the "2018 Election"), more than 55 percent of the votes received from qualified voters within the boundaries of the District voted to approve "Measure M" as follows:

> *"To update classrooms, science/innovation labs, and facilities to meet current academic standards, improve accessibility for students, upgrade school safety/security, keep schools well-maintained, and modernize classroom learning technology, shall Davis Joint Unified School District issue $150,900,000 in bonds, at legal interest rates, raising $11,000,000 on average annually to repay bonds while outstanding, at an estimated rate of $60 per $100,000 of assessed value, with citizen oversight, annual audits, no funds for administrator salaries, and funds staying local?"*

The Yolo County Registrar of Voters and the Solano County Registrar of Voters certified the results of the election as follows:

General Obligation Bond Election of 2018
Davis Joint Unified School District

Yes Votes	No Votes
12,846 (72.32%)	4,916 (27.68%)

Source: Yolo County Registrar of Voters and Solano County Registrar of Voters.

On March 4, 2019, the District issued the first series of bonds authorized by the 2018 Election, the Davis Joint Unified School District (Yolo and Solano Counties, California) General Obligation Bonds, Election of 2018, Series 2019 (the "2019 Bonds") in the aggregate principal amount of $50,300,000.

The 2020 Bonds represent the second series of bonds to be issued by the District under the authorization of the 2018 Election. Upon the issuance of the 2020 Bonds, the District will have no authorization remaining under the 2018 Election*.

The Refunding Bonds. The Refunding Bonds are being issued by the District in accordance with the provisions of Government Code Sections 53550 and 53580 *et seq.,* and all laws amendatory to or supplemental thereof, and pursuant to the provisions of the Refunding Bonds Resolution. The District may issue bonds payable from *ad valorem* taxes without a vote of the electors solely in order to refund other outstanding bonds which were originally approved by such a vote, provided that the total net interest cost to maturity plus the principal amount of the refunding bonds does not exceed the total net interest cost to maturity plus the principal amount of the bonds being refunded.

* Preliminary; subject to adjustment

Form and Initial Registration

Pursuant to the Resolutions, the Paying Agent will keep and maintain for and on behalf of the District, at the principal corporate trust office of the Paying Agent, registration books (the "Registration Books") for recording the owners of the Bonds (the "Registered Owners"), the transfer and exchange of the Bonds, and the payment of the principal of and interest on the Bonds to the Registered Owners. All transfers and exchanges of the Bonds will be noted in the Registration Books.

The Bonds will be initially executed and delivered as one fully registered bond for each maturity of each series, without coupons, in the name of Cede & Co., as nominee of DTC, acting as securities depository for the Bonds. Purchases of Bonds under the DTC book-entry system must be made by or through a DTC participant in the principal amount of $5,000 or integral multiples thereof for each maturity, and ownership interests in Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Bonds, Beneficial Owners will not receive physical certificates representing their ownership interests in the Bonds. See "APPENDIX E—DTC BOOK-ENTRY ONLY SYSTEM" attached hereto.

So long as the Bonds are registered in the name of Cede & Co., or its registered assigns, as nominee for DTC, references in this Official Statement to the Registered Owners mean Cede & Co., or its registered assigns, and do not mean the Beneficial Owners of the Bonds.

Payment of Principal and Interest

The Bonds are dated their date of delivery and mature on August 1 in each of the years and in the amounts set forth on the inside cover pages hereof. Interest on the Bonds is computed from their dated date on the basis of a 360-day year comprised of 12 months of 30 days each. Interest on the Bonds is payable semiannually on February 1 and August 1 of each year (each, an "Interest Date"), commencing February 1, 2021, at the annual interest rates shown on the inside cover pages hereof.

Each Bond bears interest from the Interest Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the fifteenth day of the calendar month immediately preceding such Interest Date whether or not such day is a business day (the "Record Date") and on or prior to the succeeding Interest Date, in which event it bears interest from such Interest Date, or unless it is authenticated on or before the Record Date preceding the first Interest Date, in which event it bears interest from its dated date; provided, however, that if, at the time of authentication of any Bond, interest is in default on any outstanding Bond, such Bond bears interest from the Interest Date to which interest has previously been paid or made available for payment on the outstanding Bonds.

The principal or redemption price of and interest on the Bonds is payable in lawful money of the United States of America by wire transfer on each payment date to Cede & Co., or its registered assigns, as nominee of DTC, so long as Cede & Co. is the sole Registered Owner. In the event the book-entry system is no longer in use, interest on the Bonds is payable on each Interest Date in lawful money of the United States of America to the Registered Owner thereof as of the Record Date preceding such Interest Date, such interest to be paid by check or draft mailed on such Interest Date (if a business day, or on the next business day if the Interest Date does not fall on a business day) to such Registered Owner at such Registered Owner's address as it appears on the Registration Books or at such address as the Registered Owner may have filed with the Paying Agent, provided, however, that such payment will be made by wire transfer of immediately available funds to any Registered Owner of at least $1,000,000 of a series of Bonds who has requested in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any Interest Date. The principal of the Bonds is payable upon the surrender thereof at the principal corporate trust office of the Paying Agent.

Redemption Provisions

Optional Redemption. The 2020 Bonds maturing on or before August 1, 2028, are not subject to redemption at the option of the District prior to their respective maturity dates. The 2020 Bonds maturing on or after August 1, 2029, are subject to redemption prior to their respective stated maturities, at the option of the District, as a whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any source of available funds, on any date on or after August 1, 2028, at a redemption price equal to the principal amount of the 2020 Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

The Refunding Bonds are not subject to redemption at the option of the District prior to their respective maturity dates.

Mandatory Sinking Fund Redemption. The 2020 Bond maturing by its term on August 1, 20__ (the "20__ Term Bond") is subject to mandatory redemption prior to its stated maturity, in part, by lot, from mandatory sinking fund payments on August 1 in the years, and in the amounts, as set forth in the following table, at a redemption price equal to 100 percent of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; provided, however, that if some but not all of the 20__ Term Bond has been optionally redeemed, the aggregate principal amount of the 20__ Term Bond to be redeemed will be reduced as specified by the District, or if not specified, on a *pro rata* basis in integral multiples of $5,000.

Mandatory Sinking Fund Redemption Schedule
$______ 20__ Term Bond

Redemption Date (August 1)	Mandatory Redemption Payment
20__	$_______
20__ [1]	$_______

[1]Indicates maturity of the $_______ 20__ Term Bond.

Selection of Bonds for Redemption. If less than all of the 2020 Bonds are subject to redemption at the option of the District and are called for redemption, such 2020 Bonds will be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Bonds of any given maturity are called for redemption, the portions of such Bonds of a given maturity to be redeemed will be determined by lot.

Notice of Redemption. Notice of any redemption of the 2020 Bonds is required to be mailed by the Paying Agent, postage prepaid, not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to Yolo County and the respective Registered Owners thereof at the addresses appearing on the Registration Books, and (ii) as may be further required in accordance with the continuing disclosure certificate of the District. See "APPENDIX B—FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Each notice of redemption will state (i) the date of such notice; (ii) the name of the 2020 Bonds and the date of issue of the 2020 Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of 2020 Bonds to be redeemed; (vi) in the case of 2020 Bonds redeemed in part only, the respective portions of the principal amount of the 2020 Bonds of each maturity to be redeemed; (vii) the CUSIP number, if any, of each 2020 Bond to be redeemed; (viii) a statement that such 2020 Bonds must be surrendered by the Registered Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (ix) notice that further interest on such 2020 Bonds will not accrue after the designated redemption date; and (x) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

Effect of Notice. A certificate of the Paying Agent or the District that notice of redemption has been given to the Registered Owners will be conclusive as against all parties. Neither the failure to receive the notice of redemption nor any defect in such notice affects the sufficiency of the proceedings for the redemption of the Bonds or the cessation of interest on the date fixed for redemption. When notice of redemption has been given substantially as provided for in the Resolutions, and when the redemption price of the 2020 Bonds called for redemption is set aside for such purpose, the 2020 Bonds designated for redemption will become due and payable on the specified redemption date and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such 2020 Bonds at the place specified in the notice of redemption, such 2020 Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The Registered Owners of such 2020 Bonds so called for redemption after such redemption date will be entitled to payment thereof only from the interest and sinking fund of the District (the "Interest and Sinking Fund") or the trust fund established for such purpose. All 2020 Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the 2020 Bonds 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, interest, and any premium due on the 2020 Bonds called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Registered Owner of any 2020 Bond 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 shall not affect the validity of the rescission.

Funds for Redemption. Prior to or on the redemption date of any 2020 Bonds, there shall be available in the Interest and Sinking Fund, or held in trust for such purpose as provided by law, moneys for the purpose and sufficient to redeem, at the redemption prices provided for in the Resolutions, the 2020 Bonds designated in the notice of redemption. Such moneys will be applied on or after the redemption date solely for payment of principal of, interest and premium, if any, on the 2020 Bonds to be redeemed upon presentation and surrender of such 2020 Bonds, provided that all moneys in the Interest and Sinking Fund will be used for the purposes established and permitted by law. If, after all of the 2020 Bonds have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the Interest and Sinking Fund or otherwise held in trust for the payment of redemption price of the 2020 Bonds, the moneys will be held or returned or transferred to the Interest and Sinking Fund for payment of any outstanding general obligation bonds of the District payable from such fund; provided however that if the moneys are part of the proceeds of general obligation bonds of the District, the moneys shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such general obligation bonds of the District are at such time outstanding, the moneys will be transferred to the general fund of the District (the "General Fund") as provided and permitted by law.

Transfer and Exchange

If the book-entry system as described herein is no longer used with respect to the Bonds, the provisions in the Resolutions summarized below will govern the transfer and exchange of the Bonds. See "APPENDIX E—DTC BOOK-ENTRY ONLY SYSTEM" attached hereto.

Any Bond may be transferred upon the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation to the Paying Agent, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent. Bonds may be exchanged for Bonds of other authorized denominations of the same series, maturity and interest rate, by the Registered Owner thereof, in person or by the duly authorized attorney of such Registered Owner, upon surrender of such Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed request for exchange in a form approved by the Paying Agent.

Whenever any Bond or Bonds is surrendered for transfer or exchange, the District will execute and the Paying Agent will authenticate and deliver a new Bond or Bonds, of the same series, maturity and interest rate for a like aggregate principal amount. The Paying Agent may require the payment by any Registered Owner of Bonds requesting any such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange.

Neither the District nor the Paying Agent will be required to transfer or exchange any Bonds (i) during the period from the Record Date next preceding any Interest Date to such Interest Date, (ii) during the period beginning with the opening of business on the 15th business day next preceding any date of selection of Bonds to be redeemed and ending with the close of business on the day on which the applicable notice of redemption is given, or (iii) which have been selected or called for redemption in whole or in part.

Defeasance

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent, at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the escrow account or the Interest and Sinking Fund, as applicable, be fully sufficient to pay and discharge the obligation of such Bonds, at or before their respective maturity dates.

If at any time the District pays or causes to be paid or there is otherwise paid to the Registered Owners of any or all of the outstanding Bonds all or any part of the principal, interest and premium, if any, on the Bonds at the times and in the manner provided in the Resolutions and in the Bonds, or as provided in the preceding paragraph, or as otherwise provided by law, then all liability of the District in respect of such Bond will cease and be completely discharged.

Unclaimed Moneys

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

Paying Agent

U.S. Bank National Association will act as the bond registrar, paying agent and transfer agent for the Bonds unless and until replaced by the District with a successor paying agent as described in the paying agent agreements for the 2020 Bonds and the Refunding Bonds (together, the "Paying Agent Agreements"), each dated May 19, 2020, between the District and the Paying Agent. As long as Cede & Co or a successor nominee or 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 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 any action premised on such notice. The Paying Agent, the District 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 in the Bonds.

PLAN OF FINANCE

Application and Investment of Bond Proceeds

2020 Bonds. A portion of the proceeds of the sale of the 2020 Bonds, exclusive of any premium, will be transferred to the Yolo County Chief Financial Officer for deposit in the building fund of the District (the "Building Fund") created and established in the Yolo County treasury (the "Yolo County Treasury") in accordance with Education Code Section 15146(g) and accounted for, together with the proceeds of other bonds of the District, separately from all other District and Yolo County funds. Moneys deposited in the Building Fund will be used solely for the purpose for which the 2020 Bonds are authorized. Interest earned on moneys held in the Building Fund will be retained in the Building Fund. Any proceeds of the sale of the 2020 Bonds deposited in the Building Fund not needed for the purposes of the 2020 Bonds will be transferred to the Interest and Sinking Fund and applied to the payment of the principal of and interest on the 2020 Bonds.

A portion of the proceeds from the sale of the 2020 Bonds, exclusive of any premium, will be transferred to the Paying Agent for deposit into a costs of issuance account (the "2020 Bonds Costs of Issuance Account") to be created and maintained by the Paying Agent to pay costs associated with the issuance of the 2020 Bonds. Any proceeds of the sale of the 2020 Bonds deposited in the Costs of Issuance Account not needed to pay the costs of issuance of the 2020 Bonds will be transferred by the Paying Agent to the Yolo County Chief Financial Officer for deposit in the Building Fund.

The premium, if any, received by the District from the sale of the 2020 Bonds, will be transferred to the Yolo County Chief Financial Officer for deposit in the Interest and Sinking Fund. Moneys deposited in the Interest and Sinking Fund will be used solely for the payment of principal of and interest on the general obligation bonds of the District. Interest earned on moneys held in the Interest and Sinking Fund will be retained in the Interest and Sinking Fund. Any moneys remaining in the Interest and Sinking Fund after the principal of and interest on the 2020 Bonds have been paid will be used to pay other general obligation bonds of the District, or, if there are no other general obligation bonds of the District outstanding, will be transferred to the General Fund pursuant to Education Code Section 15234.

Refunding Bonds. A portion of the proceeds of the sale of the Refunding Bonds will be irrevocably deposited in an escrow fund (the "Escrow Fund") to be created and maintained by the Escrow Agent under an escrow and deposit agreement (the "Escrow Agreement" dated May 19, 2020 between the District and the Escrow Agent. Moneys in the Escrow Fund will be invested in non-callable direct obligations of the United States Treasury or other non-callable obligations, the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America.

Moneys deposited in the Escrow Fund will be sufficient for the payment of interest coming due and payable to the date fixed for redemption plus the redemption amount of the Refunded Bonds.

A portion of the proceeds of the sale of the Refunding Bonds will be transferred to the Paying Agent for deposit into a costs of issuance account (the "Refunding Bonds Costs of Issuance Account") to be created and maintained by the Paying Agent to pay costs associated with the issuance of the Refunding Bonds. Any proceeds of the sale of the Refunding Bonds deposited in the Refunding Bonds Costs of Issuance Account not needed to pay the costs of issuance of the Refunding Bonds will be transferred by the Paying Agent to the Yolo County Chief Financial Officer for deposit in the Interest and Sinking Fund.

Permitted Investments

Under State law, the District is generally required to pay all moneys received from any source into the Yolo County Treasury to be held on behalf of the District. All funds held by the Yolo County Chief Financial Officer in the Building Fund and the Interest and Sinking Fund are expected to be invested at the sole discretion of the Yolo County Chief Financial Officer, on behalf of the District, in such investments as are authorized by Government Code Sections 16429.1, 53601 and 53635 and following and the investment policy of Yolo County (the "Yolo County Investment Policy"), as either may be amended or supplemented from time to time. Under existing law, amounts in the Building Fund are required to be invested in the County Treasury and will be invested in the Yolo County Treasury Pool. At no time shall the proceeds of the 2020 Bonds be withdrawn by the District for investment outside the County Treasury. See "YOLO COUNTY TREASURY POOL" herein and "APPENDIX D—YOLO COUNTY INVESTMENT POLICY" attached hereto for a description of the permitted investments under the Yolo County Investment Policy.

Sources and Uses of Funds

The sources and uses of funds in connection with the sale and delivery of the 2020 Bonds are set forth in the following table.

Sources and Uses of Funds
General Obligation Bonds, Election of 2018, Series 2020

Sources of Funds	
Par Amount of 2020 Bonds	$
Net Original Issue Premium	
Total Sources of Funds	$
Uses of Funds	
Building Fund	$
Interest and Sinking Fund	
2020 Bonds Costs of Issuance Account[1]	
Underwriter's Discount	
Total Uses of Funds	$

[1]The 2020 Bonds Costs of Issuance Account will be used to pay costs of issuance of the 2020 Bonds including fees and expenses of Bond Counsel, the Municipal Advisor, the Paying Agent, and the rating agencies and certain other expenses related to the issuance of the 2020 Bonds.

The sources and uses of funds in connection with the sale and delivery of the Refunding Bonds are set forth in the following table.

Sources and Uses of Funds
2020 General Obligation Refunding Bonds

SOURCES OF FUNDS	
Par Amount of Refunding Bonds	$
Net Original Issue Premium	
TOTAL SOURCES OF FUNDS	$
USES OF FUNDS	
Escrow Fund	$
Refunding Bonds Costs of Issuance Account[1]	
Underwriter's Discount	
TOTAL USES OF FUNDS	$

[1]The Refunding Bonds Costs of Issuance Account will be used to pay costs of issuance of the Refunding Bonds including fees and expenses of Bond Counsel, the Municipal Advisor, the Paying Agent, the Escrow Agent and the rating agencies and certain other expenses related to the issuance of the Refunding Bonds.

Plan of Refunding

The Refunding Bonds are being issued to (i) refund the Davis Joint Unified School District (Yolo County, California) 2010 General Obligation Refunding Bonds (the "2010 Refunding Bonds") maturing on August 1, 2021 through August 1, 2025 (the "Refunded 2010 Refunding Bonds"), (ii) the Davis Joint Unified School District (Yolo County, California) 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds") maturing on August 1, 2021 through August 1, 2027 (the "Refunded 2011 Refunding Bonds" and, together with the Refunded 2010 Refunding Bonds, the "Refunded Bonds") and (iii) pay certain costs of issuance of the Refunding Bonds.

Causey Demgen & Moore P.C., acting as verification agent with respect to the Refunded Bonds, will certify in writing that moneys irrevocably deposited into the Escrow Fund will be sufficient for the payment of interest coming due and payable to the date fixed for redemption plus the redemption amount of (i) the Refunded 2010 Refunding Bonds redeemable on May 29, 2020 at a price of 100 percent of par and (ii) the Refunded 2011 Refunding Bonds redeemable on August 1, 2020 at a price of 100 percent of par. Upon such irrevocable deposit, the Refunded Bonds will be deemed paid and no longer outstanding.

The Refunded Bonds are detailed in the following tables.

Refunded 2010 Refunding Bonds
Davis Joint Unified School District

Maturity Date August 1	Refunded Principal Amount	CUSIP[1]	Redemption Date	Redemption Price
2021	$715,000	238848BT1	May 29, 2020	100%
2022	745,000	238848BU8	May 29, 2020	100
2023	780,000	238848BV6	May 29, 2020	100
2025	1,655,000	238848BX2	May 29, 2020	100
Total	$3,895,000			

[1]CUSIP numbers are provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.

Refunded 2011 Refunding Bonds
Davis Joint Unified School District

Maturity Date August 1	Refunded Principal Amount	CUSIP[1]	Redemption Date	Redemption Price
2021	$620,000	238848CK9	August 1, 2020	100%
2022	655,000	238848CL7	August 1, 2020	100
2023	690,000	238848CM5	August 1, 2020	100
2024	710,000	238848CN3	August 1, 2020	100
2025	730,000	238848CP8	August 1, 2020	100
2026	755,000	238848CQ6	August 1, 2020	100
2027	780,000	238848CR4	August 1, 2020	100
Total	$4,940,000			

[1]CUSIP numbers are provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.

Debt Service Schedules

Scheduled debt service on the 2020 Bonds (assuming no optional redemption of 2020 Bonds) is shown in the following table.

Debt Service Schedule
General Obligation Bonds, Election of 2018, Series 2020

Date	Principal	Interest	Semiannual Debt Service	Annual Debt Service
February 1, 2021	$	$	$	$
August 1, 2021				
February 1, 2022				
August 1, 2022				
February 1, 2023				
August 1, 2023				
February 1, 2024				
August 1, 2024				
February 1, 2025				
August 1, 2025				
February 1, 2026				
August 1, 2026				
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February 1, 2038				
August 1, 2038				
February 1, 2039				
August 1, 2039				
February 1, 2040				
August 1, 2040				
February 1, 2041				
August 1, 2041				
February 1, 2042				
August 1, 2042				
February 1, 2043				
August 1, 2043				
Total	$	$	$	$

Scheduled debt service on the Refunding Bonds is shown in the following table.

Debt Service Schedule
2020 General Obligation Refunding Bonds

Date	Principal	Interest	Semiannual Debt Service	Annual Debt Service
February 1, 2021	$	$	$	$
August 1, 2021				
February 1, 2022				
August 1, 2022				
February 1, 2023				
August 1, 2023				
February 1, 2024				
August 1, 2024				
February 1, 2025				
August 1, 2025				
February 1, 2026				
August 1, 2026				
February 1, 2027				
August 1, 2027				
Total	$	$	$	$

Upon issuance of the Bonds, scheduled debt service on the District's outstanding general obligation bond debt (assuming no optional redemption of such general obligation bond debt) is shown in the following table. See "DISTRICT FINANCIAL INFORMATION—Long-Term Borrowings" for more information on the District's outstanding bonded debt.

Outstanding General Obligation Bond Debt Service
Davis Joint Unified School District

Year Ended June 30	Outstanding General Obligation Bonds	General Obligation Bonds Election of 2018 Series 2020	2020 General Obligation Refunding Bonds	Total General Obligation Bond Debt Service
2021	$	$	$	$
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
Total		$		$

SECURITY AND SOURCE OF PAYMENT

Introduction

The Bonds are general obligation bonds of the District payable from *ad valorem* property taxes levied and collected by Yolo County and Solano County solely for the payment of principal of and interest on the Bonds and from amounts on deposit in the Interest and Sinking Fund. The Yolo County Board and the Solano County Board are empowered and obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates) in order to provide sufficient funds for repayment of principal of and interest on the Bonds when due. Although Yolo County and Solano County are obligated to levy and collect *ad valorem* property taxes for the payment of the Bonds, the Bonds are not a debt of either Yolo County or Solano County.

The proceeds of such *ad valorem* taxes, when collected, will be deposited into the Interest and Sinking Fund pursuant to Education Code Section 15251, which *ad valorem* taxes, together with the amounts on deposit in the Interest and Sinking Fund, are irrevocably pledged pursuant to Government Code Sections 5450 and 5451 to the payment of principal of and interest on the Bonds when and as the same fall due. Pursuant to Government Code 53515 (discussed below), the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* taxes for the payment of the Bonds. Yolo County and Solano County will take all actions necessary to levy such *ad valorem* taxes in accordance with Education Code Section 15250 *et seq*. and to cause the proceeds from such levy to be deposited into the Interest and Sinking Fund to pay the principal of and interest on the Bonds when due.

Various officers of Yolo County and Solano County are responsible for the performance of each function in the property taxation system within such county. Property tax revenues result from the application of the appropriate tax rate to the total net assessed value of taxable property in the District. All property, including real, personal and intangible property, is taxable, unless granted an exemption by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The California Legislature (the "State Legislature") may create additional exemptions for personal property, but not for real property. Taxes on property located in a school district with boundaries extending into more than one county are administered separately by each county in which the property is located (the District is located in both Yolo County and Solano County). In such school districts, the rate of tax is determined by the school district's primary county (the District's primary county is Yolo County), and the primary county directs the secondary county to place the tax on the tax rolls. Taxes collected by the secondary county are sent to the primary county.

Taxes on real property located within the District are assessed and collected by Yolo County and Solano County in the same manner, at the same time, and in the same installments as other *ad valorem* taxes on real property located in Yolo County and Solano County. In addition to general obligation bonds issued by the District, other entities with jurisdiction in or overlapping with the District may issue debt payable from *ad valorem* taxes also levied on parcels in the District. Such taxes have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as *ad valorem* taxes levied for the payment of the Bonds and other general obligation bonds of the District.

In no event is the District obligated to pay principal of and interest and redemption premium, if any, on the Bonds from any source of funds other than *ad valorem* taxes and other amounts on deposit in the Interest and Sinking Fund. However, nothing in the Resolutions prevents the District from making advances of its moneys, howsoever derived, to any use or purpose permitted by law.

Statutory Lien on *Ad Valorem* Tax Revenues

Government Code Section 53515 provides that all general obligation bonds issued and sold by or on behalf of a local agency in the State are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. The lien automatically arises without the need for any action or authorization by the local agency or its governing board and is valid and binding from the time the bonds are executed and delivered. In addition, the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will automatically attach to the revenues and be effective, binding, and enforceable against the local agency, such as the District, as applicable, its successor, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing, or further tax. Government Code Section 53515 applies to the Bonds.

Assessed Valuation of Property

The county assessor of Yolo County and the county assessor of Solano County (together, the "County Assessors") must annually assess all taxable property in Yolo County and Solano County, respectively (except for "utility" property, assessed by the State), to the person, business or legal entity owning, claiming, possessing or controlling the property on January 1, the lien date. Property assessed by the County Assessors is subject to the reappraisal provisions set forth in the State Constitution. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND EXPENDITURES—Article XIIIA of the State Constitution" herein. The duties of the County Assessors are to discover all assessable property, to inventory and list all taxable property, to value the property, and to enroll the property on the local assessment roll. Locally assessed taxable property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The secured roll contains real property sufficient, in the opinion of the County Assessors, to secure the payment of the taxes as a lien on real property. All other property is unsecured and assessed on the unsecured roll.

The secured roll also includes certain "utility" property, entered on the utility roll, located in Yolo County and Solano County but assessed by the State Board of Equalization (the "SBE") rather than by the County Assessors. Such property includes property owned or used by State-regulated transportation and communications utilities such as railways, telephone and telegraph companies, companies transmitting or selling gas or electricity, and pipelines, flumes, canals and aqueducts lying within two or more counties. Property assessed by the SBE is not subject to the provisions of Proposition 13 (1978) and is annually reappraised at its market value as of January 1 and then allocated by formula among all the taxing jurisdictions in Yolo County and Solano County, respectively, including the District. The growth or decline in the assessed valuation of utility property is shared by all jurisdictions in Yolo County and Solano County. The District can make no predictions regarding the impact of the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies on the amount of tax revenue collected. 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 taxing jurisdictions in Yolo County and/or Solano County; the transfer of property located and taxed in the District to a State-assessed utility will, in general, reduce the assessed value in the District, as the value is shared among the other jurisdictions in Yolo County and/or Solano County. The greater the total assessed value of all taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds.

Shown in the following table are 10 years of the District's historical assessed valuation. Total secured assessed value includes net local secured assessed value, the assessed value of the secured homeowner exemption and the assessed value on "utility" property as allocated by the SBE. Total unsecured assessed value includes net local unsecured assessed value and the assessed value of the unsecured homeowner exemption.

Historical Total Secured and Unsecured Assessed Valuation
Davis Joint Unified School District

Year Ended June 30	Total Secured Assessed Value	Total Unsecured Assessed Value	Total Assessed Value	Percentage Change
2011	$6,748,232,051	$197,460,354	$6,945,692,405	--
2012	6,764,853,034	192,911,390	6,957,764,424	0.17%
2013	6,904,271,933	195,363,792	7,099,635,725	2.04
2014	7,276,496,981	196,276,040	7,472,773,021	5.26
2015	7,600,956,314	204,049,845	7,805,006,159	4.45
2016	8,043,687,564	201,051,116	8,244,738,680	5.63
2017	8,495,268,683	206,377,305	8,701,645,988	5.54
2018	8,946,464,678	195,658,740	9,142,123,418	5.06
2019	9,427,777,522	199,323,872	9,627,101,394	5.30
2020	9,948,787,682	191,314,085	10,140,101,767	5.33

Source: Yolo County Chief Financial Officer and Solano County Treasurer.

The District may not issue bonds in excess of 2.5 percent of the assessed valuation of taxable property within its boundaries. The District's gross bonding capacity in fiscal year 2019-29 is approximately $253.5 million. Upon issuance of the Bonds, the District will have remaining bonding capacity of approximately $[TO COME] million*. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND EXPENDITURES—Article XIIIA of the State Constitution" herein.

* Preliminary; subject to adjustment

Set forth in the following table is the historical assessed valuation by county for the District.

Historical Total Assessed Valuation by County
Davis Joint Unified School District

Year Ended June 30	Yolo County Assessed Value	Percent of Total	Solano County Assessed Value	Percent of Total	Total Assessed Value
2011	$6,930,263,753	99.8%	$15,428,652	0.2%	$6,945,692,405
2012	6,941,613,798	99.8	16,150,626	0.2	6,957,764,424
2013	7,082,086,651	99.8	17,549,074	0.2	7,099,635,725
2014	7,454,083,155	99.7	18,689,866	0.3	7,472,773,021
2015	7,785,297,305	99.7	19,708,854	0.3	7,805,006,159
2016	8,220,146,752	99.7	24,591,928	0.3	8,244,738,680
2017	8,675,226,596	99.7	26,419,392	0.3	8,701,645,988
2018	9,115,319,199	99.7	26,804,219	0.3	9,142,123,418
2019	9,597,346,183	99.7	29,755,211	0.3	9,627,101,394
2020	10,108,773,375	99.7	31,328,392	0.3	10,140,101,767

Source: Yolo County Chief Financial Officer and Solano County Treasurer.

The remaining tables under this caption "SECURITY AND SOURCE OF PAYMENT" have been prepared by California Municipal Statistics, Inc. They have been included for general information purposes only. The District has not independently verified and does not guarantee the accuracy of the information in such tables.

Shown in the following table is the distribution of total assessed value among the cities and unincorporated areas encompassed by the District for fiscal year 2019-20.

Assessed Valuation by Jurisdiction
Davis Joint Unified School District

Jurisdiction	Assessed Valuation in District	Percent of District	Assessed Valuation of Jurisdiction	Percent of Jurisdiction in District
City of Davis	$9,041,778,464	89.17%	$9,041,778,464	100.00%
Unincorporated Solano County	31,328,392	0.31	5,297,466,933	0.59
Unincorporated Yolo County	1,066,994,911	10.52	5,242,967,822	20.35
Total District	$10,140,101,767	100.00%		
Summary by County				
Solano County	$31,328,392	0.31%	58,037,836,263	0.05%
Yolo County	10,108,773,375	99.69	28,905,923,603	34.97
Total District	$10,140,101,767	100.00%		

Source: California Municipal Statistics, Inc.

Shown in the following table is a distribution of taxable real property located in the District by principal purpose for which the parcels are used along with the local secured assessed valuation (excluding homeowners' exemption) and number of parcels for each use for fiscal year 2019-20.

Assessed Valuation and Parcels by Land Use
Davis Joint Unified School District

	2019-20 Assessed Valuation[1]	Percent of Total	Number of Parcels	Percent of Total
Non-Residential:				
Agricultural	$303,886,079	3.05%	490	2.58%
Commercial	749,595,825	7.53	530	2.79
Vacant Commercial	35,465,333	0.36	42	0.22
Hotel/Motel	72,218,239	0.73	13	0.07
Industrial	168,861,151	1.70	52	0.27
Vacant Industrial	81,388,844	0.82	13	0.07
Recreational	30,499,831	0.31	18	0.09
Government/Social/Institutional	126,125,981	1.27	633	3.33
Subtotal Non-Residential	$1,568,041,283	15.76%	1,791	9.42%
Residential:				
Single Family Residence	$6,661,107,537	66.96%	13,997	73.63%
Condominium/Townhouse	348,136,548	3.50	1,245	6.55
Mobile Home	8,349,240	0.08	235	1.24
Mobile Home Park	18,735,792	0.19	4	0.02
2-4 Residential Units	275,798,576	2.77	644	3.39
5+ Residential Units/Apartments	1,023,071,506	10.28	239	1.26
Miscellaneous Residential	5,529,355	0.06	95	0.50
Vacant Residential	39,848,180	0.40	760	4.00
Subtotal Residential	$8,380,576,734	84.24%	17,219	90.58%
Total	$9,948,618,017	100.00%	19,010	100.00%

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

The following table sets forth the assessed valuation of single-family homes within the District's boundaries for fiscal year 2019-20.

Per-Parcel Assessed Valuation of Single-Family Homes
Davis Joint Unified School District

	Number of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	13,997	$6,661,107,537	$475,895	$443,773

2019-20 Assessed Valuation	Number of Parcels[1]	Percent of Total	Cumulative Percent of Total	Total Valuation	Percent of Total	Cumulative Percent of Total
$0 - $49,999	20	0.140%	0.140%	$798,365	0.010%	0.010%
$50,000 - $99,999	653	4.665	4.808	51,920,986	0.779	0.791
$100,000 - $149,999	850	6.073	10.881	105,930,768	1.590	2.382
$150,000 - $199,999	902	6.444	17.325	157,494,558	2.364	4.746
$200,000 - $249,999	925	6.609	23.934	208,296,821	3.127	7.873
$250,000 - $299,999	963	6.880	30.814	265,029,730	3.979	11.852
$300,000 - $349,999	870	6.216	37.029	283,263,739	4.253	16.104
$350,000 - $399,999	948	6.773	43.802	355,410,989	5.336	21.440
$400,000 - $449,999	985	7.037	50.839	419,131,355	6.292	27.732
$450,000 - $499,999	1,004	7.173	58.012	475,742,484	7.142	34.874
$500,000 - $549,999	926	6.616	64.628	485,670,966	7.291	42.166
$550,000 - $599,999	855	6.108	70.737	491,060,054	7.372	49.538
$600,000 - $649,999	723	5.165	75.902	450,899,003	6.769	56.307
$650,000 - $699,999	686	4.901	80.803	461,735,709	6.932	63.239
$700,000 - $749,999	521	3.722	84.525	376,538,524	5.653	68.891
$750,000 - $799,999	461	3.294	87.819	356,535,261	5.352	74.244
$800,000 - $849,999	368	2.629	90.448	303,337,904	4.554	78.798
$850,000 - $899,999	288	2.058	92.506	251,454,175	3.775	82.573
$900,000 - $949,999	242	1.729	94.234	223,602,197	3.357	85.929
$950,000 - $999,999	185	1.322	95.556	180,256,656	2.706	88.636
$1,000,000 and greater	622	4.444	100.000	756,997,293	11.364	100.000
Total	13,997	100.00%		$6,661,107,537	100.00%	

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

Reassessments and Appeals of Assessed Value

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

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

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

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

Proposition 8 reductions may also be unilaterally applied by the County Assessor.

The District can make no predictions as to the changes in assessed values within the District that might result from pending or future appeals of assessed valuation by taxpayers or temporary reductions in assessed valuation of property, as allowed under the State Constitution. Any reduction in aggregate District assessed valuation will cause the tax rate necessary to repay the Bonds to increase accordingly. Any refund of paid taxes triggered by a successful assessment appeal will be debited by the respective county treasurer against all taxing agencies receiving tax revenues, including the District.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed one percent of the property's full cash value, plus the amount necessary to make annual payments due on general obligation bonds or other indebtedness incurred prior to July 1, 1978, any bonded indebtedness for the acquisition or improvement or real property approved by a two-thirds majority of voters on or after July 1, 1978, and certain bonded indebtedness for school facilities approved by 55 percent of the voters. The Yolo County Auditor-Controller computes the additional rate of tax necessary to pay such scheduled debt service, presents the tax rates for all taxing jurisdictions in Yolo County to the Yolo County Board, and directs the auditor-controller of any secondary county to place the tax on the secondary county's tax rolls.

The tax rate necessary to pay debt service in a given year largely depends on the net assessed value of taxable property in that year. The net assessed value of taxable property may be affected by several factors, such as a general market decline in property values, reclassification of property to a class exempt from taxation, such as property owned by federal, State and local agencies or property used for certain educational, hospital, charitable or religious purposes, or the destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, drought, toxic dumping, *etc*. Any of these instances could cause a reduction in the net assessed value of taxable property within the District, necessitating 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.

One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax on each parcel. The following table shows *ad valorem* property tax rates per $100 of assessed value for the last five years in a typical tax rate area of the District (TRA 1-000). The fiscal year 2019-20 assessed valuation of TRA 1-000 is approximately 18.0 percent of the total assessed value of taxable property in the District.

Typical Total Tax Rates per $100 of Assessed Valuation
TRA 1-000
Davis Joint Unified School District

	2015-16	2016-17	2017-18	2018-19	2019-20
General Tax Rate	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Davis Joint Unified School District	0.0200	0.0192	0.0170	0.0160	0.0678
Los Rios Community College District	0.0091	0.0141	0.0130	0.0131	0.0232
Total Tax Rate	$1.0291	$1.0333	$1.0300	$1.0291	$1.0910

Source: California Municipal Statistics, Inc.

The more property (by assessed value) that is owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and their ability or willingness to pay property taxes. In fiscal year 2019-20, no single taxpayer owned more than 0.76 percent of the total secured taxable property in the District.

The 20 taxpayers in the District with the greatest combined secured assessed valuation of taxable property on the fiscal year 2019-20 tax roll own property that comprises 7.86 percent of the local assessed valuation of secured property in the District. These taxpayers, ranked by aggregate assessed value of taxable property as shown on the fiscal year 2019-20 secured tax roll and the amount of each owner's assessed valuation for all taxing jurisdictions within the District are shown in the following table.

Each taxpayer listed is a unique name on the tax rolls. The District cannot determine from assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the list of largest taxpayers identified in the following table.

Largest Taxpayers
Davis Joint Unified School District

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	Percent of Total[1]
1.	Tilden-Lafayette LLC	Apartments	$75,953,890	0.76%
2.	San Carlos Retail Venture LP	Office Park	64,751,316	0.65
3.	Tanglewood Apartments LLC	Apartments	58,075,354	0.58
4.	Mori Seiki Davis Land Holding Inc.	Office/Manufacturing	52,710,525	0.53
5.	UCD J Street Owner LLC	Apartments	51,375,167	0.52
6.	Tilden Spectrum LLC	Apartments	43,578,133	0.44
7.	Pac West Office Equities LP	Office Building	41,784,363	0.42
8.	Oakshade Regency LLC	Shopping Center	40,218,726	0.40
9.	Marketplace Center Inc.	Shopping Center	39,056,913	0.39
10.	Centro Watt Property Owner I	Shopping Center	36,580,000	0.37
11.	Tilden Sharps LLC	Apartments	35,115,879	0.35
12.	VTR Covell LP	Assisted Living Facility	33,491,670	0.34
13.	BREIT Davis Property Owner LLC	Hotel	32,995,225	0.33
14.	Target Corporation	Commercial	30,471,238	0.31
15.	Carlton Plaza of Davis LP	Assisted Living Facility	26,831,198	0.27
16.	Bridge-Ellington LP	Apartments	26,304,270	0.26
17.	Olive Drive Partners	Apartments	25,456,044	0.26
18.	Angstenberger Trust	Apartments	22,856,223	0.23
19.	WGA Sycamore Lane LP	Apartments	22,545,471	0.23
20.	DDD Partnership	Residential and Commercial	22,217,503	0.22
	Total		$782,369,108	7.86%

[1]Fiscal year 2019-20 local secured assessed valuation in the District is $9,948,618,017.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Bonded Debt

Contained within the District's boundaries are numerous overlapping local entities providing public services which may have outstanding long-term obligations in the form of general obligation, lease revenue and special assessment bonds. Such 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.

The following table generally includes long-term obligations sold in the public credit markets by the public agencies listed. The first column in the table names each public agency which has outstanding debt as of April 1, 2020 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 (not shown) 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. Property owners within the District may be subject to other special taxes and assessments levied by other taxing authorities providing services within the District. Such non-*ad valorem* special taxes and assessments (which are not levied to fund debt service) are not represented in the statement of direct and overlapping bonded debt.

Statement of Direct and Overlapping Bonded Debt (As of April 1, 2020)
Davis Joint Unified School District

2019-20 Assessed Valuation: $10,140,101,767	Percent Applicable	Debt as of April 1, 2020
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		
Los Rios Community College District	4.882%	$22,238,242
Davis Joint Unified School District	**100.000**	60,410,000 [1]
City of Davis Community Facilities Districts	100.000	26,487,943
Davis Joint Unified School District Community Facilities District Nos. 1 and 2	100.000	14,210,000
Yolo County Library Community Facilities District No. 1989-1	100.000	5,240,000
Yolo County 1915 Act Bonds	100.000	870,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$129,456,185
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Yolo County Certificates of Participation	34.971%	$13,077,862
Yolo County Board of Education Certificates of Participation	34.971	1,879,691
Solano County Certificates of Participation	0.054	33,350
Solano County Pension Obligations	0.054	11,003
Davis Joint Unified School District Certificates of Participation	**100.000**	25,808,586
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$40,810,492
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$22,820,000
COMBINED TOTAL DEBT		$193,086,677 [2]

Ratios to 2019-20 Assessed Valuation:
Direct Debt ($60,410,000) 0.60%
Total Direct and Overlapping Tax and Assessment Debt...... 1.28%
Combined Direct Debt ($826,218,586) 0.85%
Combined Total Debt.. 1.90%

Ratio to Redevelopment Incremental Valuation ($1,725,551,091):
Total Overlapping Tax Increment Debt 1.32%

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

Tax Collections and Delinquencies

In both Yolo County and Solano County, property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction assessed as of January 1, at which time the tax lien attaches. The tax collector of Yolo County and the tax collector of Solano County (together, the "County Tax Collectors") are presented with a tax roll created from the combined rolls of the respective county assessor and the SBE. The County Tax Collectors prepare and mail tax bills to taxpayers and collect the taxes.

Property taxes on the regular secured roll are due in two equal installments. The annual tax bill is mailed by November 1; the first installment is delinquent after December 10 and the second installment is delinquent after April 10. In both Yolo County and Solano County, delinquent taxes due in the first installment are subject to a 10 percent penalty; delinquent taxes due in the second installment are subject to a 10 percent penalty and a $10 cost.

If taxes remain unpaid by July 1, the tax is deemed to be in default and may accrue additional penalties and fees. After five years, both Yolo County and Solano County generally have the power to sell tax-defaulted property that is not redeemed; proceeds from such sale are applied to the payment of the delinquent taxes.

Property taxes on the unsecured roll are due annually. The bills are mailed during July; taxes on the unsecured roll are due and, if unpaid, are delinquent on August 31. Upon delinquency, Yolo County and Solano County may use the following collection methods: filing of liens, filing of summary judgments, seizure and sale of personal property, or seizure of State tax refunds or State lottery winnings.

As long as the Teeter Plan (as defined herein) remains in effect in both Yolo County and Solano County, the District will be credited with the full amount of the secured tax levy no matter the delinquency rate within the District. See "—Alternative Method of Tax Apportionment" herein.

Alternative Method of Tax Apportionment

The Yolo County Board and the Solano County Board have both approved implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") pursuant to the California Revenue and Taxation Code (the "Revenue and Taxation Code") Section 4701 *et seq*. The Teeter Plan guarantees distribution to each local agency within a county an amount equal to 100 percent of the *ad valorem* taxes levied on their behalf on the secured roll within the county, with the county retaining all penalties and interest affixed upon delinquent properties and redemptions of subsequent collections.

The cash position of the county treasurer of each county that has implemented the Teeter Plan is protected by a special fund, known as the "Tax Loss Reserve Fund," which accumulates moneys from interest and penalty collections. In any given fiscal year, when the amount in a county's Tax Loss Reserve Fund exceeds a specified amount as prescribed by law, such excess amounts may be credited for the remainder of that fiscal year to such 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 in a county unless the board of supervisors of such county orders its discontinuance or unless, prior to the commencement of any fiscal year (which commences on July 1 for both Yolo County and Solano County), the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in that county. The board of supervisors may also, after holding a public hearing on the matter, discontinue the procedures 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 percent of the total of all taxes and assessments levied on the secured rolls in that agency.

If the Teeter Plan were discontinued in either Yolo County or Solano County, only those secured property taxes actually collected in the county that discontinued the Teeter Plan would be allocated to political subdivisions in such county, including the District. Further, the District's tax revenues would be subject to taxpayer delinquencies in such county, and the District would realize the benefit of interest and penalties collected from delinquent taxpayers, pursuant to law. As long as the Teeter Plan remains in effect in both Yolo County and Solano County, the District will be credited with the full amount of secured property tax levies no matter the delinquency rate within the District.

DISCLOSURE RELATED TO COVID-19

Background

An outbreak of a respiratory disease caused by a new strain of coronavirus, COVID-19, was first detected in China in late 2019 and has subsequently spread globally. The World Health Organization declared the COVID-19 outbreak as a Public Health Emergency of International Concern on January 30, 2020, further characterizing the outbreak as a pandemic on March 11, 2020. As of April 7, 2020, the Center for Systems Science and Engineering at Johns Hopkins University reports there were more than 360,000 confirmed cases of COVID-19 in the United States, of which more than 16,000 were located in the State.

Federal Action

On March 6, 2020, President Trump signed a COVID-19 relief bill providing $8.3 billion in emergency funding to support development of vaccines and treatment, grants for state and local governments, preparedness activities for U.S. government facilities, and humanitarian foreign assistance. President Trump declared a national emergency on March 13, 2020, making available more than $50 billion in federal funds for disaster relief and assistance. The Families First Coronavirus Response Act of 2020 was signed into law on March 18, 2020, providing paid sick leave, free testing, expanded food assistance and unemployment benefits, and requiring additional protections for healthcare workers.

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") into law authorizing more than $2 trillion to battle COVID-19 and its economic effects, including immediate cash relief for individual citizens, expanded unemployment insurance for workers, loan programs for small business, additional funds for state and local governments, support for hospitals and other medical providers, and various types of economic relief for impacted businesses and industries. The CARES Act designates approximately $31 billion for K–12 and higher education assistance and more than $4 billion for childcare and early education programs, including $13.5 billion to be distributed to states based on their state-level Title I allocation, with states passing on ninety percent of the funds to school districts and charter schools using the Title I formula; $3 billion for state governors to spend on K–12 or higher education in regions that have been hit hardest by COVID-19, $8.8 billion for child nutrition programs, $3.5 billion for child care and development block grants and $750 million for Head Start early education programs.

State Action

On March 4, 2020, less than six weeks after the first confirmed case of COVID-19 in the State, the Governor declared a state of emergency, thereby making additional resources available, formalizing emergency actions already underway across multiple State agencies and departments, and helping the State prepare for broader spread of COVID-19. The Governor issued Executive Order N-26-20 on March 13, 2020, ensuring California public school districts retain State funding even in the event of physical closure. The order directed school districts to use those State dollars to fund distance learning and high quality educational opportunities, provide school meals, continue to pay employees, and, as practicable, arrange for the supervision for students during school hours.

On March 17, 2020, the Governor signed Senate Bill 89 ("SB 89") appropriating $500 million from the State general fund for any purpose related to the Governor's March 4 emergency declaration. SB 89 allows additional funds to be appropriated in $50 million increments up to a total of not to exceed $1 billion. The Governor also signed Senate Bill 117 ("SB 117"), which, among other items, provides that, for all school districts that comply with Executive Order N-26-20, attendance during full school months from July 1, 2019, to February 29, 2020, inclusive, will be reported for apportionment purposes. SB 117 also holds harmless school districts not meeting minimum instructional day and minute requirements during the academic year. Additionally, SB 117 appropriates $100 million for local educational agencies to purchase protective equipment and supplies and labor related to cleaning school sites as a result of COVID-19, to be allocated to local education agencies on the basis of average daily attendance ("ADA").

On March 18, 2020, the California Franchise Tax Board announced updated special tax relief for all State taxpayers due to the COVID-19 outbreak, postponing from April 15, 2020 until July 15, 2020 the filing and payment deadlines for all individuals and business entities for, among other items, 2019 tax returns and tax return payments.

On March 19, 2020, the Governor issued Executive Order N-33-20 ordering all State residents to stay home except to get food, care for a relative, get necessary healthcare or go to an essential job. The shelter-in-place order went into effect immediately, thereby suspending classroom instruction indefinitely throughout State schools. On March 24, 2020, the Governor suggested that the shelter-in-place order could last until mid-June.

Impact on the District

On March 13, 2020, the District announced the closure of all schools from March 16, 2020 through at least April 13, 2020 due to the COVID-19 outbreak, and on April 2, 2020, the District announced that its campuses will remain closed through the end of the 2019-20 academic year, with distance learning to educate the District's students officially beginning April 13, 2020.

Pursuant to SB 89 and SB 117, the District expects to receive local control funding formula ("LCFF") funding in fiscal year 2019-20 based on its ADA through February 29, 2020, and will be held harmless for not meeting minimum instructional day and minute requirements during the academic year. In addition to SB 89 and SB 117, existing State law also allows the District to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and State instructional time penalties when they are forced to close schools due to emergency conditions.

The District may incur additional unanticipated costs as a result of the COVID-19 outbreak, including cleaning and sanitizing costs as well as costs associated with implementing distance learning. The District expects to receive emergency State and federal funding in fiscal year 2019-20 which will partially offset the incremental costs associated with the COVID-19 outbreak.

The District receives a significant portion of its revenues from State funds and local property taxes. The COVID-19 outbreak may result in a material change in the State's financial position. Declines in State revenues as a consequence of the COVID-19 outbreak could result in a corresponding decline in revenues available for the District. See "FUNDING OF PUBLIC EDUCATION IN THE STATE" herein. The District cannot predict the outbreak's extent or duration or what impact the outbreak as well as responses by federal, State or local authorities may have on the District's financial condition.

Notwithstanding the impact that the COVID-19 outbreak may have on the economy in the State and the District's financial condition, the Bonds are payable from the proceeds of an *ad valorem* tax, approved by the voters of the District pursuant to applicable laws and State Constitutional requirements, and required to be levied by Yolo County and Solano County on all taxable property in the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein. The District cannot predict the outbreak's extent or duration or what impact the outbreak may have on the assessed value of real property in the District.

YOLO COUNTY TREASURY POOL

This section provides a general description of Yolo County's investment policy, current portfolio holdings, and valuation procedures. The information has been approved by Yolo County for inclusion in this Official Statement. The District makes no representation as to the accuracy or completeness of such information. Further information may be obtained by contacting the County of Yolo, Office of the Chief Financial Officer, 625 Court Street, Room 102, Woodland, CA 95695, telephone (530) 666-8625.

The Yolo County Chief Financial Officer manages the Yolo County Treasury Pool (the "Yolo County Pool") in which certain funds of Yolo County and certain funds of other participating entities are pooled and invested pending disbursement. General participants are those government agencies within Yolo County, including the District, for which the Yolo County Chief Financial Officer is statutorily designated as the custodian of such funds. The Yolo County Chief Financial Officer is the *ex officio* treasurer of each of these participating entities, and such entities are legally required to deposit their cash receipts and revenues in the Yolo County Pool. Under State law, withdrawals are allowed only to pay for expenses that have become due. The governing board of each school district and special district within Yolo County may allow, by appropriate board resolution, certain withdrawals of non-operating funds for purposes of investing outside the Yolo County Pool. Some districts have from time to time authorized the Yolo County Chief Financial Officer to purchase specified investments for certain district funds to mature on predetermined future dates when cash would be required for disbursements. Other local agencies, such as special districts and cities for which the Yolo County Chief Financial Officer is not the statutorily designated fund custodian, may participate in the Yolo County Pool. Such participation is subject to the consent of the Yolo County Chief Financial Officer and must be in accordance with State law.

Funds held in the Yolo County Pool are invested by the Yolo County Chief Financial Officer in accordance with State law and the Yolo County Investment Policy, which is prepared by the Yolo County Chief Financial Officer and approved by the Yolo County Board. A copy of the Yolo County Investment Policy approved by the Yolo County Board on December 17, 2019 for calendar year 2020 is attached hereto as "APPENDIX D." The Yolo County Investment Policy sets forth the Yolo County Chief Financial Officer's investment objectives as, in order of priority, safety of principal, liquidity and return on investment. In addition, the Yolo County Investment Policy describes the instruments eligible for inclusion in the Yolo County Pool and the limitations applicable to each type. A Yolo County Finance Oversight Committee (which includes, among others, a representative of the Yolo County Superintendent of Schools and a representative of the area school districts) monitors the performance of the Yolo County Pool quarterly. The Yolo County Chief Financial Officer neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations. The District will maintain or cause to be maintained detailed records with respect to the applicable proceeds.

A summary description of the composition of the Yolo County Pool from the quarterly investment report as of December 31, 2019 is provided in the following table.

Yolo County Pool Investments
As of December 31, 2019

Investment	Market Value
U.S. Treasury	$93,235,645
Federal Agency	16,471,118
Federal Agency / Collateralized Mortgage Obligations	10,003,482
California Municipal Obligations	3,193,555
Supranationals	22,592,367
Negotiable Certificates of Deposit	38,191,964
Corporate Notes	67,798,394
Commercial Paper	7,528,851
Asset-Backed Securities	14,774,829
Securities Sub-Total	$273,790,204
Accrued Interest	1,775,410
Securities Total	$275,565,614
California Asset Management Program (CAMP)	$229,118,298
Local Agency Investment Fund (LAIF)	64,959,292
Cash in Banks	20,403,406
Cash in Treasury	450,889
Total Yolo County Pool	$590,497,499

Totals may not foot due to rounding.
Source: Yolo County Department of Financial Services.

Neither the District nor the Underwriter has made an independent investigation of the investments in the Yolo County Pool and has made no assessment of the current Yolo County Investment Policy. The value of the various investments in the Yolo County Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Yolo County Chief Financial Officer, upon the approval by the Yolo County Board, may change the Yolo County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Yolo County Pool will not vary significantly from the values described therein.

CITY AND COUNTY ECONOMIC PROFILE

The information in this section concerning the economy of the City of Davis and Yolo County is provided as supplementary information only, and is not intended to be an indication of security for the Bonds. The Bonds are payable from the proceeds of an ad valorem *tax, approved by the voters of the District pursuant to applicable laws and State Constitutional requirements, and required to be levied by Yolo County and Solano County on all taxable property in the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.*

General Information

Yolo County, one of 58 counties in the State, was incorporated in 1850 and is located in the northern central region of the State approximately 20 miles west of the City of Sacramento, the State's capital, and approximately 60 miles northeast of the City of San Francisco. Encompassing approximately 1,021 square miles in the Central Valley and the Sacramento River Delta, Yolo County has four incorporated cities. Agriculture is Yolo County's primary industry. The eastern two-thirds of Yolo County consist of nearly level alluvial fans, flat plains, and basins, while the western third is largely composed of rolling terraces and steep uplands used for dry-farmed grain and range. Yolo County's proximity to Sacramento International Airport as well as two major interstates places it within a major transportation hub of the State. Based on data compiled by CoreLogic, the median sale price of a single-family home in Yolo County was $421,000 in January 2020, a decrease of approximately 1.4 percent from $427,000 in January 2019.

The City of Davis (the "City"), founded in 1868, encompasses approximately 10 square miles located in the southern portion of Yolo County, bisected by Interstate 80. The City is home to the University of California, Davis. Based on data compiled by CoreLogic, the median sale price of a single-family home in the City was $632,000 in January 2020, a decrease of approximately 0.5 percent from $635,000 in January 2019.

Population

The following table displays estimated population as of January 1 for the past five years for the City, Yolo County and the State.

Historical Population
City of Davis, County of Yolo and the State of California

	2015	2016	2017	2018	2019
City of Davis	51,435	53,028	53,153	68,999	69,761
County of Yolo	211,361	215,774	218,690	221,175	222,581
State of California	38,952,462	39,214,803	39,504,609	39,740,508	39,927.315

Source: State Department of Finance.

Personal Income

Total personal income includes income from all sources including net earnings, dividends, interest and rent, and personal current transfer receipts received by residents in the region. *Per capita* personal income ("PCPI") was $52,289 in Yolo County in 2017, an increase of 2.6 percent from 2016 levels, compared to an increase of 4.0 percent statewide and 3.6 percent nationally. The following table shows PCPI for Yolo County as well as for the State and the United States for the past five years for which data is available.

***Per Capita* Personal Income**
County of Yolo, State of California and United States

	2013	2014	2015	2016	2017
County of Yolo	$45,534	$48,225	$50,312	$50,977	$52,289
State of California	49,173	52,237	55,679	57,497	59,796
United States	44,826	47,025	48,940	49,831	51,640

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Labor Force and Employment

The following table contains a summary of the City's historical unemployment data for the past four years and for the most recent month available in the current year, not seasonally adjusted.

Historical Unemployment
City of Davis

	Annual 2016	Annual 2017	Annual 2018	Annual 2019	February 2020[1]
Total Labor Force	34,800	35,100	35,400	35,700	35,600
Number of Employed	33,500	33,900	34,400	34,800	34,700
Number of Unemployed	1,300	1,200	1,000	900	900
Unemployment Rate	3.8%	3.4%	2.7%	2.6%	2.5%

[1]Preliminary.
Source: State Employment Development Department.

The following table contains a summary of Yolo County's historical unemployment data for the past four years and for the most recent month available in the current year, not seasonally adjusted.

Historical Unemployment
County of Yolo

	Annual 2016	Annual 2017	Annual 2018	Annual 2019	February 2020[1]
Total Labor Force	106,100	106,700	107,700	108,700	109,300
Number of Employed	99,800	101,200	103,000	104,200	103,900
Number of Unemployed	6,200	5,400	4,600	4,400	5,300
Unemployment Rate	5.9%	5.1%	4.3%	4.1%	4.9%

[1]Preliminary.
Source: State Employment Development Department.

Employment by Industry

The following table shows labor patterns by type of industry from 2014 through 2018 by annual average, not seasonally adjusted, in Yolo County.

Historical Employment by Industry
County of Yolo

Title	2014	2015	2016	2017	2018
Total, All Industries	101,700	104,700	107,900	109,000	111,500
Total Farm	5,700	5,800	6,400	5,900	5,900
Total Nonfarm	96,000	98,800	101,500	103,100	105,600
Goods Producing	9,300	10,100	9,500	10,000	10,400
Mining and Logging	200	100	100	100	100
Construction	3,000	3,500	3,600	3,600	3,800
Manufacturing	6,200	6,500	5,800	6,300	6,500
Durable Goods	3,600	3,800	3,500	3,600	4,000
Nondurable Goods	2,500	2,700	2,400	2,700	2,500
Service Providing	86,700	88,800	92,000	93,100	95,200
Trade, Transportation & Utilities	19,200	19,500	20,100	20,400	21,000
Wholesale Trade	4,500	4,500	4,800	4,900	5,100
Retail Trade	8,100	8,100	8,200	8,200	8,400
Transportation, Warehousing & Utilities	6,600	6,900	7,100	7,300	7,600
Information	1,000	1,000	1,000	1,000	900
Financial Activities	2,500	2,500	2,500	2,500	2,500
Finance & Insurance	1,200	1,100	1,100	1,100	1,000
Real Estate & Rental & Leasing	1,300	1,400	1,400	1,400	1,500
Professional & Business Services	8,000	8,300	8,900	9,100	9,100
Professional, Scientific & Technical Services	4,200	4,000	4,000	3,900	4,200
Management of Companies & Enterprises	1,000	1,100	1,200	1,300	1,100
Administrative & Support & Waste Services	2,800	3,100	3,800	3,900	3,700
Educational & Health Services	9,300	9,600	9,900	9,900	10,400
Leisure & Hospitality	7,100	7,500	7,900	7,900	8,100
Arts, Entertainment & Recreation	1,000	1,100	1,200	1,100	1,300
Accommodation & Food Services	6,100	6,400	6,700	6,800	6,800
Other Services	2,300	2,300	2,300	2,200	2,300
Government	37,300	38,200	39,400	40,200	40,900
Federal Government	2,300	2,400	2,400	2,400	2,400
State Government	25,500	26,000	27,100	27,600	28,200
Local Government	9,500	9,800	9,900	10,200	10,300

Figures may not foot due to rounding.
Source: State Employment Development Department.

Major Employers

The following table provides a list of 10 major employers, corresponding number of employees and percent of total employment in the City for fiscal year 2018-19.

Major Employers
City of Davis

	Employer	Number of Employees	Percent of Employment
1	University of California, Davis	24,629	68.6%
2	Davis Joint Unified School District	1,169	3.3
3	Sutter Davis Hospital	511	1.4
4	City of Davis[1]	328	0.9
5	Unitrans	287	0.8
6	Nugget Markets (2 locations)	257	0.7
7	Safeway Stores (2 locations)	195	0.5
8	University Retirement Community	158	0.4
9	Courtyard Healthcare Center	153	0.4
10	Davis Food Co-Op	123	0.3
	Total of 10 largest	27,810	77.5%
	Total City employment	35,900	

[1]FTE Only.
Source: City of Davis, Comprehensive Annual Financial Report for the Year Ended June 30, 2019.

The following table provides a list of 10 major employers, corresponding number of employees and percent of total employment in Yolo County for fiscal year 2018-19.

Major Employers
County of Yolo

	Employer	Number of Employees	Percent of Total County Employment
1	University of California, Davis	10,032	9.55%
2	State of California	3,465	3.30
3	Cache Creek Casino Resort	2,200	2.10
4	U.S. Government	1,532	1.46
5	County of Yolo	1,473	1.40
6	Woodland Joint Unified School District	1,000	0.95
7	Raley's Inc.	947	0.90
8	Clark Pacific Corp.	870	0.83
9	Sutter Health	853	0.81
10	Woodland Memorial Hospital	775	0.74
	Total of 10 largest	23,147	
	Total County employment	105,000	

Source: County of Yolo, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019.

Commercial Activity

Total taxable sales during calendar year 2018 in the City were $643,756,197, a 0.9 percent decrease from the total taxable sales of $670,097,614 during calendar year 2017.

The valuation of taxable transactions (in thousands of dollars) in the City for the past five years for which data is available is presented in the following table.

Taxable Retail Sales
City of Davis

	2014	2015	2016	2017	2018
Taxable Sales (000's)	$589,194	$633,471	$657,094	$670,098	$643,756

Source: California Department of Tax and Fee Administration.

Total taxable sales during calendar year 2018 in Yolo County were $4,572,355,582 a 9.1 percent increase from the total taxable sales of $4,192,593,808 reported during calendar year 2017.

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions (in thousands of dollars) in Yolo County for the past five years for which data is available are presented in the following table.

Taxable Retail Sales
County of Yolo

	2014	2015	2016	2017	2018
Sales Tax Permits	4,119	4,476	4,626	4,765	5,154
Taxable Sales (000's)	$3,781,449	$4,013,339	$3,967,050	$4,192,594	$4,572,356

Source: California Department of Tax and Fee Administration.

Construction Activity

Estimated new privately owned residential housing units authorized by building permits and total construction costs in Yolo County for the past five years for which data is available are shown in the following table.

New Residential Building Permits
County of Yolo

	2014	2015	2016	2017	2018
Single-Family Residential Units	216	334	585	351	391
Multi-Family Residential Units	2	20	88	228	385
Total New Building Permits	218	354	673	579	776
Total Construction Costs	$69,863,155	$103,677,679	$178,271,882	$136,870,715	$188,488,348

Source: U.S. Bureau of the Census, Building Permit Estimates.

THE DISTRICT

It should not be inferred from the inclusion of the information in this section concerning the operations of the District and its finances that the principal of or interest on the Bonds is payable from the General Fund. The Bonds are payable from the proceeds of an ad valorem *tax, approved by the voters of the District pursuant to applicable laws and State Constitutional requirements, and required to be levied by Yolo County and Solano County on all taxable property in the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.*

All tables in this section "THE DISTRICT" are from the District unless a source is otherwise indicated.

General Information

The District, a unified school district established in 1962, is a political subdivision of the State. Encompassing approximately 130 square miles, the District serves a population of approximately 81,650 people residing in the southern portion of Yolo County and a small portion of northeastern Solano County. The District is located 13 miles west of Sacramento and 72 miles northeast of San Francisco and is traversed east-west by Interstate 80, the main route between San Francisco and Sacramento, and north-south via State Highway 113.

The District provides elementary and secondary education to approximately 8,000 students in transitional kindergarten through twelfth grade, as well as additional students in preschool programs, adult education and a charter school. The District operates nine elementary schools, one serving kindergarten through third grade and eight serving kindergarten through sixth grade; three junior high schools serving seventh through ninth grade; one traditional senior high school serving tenth through twelfth grade; a charter school serving students in seventh through twelfth grade; an independent study school and an alternative continuation high school; a children's center; and an adult school. All District facilities are located in Yolo County.

The District Board of Education and Key Administrative Personnel

The District Board governs all activities related to public education within the jurisdiction of the District. The District Board has decision-making authority, the power to designate management, the responsibility to significantly influence operations and is accountable for all fiscal matters relating to the District.

The District Board consists of five members. Each member of the District Board is elected by the public for a four-year term of office. Elections for the District Board are held every two years, alternating between two and three positions available. A president of the District Board is elected by the members each year.

The members of the District Board, together with their office and the date their term expires, are set forth in the following table.

District Board of Education
Davis Joint Unified School District

Name	Title	Term Expires
Cindy Pickett	President	December 2022
Joe DiNunzio	Vice President/Clerk	December 2022
Tom Adams	Member	December 2022
Alan Fernandes	Member	December 2020
Bob Poppenga	Member	December 2020

The Superintendent of the District is appointed by and reports to the District Board. The Superintendent is responsible for managing the District's day-to-day operations and supervising the work of other key District administrators. The current members of the District's administration and positions held are set forth on page "v" of this Official Statement.

Enrollment

Student enrollment determines to a large extent the amount of funding a State public school district receives for program, facilities and staff needs. ADA is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the school district to make adjustments in fixed operating costs. The ADA as of the last day of the last full attendance month concluding prior to April 15 ("P-2 ADA") is used by the State as the basis for State apportionments.

Set forth in the following table is the historical and current fiscal year estimated P-2 ADA for the District.

Average Daily Attendance
Davis Joint Unified School District

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20[2]
P-2 ADA[1]	7,698	7,654	7,671	7,687	7,677	7,628

[1]Charter school ADA not included.
[2]Estimated as of the fiscal year 2019-20 second interim report.

Charter Schools

There is one charter school operating within the District: Da Vinci Academy, serving grades seventh through twelfth at two locations, with fiscal year 2018-19 enrollment of approximately 588 students. Da Vinci Academy is fiscally dependent on the District, and its financial activities are included in the District's financial statements.

Charter schools can adversely affect school district funding, either by reducing funded enrollment at the school district or, for community-funded districts, by increasing the in-lieu property tax transfer. However, certain per-pupil expenditures of a school district also decrease based upon the number of students enrolled in charter schools. Pursuant to Proposition 39, school districts are required to provide facilities reasonably equivalent to those provided to regular district students for charter schools having a projected average daily attendance of at least 80 or more students from that district.

Parcel Tax

A school district has the authority to levy a qualified special tax upon approval by two-thirds of the votes case on a proposal pursuant to Section 4 of Article XIIIA of the State Constitution and Government Code Sections 50075 *et seq*. Historically, voters within the District have approved various parcel tax measures to support educational programs and services. In November 2016, voters within the District approved a special parcel tax ("Measure H"), replacing two expiring parcel taxes, to fund essential school programs, including core subjects and elective classes, recruit teachers, limit class sizes, and support student health and safety. Measure H, effective July 1, 2017 and expiring June 30, 2025, authorizes the District to levy an annual special parcel tax in the amount of $620 per year, adjusted annually for inflation beginning tax year 2018-19, on each parcel of taxable real property in the District. Measure H is not pledged to support any bond or other form of long-term debt. Revenues from Measure H were $9,633,260 in fiscal year 2017-18, were $9,884,031 in fiscal year 2018-19, and are budgeted to be $10,237,140 in fiscal year 2019-20 as of the second interim report.

Effective January 1, 2019, special legislation (Senate Bill No. 958 - Dodd) was enacted to provide the District with legal authority to levy a future parcel tax, subject to voter approval, exempting District teachers and other employees from the payment of such tax on their principal place of residence within District boundaries. On March 3, 2020, voters within the District approved a special parcel tax authorized under Senate Bill No. 958 - Dodd ("Measure G") for the purpose of attracting and retaining quality teachers and staff by keeping compensation competitive. Measure G, effective July 1, 2020, authorizes the District to levy an annual special parcel tax in the amount of $198 per year, adjusted annually for inflation beginning tax year 2021-22, on each parcel of taxable real property in the District until such time as the Board or the voters modify, replace, or eliminate it in accordance with applicable law. Measure G is not pledged to support any bond or other form of long-term debt. Revenues from Measure G are expected to be approximately $3 million in fiscal year 2020-21.

Employee Relations

State law provides that employees of public school districts of the State are to be divided into appropriate bargaining units which then may be represented by an exclusive bargaining agent. The District has two recognized bargaining agents representing its employees. The Davis Teachers Association ("DTA") represents non-management, certificated employees of the District. The California School Employees Association, Chapter #572 ("CSEA #572") represents non-management classified employees of the District.

Set forth in the following table are the District's bargaining units, number of full-time equivalents ("FTEs") budgeted for fiscal year 2019-20 and contract status.

Bargaining Units, Number of Employees and Contract Status
Davis Joint Unified School District

Bargaining Unit	Full-Time Equivalents	Contract Status
DTA	463	Settled for fiscal year 2019-20
CSEA #572	377	Settled for fiscal year 2019-20

The District has an additional 54 management and confidential FTEs not represented by a bargaining unit budgeted for fiscal year 2019-20.

Impact of COVID-19 on the District

On March 13, 2020, the District announced the closure of all schools from March 16, 2020 through at least April 13, 2020 due to the COVID-19 outbreak, and on April 2, 2020, the District announced that its campuses will remain closed through the end of the 2019-20 academic year, with distance learning to educate the District's students officially beginning April 13, 2020. Pursuant to SB 89 and SB 117, the District expects to receive LCFF funding in fiscal year 2019-20 based on its ADA through February 29, 2020, and will be held harmless for not meeting minimum instructional day and minute requirements during the academic year.

The District may incur additional unanticipated costs as a result of the COVID-19 outbreak, including cleaning and sanitizing costs as well as costs associated with implementing distance learning. The District expects to receive emergency State and federal funding in fiscal year 2019-20 which will partially offset the incremental costs associated with the COVID-19 outbreak.

The District receives a significant portion of its revenues from State funds and local property taxes. Declines in State revenues as a consequence of the COVID-19 outbreak could result in a corresponding decline in revenues available for the District. See "FUNDING OF PUBLIC EDUCATION IN THE STATE" herein. The District cannot predict the outbreak's extent or duration or what impact the outbreak as well as responses by federal, State or local authorities may have on the District's financial condition. See "DISCLOSURE RELATED TO COVID-19" herein.

Pension Plans

All full-time employees of the District, as well as certain part-time employees, are eligible to participate under defined benefit retirement plans maintained by agencies of the State. Qualified certificated employees are eligible to participate in the cost-sharing multiple-employer State Teachers' Retirement System ("STRS"). Qualified classified employees are eligible to participate in the cost-sharing multiple-employer Public Employees' Retirement Fund of the Public Employees' Retirement System ("PERS"), which acts as a common investment and administrative agent for participating public entities within the State.

The District accounts for its pension costs and obligations pursuant to *Governmental Accounting Standards Board* ("GASB") *Statement No. 67, Financial Reporting for Pension Plans* ("GASB 67") and *Statement No. 68, Accounting and Financial Reporting for Pensions* ("GASB 68"). GASB 68 requires an employer that provides a defined benefit pension, such as the District, to recognize and report its long-term obligation for pension benefits as a liability as it is earned by employees. See "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE YEAR ENDED JUNE 30, 2019" attached hereto.

STRS—Description and Contributions. STRS operates under the Education Code sections commonly known as the State Teachers' Retirement Law. Membership is mandatory for all certificated employees of State public schools meeting the eligibility requirements. STRS provides retirement, disability and death benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

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. This resulted in the combined employer, employee and State contributions to the STRS Defined Benefit Program not being sufficient to pay actuarially required amounts. As a result, and due to significant investment losses and changes in actuarial assumptions by STRS, 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, in 2014 the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by statute to contribute 8.25 percent of eligible salary expenditures, while participants contributed 8.0 percent of their respective salaries. On June 24, 2014, the Governor of California (the "Governor") signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 sought 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 on July 1, 2014, the employee contribution rate increased over a three-year phase-in period. Pursuant to the California Public Employees' Pension Reform Act of 2013, the contribution rates for members hired after January 1, 2013 will be adjusted if the normal cost increases by more than one percent since the last time the member contribution was set. The following table sets forth STRS member contribution rates for the past five years and the current year.

Member Contribution Rates
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired On or 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	10.205
July 1, 2019	10.250	10.205

Sources: AB 1469 and STRS.

Pursuant to AB 1469, K-14 school districts' contribution rates will increase over a seven-year phase in period in accordance with the schedule set forth in the following table.

Employer Contribution Rates
STRS (Defined Benefit Program)

Effective Date	K-14 School Districts[1]
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	17.10 [2]
July 1, 2020	18.40 [2]

[1]Percentage of eligible salary expenditures to be contributed.
[2]The State budget for fiscal year 2019-20 (the "2019-20 State Budget") provides supplemental payments to STRS to reduce the unfunded actuarial obligation of STRS and reduce contribution rates for employers and the State. Based on the additional amounts paid to STRS by the State, the employer contribution rate for fiscal year 2019-20 has been reduced from 18.13 percent to 17.10 percent, and the employer contribution rate for fiscal year 2020-21 has been reduced from 19.10 percent to 18.40 percent.
Sources: AB 1469 and the 2019-20 State Budget.

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 one percent 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 percent. 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 State also contributes to STRS, currently in an amount equal to 7.828 percent of covered STRS member payroll for fiscal year 2019-20. The State's contribution reflects a base contribution rate of 2.017 percent plus 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 2017-18 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 percent 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 percent of the purchasing power of their initial allowance.

The District's actual STRS contributions for fiscal years 2011-12 through 2018-19 and budgeted STRS contributions for fiscal year 2019-20 as of the second interim report are set forth in the following table.

STRS Employer Contributions
Davis Joint Unified School District

Fiscal Year	District Contribution Rate	District Contributions[1]	Total District Governmental Funds Expenditures	District Contributions as Percentage of Total Governmental Funds Expenditures
2011-12	8.25%	$2,937,699	$90,439,524	3.25%
2012-13	8.25	2,846,513	82,524,222	3.45
2013-14	8.25	3,074,500	88,456,605	3.48
2014-15	8.88	3,409,992	99,237,616	3.44
2015-16	10.73	4,281,476	126,553,290	3.38
2016-17	12.58	5,196,394	116,909,021	4.44
2017-18	14.43	6,248,751	122,512,159	5.10
2018-19	16.28	7,183,395	122,016,917	5.89
2019-20[2]	17.10	12,192,646 [3]	134,628,335	9.06

[1]In each instance equal to 100 percent of the required contribution.
[2]Budgeted as of the fiscal year 2019-20 second interim report.
[3]Includes State on-behalf payment of $4,200,200. Excluding the State on-behalf payment would reduce the District contribution as percentage of total governmental funds expenditures in fiscal year 2019-20 to 6.1 percent.

PERS—Description and Contributions. All full-time classified employees of the District as well as certain part-time classified employees participate in PERS, which provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 55 with benefits equal to 2.0 percent of final compensation for each year of service credit. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 with benefits equal to 2.0 percent of final compensation for each year of service credit. All members are eligible for non-duty disability benefits after five years of service. Active plan members with an enrollment date prior to January 1, 2013 are required to contribute seven percent of their salary, while active plan members with an enrollment date on or after January 1, 2013 are required to contribute the greater of 50 percent of normal costs or 6.0 percent of their salary, and for fiscal year 2019-20 the rate is 7.0 percent. The District is required to pay an actuarially determined rate.

The District's actual PERS contributions for fiscal years 2011-12 through 2018-19 and budgeted PERS contributions for fiscal year 2019-20 as of the second interim report are set forth in the following table.

PERS Employer Contributions
Davis Joint Unified School District

Fiscal Year	District Contribution Rate	District Contributions[1]	Total District Governmental Funds Expenditures	District Contributions as Percentage of Total Governmental Funds Expenditures
2011-12	10.923%	$1,342,555	$90,439,524	1.48%
2012-13	11.417	1,392,785	82,524,222	1.69
2013-14	11.442	1,548,993	88,456,605	1.75
2014-15	11.771	1,759,547	99,237,616	1.77
2015-16	11.847	1,888,245	126,553,290	1.49
2016-17	13.888	2,331,676	116,909,021	1.99
2017-18	15.531	2,807,154	122,512,159	2.29
2018-19	18.062	3,420,427	122,016,917	2.80
2019-20[2]	19.721	3,986,506	134,628,335	2.96

[1]In each instance equal to 100 percent of the required contribution.
[2]Budgeted as of the fiscal year 2019-20 second interim report.

Unfunded Liabilities and Pension Expense Reporting. Both STRS and PERS have substantial statewide, unfunded liabilities. The amount of these liabilities will vary depending on actuarial assumptions, returns on investment, salary scales and participant contributions. The actuarial funding method used in the STRS actuarial valuation as of June 30, 2018 is the entry age normal cost method, and assumes, among other things, a 7.0 percent investment rate of return, 3.0 percent interest on member accounts, projected 2.75 percent inflation, and projected payroll growth of 3.5 percent.

The following table shows the statewide funding progress of the STRS plan for the previous eight years.

Funding Progress
California State Teachers' Retirement System (STRS)[1]

Actuarial Valuation Date as of June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Total Unfunded Actuarial Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
2011	$143,930	$208,405	$64,475	69%	$26,592	242%
2012	144,232	215,189	70,957	67	26,404	269
2013	148,614	222,281	73,667	67	26,483	278
2014	158,495	231,213	72,718	69	26,398	275
2015	165,553	241,753	76,200	69	28,640	266
2016	169,976	266,704	96,728	64	30,324	319
2017	179,689	286,950	107,261	63	31,961	336
2018	190,451	297,603	107,152	64	32,613	329

[1]Dollars in millions.
Sources: California State Teachers' Retirement System, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019; California State Teachers' Retirement System, Defined Benefit Program Actuarial Valuation for Fiscal Year Ended June 30, 2018.

Pursuant to Government Code Section 20840 *et seq*., PERS is authorized to create risk pools for public agencies, combining assets and liabilities across employers in large risk-sharing pools to help reduce the large fluctuations in the employer's contribution rate caused by unexpected demographic events. The "Schools Pool" provides identical retirement benefits to nearly all classified school employees in the State. The actuarial funding method used in the Schools Pool Actuarial Valuation as of June 30, 2018 (the "2018 PERS Actuarial Valuation") is the entry age normal cost method, and assumes, among other things, a 7.25 percent investment rate of return, 2.625 percent annual inflation; and 2.875 percent annual payroll growth.

In December 2016, PERS approved a plan to reduce the assumed investment rate of return from 7.5 percent to 7.0 percent over a three-year period. Based on the 2018 PERS Actuarial Valuation, the three-year phased in reduction of the discount rate is currently projected to result in a 26.6 percent employer contribution rate by fiscal year 2024-25. Such projections contained in the 2018 PERS Actuarial Valuation assume that all other actuarial assumptions will be realized and no changes to assumptions, contributions, benefits or funding will occur during the projected period.

The following table shows the statewide funding progress of the PERS plan for the previous eight years.

Funding Progress
Public Employees' Retirement System (PERS)[1]

Actuarial Valuation Date as of June 30	Market Value of Plan Assets	Actuarial Accrued Liability	Total Unfunded Actuarial Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
2011	$45,901	$58,358	$12,457	78.7%	$10,540	118.2%
2012	44,854	59,439	14,585	75.5	10,242	142.4
2013	49,482	61,487	12,005	80.5	10,424	115.2
2014	56,838	65,600	8,761	86.6	11,294	77.6
2015	56,814	73,325	16,511	77.5	12,098	136.5
2016	55,785	77,544	21,759	71.9	13,022	167.1
2017	60,865	84,416	23,551	72.1	13,683	172.1
2018	64,846	92,071	27,225	70.4	14,234	191.3

[1]Dollars in millions.
Source: California Public Employees' Retirement System, Schools Pool Actuarial Valuation as of June 30, 2018.

The District's proportionate share of the State net pension liability as reported in the audited financial statements for fiscal years 2014-15, the first year for which the data was provided, through 2018-19 are set forth in the following tables.

Proportionate Share of the Net Pension Liability—STRS
Davis Joint Unified School District

Fiscal Year	Proportion of Statewide Net Pension Liability	Proportionate Share of Statewide Net Pension Liability	Covered Employee Payroll	Proportionate Share of Statewide Liability as Percentage of Covered Employee Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
2014-15	0.084%	$48,887,000	$37,261,000	131.20%	76.52%
2015-16	0.083	55,700,000	38,401,000	145.05	74.02
2016-17	0.080	64,757,000	39,902,000	162.29	70.04
2017-18	0.078	71,701,000	41,091,000	174.49	69.46
2018-19	0.082	75,360,000	43,304,000	174.03	70.99

Proportionate Share of the Net Pension Liability—PERS
Davis Joint Unified School District

Fiscal Year	Proportion of Statewide Net Pension Liability	Proportionate Share of Statewide Net Pension Liability	Covered Employee Payroll	Proportionate Share of Statewide Liability as Percentage of Covered Employee Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
2014-15	0.129%	$14,657,000	$13,553,000	108.15%	83.38%
2015-16	0.135	19,902,000	14,949,000	133.13	79.43
2016-17	0.133	26,239,000	15,939,000	164.62	73.89
2017-18	0.132	31,443,000	16,793,000	187.24	71.87
2018-19	0.137	36,454,000	18,075,000	201.68	70.85

For the year ended June 30, 2019, the District's combined recognized pension expense (net of the State on-behalf STRS payment) was $17,640,246. The District's net pension liability ("NPL") as of June 30, 2019 was $111,814,000.

The District is unable to predict the future amount of State pension liabilities or the amount of required District contributions. Pension plan, annual contribution requirements and liabilities are more fully described in "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE YEAR ENDED JUNE 30, 2019" attached hereto.

Other Postemployment Benefits (OPEB)

In addition to the pension benefits described above, the District provides postemployment health care benefits (known as "other postemployment benefits," or "OPEB") in accordance with District employment contracts to retirees meeting certain eligibility requirements. The District pays up to $125 per month for health benefits until age 65 to certain groups of employees who retire from the District after attaining age 55 with at least 15 years of service. As of June 30, 2019, there were 1,257 participants in the Plan, including 1,043 active members and 214 inactive members.

The District accounts for its pension costs and obligations pursuant to GASB *Statement No. 74 Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans* ("GASB 74") and *Statement No. 75 Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions* ("GASB 75"). GASB 74 and GASB 75 require a liability for OPEB obligations, known as the net OPEB liability (the "NOL"), to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing OPEB will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. GASB 74 and GASB 75 are directed at quantifying and disclosing OPEB obligations, and do not impose any requirement on public agencies to fund such obligations.

The District completed an actuarial report consistent with GASB 74 and GASB 75 assessing the District's OPEB liability as of June 30, 2018 (the "OPEB Actuarial Report"). The OPEB Actuarial Report calculated the total OPEB liability (the "TOL") to be $15,896,210 for GASB 75 reporting purposes. The District has not set aside moneys in an irrevocable trust with which to pay the TOL, consequently, the net OPEB liability (the "NOL") is also $15,896,210 for GASB 75 reporting purposes.

Every year, active employees earn additional future benefits, an amount known as the "service cost," which is added to the NOL. The OPEB Actuarial Report calculated the service cost for fiscal year 2018-19 to be $1,103,389. The service cost changes each year based on covered payroll. The OPEB Actuarial Report calculated the District's OPEB expense for fiscal year 2017-18 to be $1,642,106. The OPEB expense is the amount recognized in accrual basis financial statements as the current period expense. The OPEB expense includes the service cost, interest, benefit payments, changes in benefit terms, and certain changes in the NOL.

As of June 30, 2019, the District's NOL was $18,024,856, with an OPEB expense of $2,128,646 in fiscal year 2018-19. The District funds its OPEB liability on a "pay-as-you go" basis. The District's OPEB expenditures were $355,246 in fiscal year 2017-18, were $369,456 in fiscal year 2018-19, and are budgeted to be $417,678 in fiscal year 2019-20 as of the second interim report. See "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE YEAR ENDED JUNE 30, 2019" for additional information regarding the District's OPEB.

DISTRICT FINANCIAL INFORMATION

It should not be inferred from the inclusion of the information in this section concerning the operations of the District and its finances that the principal of or interest on the Bonds is payable from the General Fund. The Bonds are payable from the proceeds of an ad valorem *tax, approved by the voters of the District pursuant to applicable laws and State Constitutional requirements, and required to be levied by Yolo County and Solano County on all taxable property in the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.*

All tables in this section "DISTRICT FINANCIAL INFORMATION" are from the District unless a source is otherwise indicated.

Accounting Practices

The District accounts for its financial transactions in accordance with the policies and procedures of the State Department of Education's *California School Accounting Manual*, which, pursuant to Education Code Section 41010, is to be followed by all school districts in the State. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by GASB and the American Institute of Certified Public Accountants.

The District's financial statements consist of government-wide statements and fund-based financial statements. Government-wide statements, consisting of a statement of net position and a statement of activities, report all the assets, liabilities, revenue and expenses of the District and are accounted for using the economic resources measurement focus and accrual basis of accounting. The fund-based financial statements consist of a series of statements that provide information about the District's major and non-major funds. Governmental funds, including the General Fund, special revenues funds, capital project funds and debt service funds, are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available, while expenditures are recognized in the period in which the liability is incurred, if measurable. Proprietary funds and fiduciary funds are accounted for using the economic resources measurement focus and accrual basis of accounting. See "NOTE 1" in "APPENDIX A" attached hereto for a further discussion of applicable accounting policies.

The independent auditor for the District in fiscal year 2018-19 was Crowe LLP, Sacramento, California (the "Auditor"). The financial statements of the District as of and for the year ended June 30, 2019, are set forth in "APPENDIX A" attached hereto. The District has not requested nor did the District obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. The Auditor has not been engaged to perform and has not performed, since the date of its report attached hereto, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

Budget and Financial Reporting Process

The General Fund finances the legally authorized activities of the District for which restricted funds are not provided. General Fund revenues are derived from such sources as federal and State school apportionments, taxes, use of money and property, and aid from other governmental agencies.

The District is required by provisions of the Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed revenues plus the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting format for all school districts.

The fiscal year for all State school districts and county offices of education is July 1 to June 30. Because most school districts depend on State funds for a substantial portion of revenue, the State budget is an extremely important input in the school district budget preparation process. However, there is very close timing between final approval of the State budget (legally required by June 15), the adoption of the associated school finance legislation, and the adoption of local school district budgets. In some years, the State budget is not approved by the legal deadline which forces school districts to begin the new fiscal year with only estimates of the amount of funding they will actually receive.

The school district budgeting process involves continuous planning and evaluation. Within the deadlines, school districts work out their own schedules for considering whether or not to hire or replace staff, negotiating contracts with all employees, reviewing programs, and assessing the need to repair existing or acquire new facilities. Decisions depend on the critical estimates of enrollment, fixed costs, commitments in contracts with employees as well as best guesses about how much money will be available for elementary and secondary education. The timing of some decisions is forced by legal deadlines. For example, preliminary layoff notices to teachers must be delivered in March, with final notices in May. This necessitates projecting enrollments and determining staffing needs long before a school district will know either its final financial position for the current year or its revenue for the next year.

School districts must adopt an annual 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 governing board of the school district must not adopt a budget before the governing board adopts a local control and accountability plan (the "LCAP") for that budget year. See "FUNDING OF PUBLIC EDUCATION IN THE STATE" herein.

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, will determine if the budget allows the school district to meet its current obligations, will determine if the budget is consistent with a financial plan that will enable the school district to meet its multi-year financial commitments, and will determine if the budget ensures the fiscal solvency and accountability for the goals outlined in the LCAP. On or before September 15, the county superintendent will approve or disapprove the adopted budget for each school district within its jurisdiction based on these standards. The school district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the school district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than October 22, the county superintendent must notify the State Superintendent of Public Instruction (the "State Superintendent") of all school districts whose budget may be disapproved, and no later than November 8, the county superintendent must notify the State Superintendent of all school district budgets that have been disapproved or budget committees waived.

For school districts whose budgets have been disapproved, the school district must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, and responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final school district budgets and not later than November 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. Until a school district's budget is approved, the school 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.

Under the provisions of State Assembly Bill 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. Each school district is required by the Education Code to file two interim reports each year—the first report for the period ending October 31 by not later than December 15, and the second report for the period ending January 31 by not later than March 15. Each interim report shows fiscal year-to-date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point. 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 subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or subsequent two fiscal years. If either the first or second interim report is not positive, the county superintendent may require the school district to provide a third interim report by June 1 covering the period ending April 30. If not required, a third interim report is generally not prepared (though may be at the election of the school district).

The county superintendent must annually present a report to the governing board of the school district and the State Superintendent regarding the fiscal solvency of any school district with a disapproved budget, qualified interim certification, or negative interim certification, or that is determined at any time to be in a position of fiscal uncertainty pursuant to Education Code Section 42127.6. Any school district with a qualified or negative certification must allow the county office of education at least 10 working days to review and comment on any proposed agreement made between its bargaining units and the school district before it is ratified by the school district board (or the state administrator). The county superintendent will notify the school district, the county board of education, the school district governing board and the school district superintendent (or the state administrator), and each parent and teacher organization of the school district within those 10 days if, in his or her opinion, the agreement would endanger the fiscal well-being of the school district. Also, pursuant to Education Code Section 42133, a school district that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or the next succeeding fiscal year, non-voter approved debt unless the county superintendent of schools determines that the repayment of that debt by the school district is probable.

The filing status for each of the District's interim reports for the previous five fiscal years and the current fiscal year appears in the following table.

Certifications of Interim Financial Reports
Davis Joint Unified School District

Fiscal Year	First Interim	Second Interim
2014-15	Positive	Positive
2015-16	Positive	Positive
2016-17	Positive	Positive
2017-18	Positive	Positive
2018-19	Positive	Positive
2019-20	Positive	Positive

Financial Statements

Figures presented in summarized form herein have been gathered from the District's financial statements. The audited financial statements of the District for the fiscal year ended June 30, 2019, have been included in "APPENDIX A" attached hereto. Audited financial statements and other financial reports for prior fiscal years are available on the Electronic Municipal Market Access ("EMMA") website operated by the Municipal Securities Rulemaking Board (the "MSRB") and are on file with the District and available for public inspection during normal business hours. Copies of financial statements relating to any year are available to prospective investors and their representatives upon request by contacting Davis Joint Unified School District, 526 B Street, Davis, California 95616, telephone (530) 757-5300, Attention: Chief Business and Operations Officer, or by contacting the Municipal Advisor, Government Financial Strategies inc., 1228 N Street, Suite 13, Sacramento, California 95814-5609, telephone (916) 444-5100.

The following table sets forth the District's audited General Fund balance sheet data for fiscal years 2014-15 through 2018-19.

General Fund Balance Sheet
Davis Joint Unified School District

	2014-15 Audited	2015-16 Audited	2016-17 Audited	2017-18 Audited	2018-19 Audited
Assets					
Cash and Investments	$12,286,402	$15,305,752	$15,530,276	$18,287,141	$12,902,433
Accounts Receivable	2,811,948	2,851,696	3,408,845	1,698,884	5,902,801
Due from Other Funds	2,308,410	125,467	2,142,011	208,186	501,828
Prepaid Expenditures	2,796	0	0	0	0
Total Assets	$17,409,556	$18,282,915	$21,081,132	$20,194,211	$19,307,062
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	$9,197,236	$6,851,614	$7,222,119	$10,778,493	$7,906,801
Due to Other Funds	469,106	170,122	390,557	529,769	712,097
Unearned Revenue	0	3,760	571,478	565,990	164,192
Total Liabilities	$9,666,342	$7,025,496	$8,184,154	$11,874,252	$8,783,090
Fund Balances					
Nonspendable	$50,296	$47,500	$47,500	$47,500	$67,500
Restricted	966,365	2,060,942	2,505,237	2,325,432	4,767,633
Assigned	4,361,176	2,510,861	2,656,503	658,002	200,000
Unassigned	2,365,377	6,638,116	7,687,738	5,289,025	5,488,839
Total Fund Balances	$7,743,214	$11,257,419	$12,896,978	$8,319,959	$10,523,972
Total Liabilities and Fund Balances	$17,409,556	$18,282,915	$21,081,132	$20,194,211	$19,307,062

The following table sets forth the District's audited General Fund activity for fiscal years 2015-16 through 2018-19 and budgeted activity for fiscal year 2019-20 as of the second interim report.

General Fund Activity
Davis Joint Unified School District

	2015-16 Audited	2016-17 Audited	2017-18 Audited	2018-19 Audited	2018-19 Second Interim
Beginning Balance	$7,743,214	$11,257,419	$12,896,978	$8,319,959	$10,523,972
Revenues					
LCFF	$59,296,059	$62,454,592	$63,874,941	$68,532,093	$70,060,057
Federal Revenue	2,483,727	2,491,862	2,625,710	2,963,414	2,718,235
Other State Revenues	9,697,530	8,218,203	8,104,054	14,098,022	8,194,064
Other Local Revenues	15,013,335	15,576,325	15,661,204	17,605,896	16,372,869
Total Revenues	$86,490,651	$88,740,982	$90,265,909	$103,199,425	$97,345,225
Expenditures					
Certificated Salaries	$38,889,383	$40,437,645	$42,173,933	$43,359,788	$43,905,823
Classified Salaries	16,023,604	16,690,494	17,780,668	18,429,283	18,967,564
Employee Benefits	14,959,777	17,001,701	19,378,841	24,811,377	22,456,567
Books and Supplies	4,322,091	3,997,907	4,935,857	3,485,175	4,434,849
Services and Operating Expenditures	8,199,318	8,354,743	9,174,860	9,780,612	10,978,295
Capital Outlay	536,417	542,611	1,122,617	487,664	784,138
Other Outgo	193,142	551,843	477,723	770,037	548,270
Debt Service	108,941	111,038	115,680	149,149	n/a
Total Expenditures	$83,232,673	$87,687,982	$95,160,179	$101,273,085	$102,075,506
Other Financing Sources	$256,227	$586,559	$317,251	$277,673	($373,006)
Net Increase (Decrease)	$3,514,205	$1,639,559	($4,577,019)	$2,204,013	($5,103,287)
Ending Balance	$11,257,419	$12,896,978	$8,319,959	$10,523,972	$5,420,685

Totals may not foot due to rounding.

Revenues

The District categorizes its General Fund revenues into four primary sources: LCFF, federal revenues, other State revenues and other local revenues.

Local Control Funding Formula (LCFF). For nearly half a century, State school districts operated under general purpose revenue limit funding based on a district's average daily student attendance, much of which was restricted by category as to how each dollar could be spent. Revenue limit funding was calculated by multiplying a school district's ADA (using the greater of the current or prior year P-2 ADA) by the school district's revenue limit funding per ADA, with certain adjustments.

In landmark legislation effective fiscal year 2013-14, the State introduced a new school district funding formula, the local control funding formula or LCFF. LCFF consolidated most categorical programs in order to give school districts more control over how to spend their revenues. At full implementation of LCFF, school districts will receive a uniform base grant per student based on grade span, a supplemental grant based on an unduplicated count of the targeted disadvantaged students ("unduplicated students") in the school district, and an additional concentration grant based on the number of unduplicated students in the school district above 55 percent, with qualifying schools receiving an additional necessary small school allowance. In fiscal year 2018-19, approximately 27.00 percent of the District's students were unduplicated students. The base, supplemental, and concentration grant amounts per student were set in fiscal year 2012-13 and are subject to cost-of-living adjustments thereafter. School districts that would otherwise receive less funding at full implementation of LCFF than they did under the revenue-limit system are also guaranteed an additional Economic Recovery Target ("ERT") grant to restore funding to at or above their pre-recession funding, adjusted for inflation. The ERT add-on is paid incrementally over the LCFF implementation period. In fiscal year 2018-19, the District's LCFF funding at full implementation based on P-2 ADA was calculated to be $68,245,068, comprised of $64,205,402 in base grant funding, $3,467,092 in supplemental grant funding, and $572,574 in add-on funding.

LCFF was originally scheduled to be phased in over eight years through fiscal year 2020-21. To calculate LCFF funding during the phase-in period, school districts calculated their "funding gap," the difference between LCFF funding calculated at full implementation and their "funding floor," an amount based on fiscal year 2012-13 funding levels under the revenue limit system adjusted for prior LCFF phase-in adjustments. School districts received their funding floor plus a percentage of their funding gap as specified in the State budget. In fiscal year 2018-19, the State funded 100 percent of the remaining gap. See "FUNDING OF PUBLIC EDUCATION IN THE STATE" herein for more information about LCFF.

Set forth in the following table are the District's funded ADA by grade span and the percentage of unduplicated student enrollment for fiscal years 2013-14 through 2018-19, and estimated data for fiscal year 2019-20 as of the second interim report.

ADA and Unduplicated Student Enrollment Percentage
Davis Joint Unified School District

Fiscal Year	P-2 ADA Grades TK-3	P-2 ADA Grades 4-6	P-2 ADA Grades 7-8	P-2 ADA Grades 9-12	Total P-2 ADA	Unduplicated Student Enrollment Percentage[1]
2013-14	2,295	1,857	1,181	2,346	7,679	27.33%
2014-15	2,352	1,853	1,144	2,346	7,696	27.08
2015-16	2,328	1,833	1,206	2,309	7,677	26.37
2016-17	2,333	1,807	1,199	2,357	7,696	26.02
2017-18	2,332	1,842	1,150	2,388	7,713	26.30
2018-19	2,271	1,839	1,171	2,422	7,703	27.00
2019-20[2]	2,291	1,832	1,150	2,382	7,654	26.93

[1]For purposes of calculating supplemental and concentration grants, a school district's fiscal year 2013-14 percentage of unduplicated students is determined solely as the percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated students is based on the two-year average of unduplicated student enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated student enrollment is based on a rolling average of such district's unduplicated student enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
[2]Estimated as of the fiscal year 2019-20 second interim report.

Set forth in the following table is the District's actual LCFF funding per ADA for fiscal years 2013-14 through 2018-19 and budgeted LCFF funding per ADA for fiscal year 2019-20.

LCFF Funding per ADA
Davis Joint Unified School District

Fiscal Year	Funded ADA[1]	Average LCFF Funding per ADA[2]	Average LCFF Funding per ADA at Full Implementation[2]
2013-14	7,679	$6,360	$8,255
2014-15	7,696	6,951	8,323
2015-16	7,677	7,708	8,390
2016-17	7,696	8,091	8,393
2017-18	7,713	8,279	8,531
2018-19	7,703	8,859	8,859
2019-20[3]	7,654	9,142	9,142

[1]Funded ADA is the greater of current year P-2 ADA and prior year P-2 ADA.
[2]Represents average LCFF funding per ADA across grade spans.
[3]Estimated as of the fiscal year 2019-20 second interim report.

Funding of the District's LCFF is accomplished by a mix of a) local taxes (composed predominantly of property taxes, and including miscellaneous taxes and certain community redevelopment funds, if any) and b) State apportionments. The majority of the District's LCFF funding comes from State apportionments.

LCFF revenues were 70.8 percent of General Fund revenues in fiscal year 2017-18, were 66.4 percent of General Fund revenues in fiscal year 2018-19, and are budgeted to be 72.0 percent of General Fund revenues in fiscal year 2019-20 as of the second interim report.

Federal Revenues. The federal government provides funding for several District programs. These federal revenues, most of which historically have been restricted, were 2.9 percent of General Fund revenues in fiscal year 2017-18, were 2.9 percent of General Fund revenues in fiscal year 2018-19, and are budgeted to be 2.8 percent of General Fund revenues in fiscal year 2019-20 as of the second interim report.

Other State Revenues. In addition to apportionment revenues, the State provides funding to the District for categorical programs. These other State revenues were 9.0 percent of General Fund revenues in fiscal year 2017-18, were 13.7 percent of General Fund revenues in fiscal year 2018-19, and are budgeted to be 8.4 percent of General Fund revenues in fiscal year 2019-20 as of the second interim report. Included in other State revenues are proceeds received from the State from the State lottery. The District does not receive pass-through payments from the dissolution of redevelopment agencies.

Other Local Revenues. Revenues from other local sources were 17.4 percent of General Fund revenues in fiscal year 2017-18, were 17.1 percent of General Fund revenues in fiscal year 2018-19, and are budgeted to be 16.8 percent of General Fund revenues in fiscal year 2019-20 as of the second interim report. Included in other local revenues are the proceeds from the Measure H parcel tax (see "THE DISTRICT—Parcel Tax" herein). Revenues from Measure H were $9,633,260 in fiscal year 2017-18, were $9,884,031 in fiscal year 2018-19, and are budgeted to be $10,237,140 in fiscal year 2019-20 as of the second interim report.

Expenditures

The largest components of a school district's general fund expenditures are certificated and classified salaries and employee benefits. 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. Even with no negotiated salary increases or changes in staffing levels, normal "step and column" advancements on the salary scale result in increased salary expenditures.

Employee salaries and benefits were 83.4 percent of General Fund expenditures in fiscal year 2017-18, were 85.5 percent of General Fund expenditures in fiscal year 2018-19, and are budgeted to be 83.6 percent of General Fund expenditures in fiscal year 2019-20 as of the second interim report.

Short-Term Borrowings

The District has no short-term debt outstanding.

The District has in the past issued short-term tax and revenue anticipation notes. Proceeds from the issuance of notes by the District have been used to reduce inter-fund dependency and to provide the District with greater overall efficiency in the management of its funds. The District has not defaulted on the payment of principal of or interest on any of its short-term borrowings in the past 20 years.

Capitalized Lease Obligations

The District has made use of various capital lease arrangements under agreements that provide for title of items and equipment being leased to pass to the District upon expiration of the lease period. As of June 30, 2019, the District had $339,913 in capital lease arrangements outstanding.

In May 2009, the District issued the Davis Joint Unified School District (Yolo and Solano Counties, California) 2009 Lease Certificates (the "2009 Lease") in the aggregate principal amount of $4,994,311. The 2009 Lease was repaid in full on August 1, 2019.

In August 2014, the District issued the Davis Joint Unified School District (Yolo and Solano Counties, California) 2014 Certificates of Participation (the "2014 COP") in the aggregate principal amount of $25,967,063.

The following table summarizes the District's outstanding certificates of participation and lease purchases as of March 31, 2020.

Davis Joint Unified School District
Outstanding Certificates of Participation and Lease Purchases

Issue	Final Maturity	Principal Amount Issued	Outstanding as of March 31, 2020[1]	Debt Service in Fiscal Year 2019-20
2009 Lease	August 1, 2019	$4,994,311	$0	$5,230,850
2014 COP	August 1, 2024	25,967,063	25,808,587	820,400
		Total	$25,808,587	$6,051,250

[1]Excludes accreted interest.

Long-Term Borrowings

General Obligation Bonds. At an election held on May 23, 2000 (the "2000 Election"), more than two-thirds of voters in the District approved the issuance of not-to-exceed $26.0 million in aggregate principal amount of general obligation bonds. In August 2000, the District issued the Davis Joint Unified School District (Yolo County, California) General Obligation Bonds, Election of 2000, Series 2000 (the "2000 Bonds") in the aggregate principal amount of $13,000,000. In July 2002, the District issued the Davis Joint Unified School District (Yolo County, California) General Obligation Bonds, Election of 2000, Series 2002 (the "2002 Bonds") in the aggregate principal amount of $13,000,000. The District has no remaining authorization under the 2000 Election.

In May 2010, the District issued the 2010 Refunding Bonds in the aggregate principal amount of $9,600,000 to refund the outstanding maturities of the 2000 Bonds. In August 2011, the District issued the 2011 Refunding Bonds in the aggregate principal amount of $9,475,000 to refund the outstanding maturities of the 2002 Bonds.

On March 4, 2019, the District issued the first series of bonds authorized by the 2018 Election, the 2019 Bonds, in the aggregate principal amount of $50,300,000.

The following table summarizes the District's outstanding general obligation bond indebtedness as of March 31, 2020.

Outstanding General Obligation Bonds
Davis Joint Unified School District

Issue	Final Maturity	Principal Amount Issued	Outstanding Principal as of March 31, 2020	Debt Service in Fiscal Year 2019-20
2010 Refunding Bonds[1]	August 1, 2025	$9,600,000	$4,580,000	$851,300
2011 Refunding Bonds[1]	August 1, 2027	9,475,000	5,530,000	786,644
2019 Bonds	August 1, 2048	50,300,000	50,300,000	1,732,455
		Total	$60,410,000	$3,370,398

[1]To be refunded in part with the proceeds of the Refunding Bonds.

Community Facilities District No. 1—1989 Election. Pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Government Code Section 53311 *et seq*.), the District Board adopted a resolution to establish the Davis Joint Unified School District Community Facilities District No. 1 ("CFD No. 1") for the purpose of financing certain public facilities in and for the District and CFD No. 1. At an election held on November 7, 1989 (the "1989 Election"), more than two-thirds of qualified landowners voting within the boundaries of CFD No. 1 approved the issuance of not-to-exceed $33.0 million aggregate principal amount of special tax bonds for school purposes. Nine bond series have been issued pursuant to this authorization, including various refunding series. The remaining outstanding bonds of CFD No. 1 were repaid in their entirety in February 2017.

Community Facilities District No. 2—1990 Election. Pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Government Code Section 53311 *et seq*.), the District Board adopted a resolution to establish the Davis Joint Unified School District Community Facilities District No. 2 ("CFD No. 2") for the purpose of financing certain public facilities in and for the District and CFD No. 2. At an election held on May 24, 1990 (the "1990 Election"), more than two-thirds of qualified landowners voting within the boundaries of CFD No. 2 approved the issuance of not-to-exceed $70.0 million aggregate principal amount of special tax bonds for school purposes. To date, seven bond series have been issued pursuant to this authorization, including various refunding series.

The following table summarizes the CFD No. 2 outstanding long-term indebtedness as of March 31, 2020.

Outstanding Special Tax Bonds
Davis Joint Unified School District Community Facilities District No. 2

Issue	Final Maturity	Principal Amount Issued	Outstanding Principal as of March 31, 2020	Debt Service in Fiscal Year 2019-20
2012 Refunding Bonds	August 15, 2028	$17,450,000	$8,695,000	$1,595,545
2015 Refunding Bonds	August 15, 2029	7,385,000	5,515,000	660,900
		Total	$14,210,000	$2,256,445

The District has not defaulted on the payment of principal of or interest on any of its long-term indebtedness in the past 20 years. All long-term bonded indebtedness of the District as of June 30, 2019, is set forth in "APPENDIX A" attached hereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND EXPENDITURES

Background

From the Separation of Sources Act (1910) until Proposition 13 (1978), local governments had control over property tax rates and revenues within their jurisdiction. Voter approval was not required for most taxes, charges or fees imposed by local governments. Each school district in the State raised revenue by taxing local property owners according to a tax rate established by its governing board, subject to voter approval, and received some supplemental funds from the State. The State's role in providing for public education and education facilities was limited during this time. Local school districts relied largely on general obligation bonds as the primary source of funding for school facilities.

The passage of Proposition 13 brought this local property tax system to an end, fundamentally changing local government finance. Local government entities are no longer authorized to levy a general tax rate. Instead, they share in the revenues generated by Proposition 13's countywide tax rate. In the year following the passage of Proposition 13, local property tax revenue across the State fell approximately 60 percent. In order for school districts to continue operating, the State had to assume primary responsibility for public school funding, replacing the lost property tax revenue with moneys from the State general fund. As a result of Proposition 13, control over revenues shifted away from local school districts to the State government. Proposition 13 also eliminated the ability of school districts to issue bonds; for a decade, the State provided some of the cost of school facilities projects until the passage of Proposition 46 (1986) restored the ability of school districts to issue such bonds.

Article XIIIA of the State Constitution

Article XIIIA, added to the State Constitution by Proposition 13 and amended over time, limits the *ad valorem* tax rate that can be levied on real property to one percent of its "full cash value" except to pay debt service, discussed below. "Full cash value" is defined as the property's assessed value as of the fiscal year 1975-76 tax bill, annually increased by the lesser of either two percent or the rate of inflation. Subsequently, the property is reappraised for tax purposes upon a change in ownership or new construction. Several types of changes in ownership and construction have been exempted from the reassessment requirement by amendment, including improvements for seismic retrofit, solar energy, fire prevention, disability access, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property is destroyed in a declared disaster, and certain transfers of property between family members.

In most years, the market value of a property increases at a rate greater than the maximum two percent increase a county is allowed to calculate. As amended by Proposition 8 (1978), Article XIIIA allows for a county to temporarily reduce the assessed value to current market value when the market value of the property falls below the property's adjusted acquisition value due to an economic recession, natural disaster or other cause of damage. In years in which reduced reassessments are widespread, property tax revenue available to local governments such as school districts is reduced. Pursuant to interpretation of the Revenue and Taxation Code and upheld by State courts, once the market has rebounded or the property has been repaired to substantially its original condition, a county may increase the assessed value of the property at a rate greater than two percent annually until it has reached the property's pre-decline assessed value.

As a result of these laws, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than the market value of the property and of similar properties more recently sold. Likewise, changes in ownership of property and reassessment of such property to market value commonly lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full two percent increase on any property that has not changed ownership. Any increase or decrease in assessed valuation is allocated among the various jurisdictions.

The one percent tax is levied and collected by each county, and the revenue is apportioned by the county to each local government agency in the taxing area roughly in proportion to the relative shares of taxes as levied prior to 1979. Local government agencies, including school districts, may not directly levy any *ad valorem* tax, unless the tax is levied to pay debt service (interest and redemption charges) on a local government's indebtedness approved by voters prior to July 1, 1978, or, thereafter, as amended by Proposition 46 (1986), bonded indebtedness for the acquisition or improvement of real property approved by a two-thirds majority. In addition, Proposition 39 (2000) added a provision allowing for a lowered voter approval rate specifically for bonds to fund school facilities projects. A school district or community college district may levy *ad valorem* taxes in excess of one percent with 55 percent voter approval if the bonds will be used for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities. The measure must include the specific list of projects to be funded and certification that the school district's governing board has evaluated safety, class size reduction, and information technology needs in developing the list, and must conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Pursuant to legislation, the projected tax rate per $100,000 of taxable property value levied as the result of any single election may be no more than $60 in a unified school district, $30 in a high school or elementary school district, or $25 in a community college district. The 2018 Election was conducted pursuant to Proposition 39.

Article XIIIB of the State Constitution

Article XIIIB, added to the State Constitution by Proposition 4 (1979) (the "Gann Limit"), amended by Proposition 111 (1990), limits the amount of certain funds, including tax revenues, that may be annually appropriated by the State and local governments, including school districts, to the amount appropriated the prior year, adjusted to reflect the rate of economic growth by measuring the change in *per capita* personal income and population. Certain payments are exempt from the appropriations limit calculation, including debt service payments; certain benefit payments, mandated expenses, State payments to school districts and community college districts, increases in revenues gained from fuel, vehicle and tobacco taxes, emergency appropriations; and qualified capital outlay projects (projects involving fixed assets such as land or construction that have an expected life of more than 10 years and a value greater than $100,000).

Tax revenues in excess of the appropriation limit are shared between increased education funding and taxpayer rebates. Calculated over two years, half of any excess is transferred to K-14 school districts and half is returned to taxpayers through a revision of tax rates within two fiscal years. Any such excess revenues transferred to K-14 school districts are not counted as part of the school districts' base expenditures for calculating their entitlement for State aid in the next year, nor is the State's appropriations limit increased by this amount. If a K-14 school district's revenues exceed its appropriations limit, the school district may increase its appropriations limit to equal its spending by borrowing from the State's appropriations limit.

Articles XIIIC and XIIID of the State Constitution

Articles XIIIC and XIIID, added to the State Constitution by Proposition 218 (1996) and amended over time, limit the ability of local governments, including school districts, to levy and collect non-*ad valorem* taxes, assessments, fees and charges. The law establishes that a tax must be either a "general" tax, requiring the approval of a simple majority of voters, the proceeds of which can only be used for general government purposes, or a "special" tax, requiring the approval of two-thirds of voters, the proceeds of which are used for a specific purpose, or if the tax is levied by a special-purpose government agency, including a school district. Any tax levied on property, other than the *ad valorem* tax governed by Article XIIIA, is a special tax, requiring the approval of two-thirds of voters. Special-purpose government agencies, such as a school district, cannot levy general taxes.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. A portion of the District's revenues are received annually from property taxes. The State Constitution and the laws of the State impose a mandatory, statutory duty on the Treasurer to levy a property tax sufficient to pay debt service on the Bonds coming due in each year. There is no court case which directly addresses whether the initiative power may be used to reduce or repeal the *ad valorem* taxes pledged to repay general obligation bonds. In the case of *Bighorn-Desert View Water Agency v. Virjil (Kelley)* (the "Bighorn Decision"), the California Supreme Court held that water service charges may be reduced or repealed through a local voter initiative subject to Article XIIIC. The Supreme Court did state that it was not holding that the initiative power is free of all limitations. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the United States Constitution.

The initiative power can be used to reduce or repeal most local taxes, assessments, fees and charges. Article XIIID deals with assessments and property-related fees and charges and expressly cautions that its provisions shall not be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is available to repeal or reduce developer and mitigation fees imposed by the District. The District has no power to impose taxes except those property taxes associated with a general obligation bond election, following approval by 55 percent or two-thirds of the District's voters, depending upon the legal authority for the issuance of such bonds.

As amended by Proposition 26 (2010), the law defines any levy, charge, or exaction of any kind imposed by a local government as a tax requiring voter approval. The following exceptions do not require voter approval: a reasonable charge for a specific benefit, privilege, product or service that is received only by the payor of the charge; a reasonable charge for regulatory costs of issuing a license or permit, performing an inspection or audit, or enforcing an order; a charge for use, rental, or purchase of government property; a charge, fine or penalty for violation of law; and assessments and property-related fees imposed as a condition of property development. Although such fees and charges levied by one taxing jurisdiction do not directly impact the amount of revenue available to another taxing jurisdiction from *ad valorem* property taxes, if the ability to impose the fee or charge is restricted, it could indirectly impact such revenues.

Minimum Guarantee of State Funding for Education

Proposition 98 (1988), added Article XVI to the State Constitution, requiring that "from all State revenues there shall first be set apart the moneys to be applied by the State for support of the public school system and higher education." Known as the "minimum guarantee," funding for K-14 school districts, made up of a combination of State general fund income tax revenues and local property tax revenues, must be the greater of either the same percentage of State general fund revenues as was appropriated in fiscal year 1986-87, or the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The minimum guarantee allocated each year, determined by a set of tests, is approximately 40 percent or more of State general fund revenues. The amount of the minimum guarantee is not finalized until the final economic analysis is completed for a fiscal year; if the revisions result in a higher minimum guarantee than was budgeted, the State makes a one-time "settle-up" payment and uses the increased minimum to calculate the subsequent year's funding, as described below. If the revised minimum guarantee is lower than budgeted, the State can use the higher level or make mid-year adjustments to reduce funding.

"Test 1" (share of the State general fund) allocates approximately 41 percent of the State general fund revenue to K-14 school districts. Test 1, in which the amount of the minimum guarantee is based on the share of the State general fund revenue spent on K-14 education funding in fiscal year 1986-87, only applies if Test 2 or Test 3 (described below) does not result in additional funding for K-14 school districts. Test 1 has been used five times in the last 31 years, including fiscal years 2014-15 and 2019-20.

"Test 2" (change in *per capita* personal income) provides that K-14 school districts receive the same amount of funding received in the prior year, adjusted for year-over-year statewide changes in K-12 attendance and *per capita* personal income. Test 2 is used if it results in more funding for K-14 school districts than Test 1 (unless Test 3 applies instead). Test 2 has been used in 15 of the past 31 years, including fiscal years 2017-18 and 2018-19.

"Test 3" (change in general fund revenue) provides that K-14 school districts receive the same amount of funding received in the prior year, adjusted for year-over-year statewide changes in K-12 attendance and general fund revenue; this calculation is only used if the percentage change in *per capita* State general fund revenue is less than the change in *per capita* personal income. Test 3 has been used in nine of the past 31 years, including fiscal years 2015-16 and 2016-17.

In years of economic hardship, the State Legislature can suspend the minimum guarantee for a year by a two-thirds vote, which also triggers the maintenance factor obligation, to be restored in later years. Such suspension has only occurred twice, in fiscal years 2004-05 and 2010-11.

The State creates a maintenance factor obligation when Test 3 is operative or when the minimum guarantee is suspended. In any year in which Test 3 is used, the difference between the actual amount of funding provided and the amount that would have been appropriated, under the larger amount of either Test 1 or Test 2, is considered a "maintenance factor" credit to K-14 school districts, to be restored in future years when State revenue growth rebounds to exceed personal income. The State constitution requires the maintenance factor be paid off in annual amounts determined by formula, with stronger revenue growth generally requiring larger payments.

The State Legislature has the authority to spend more than the minimum guarantee, although any increase creates a higher minimum floor for the following year; this has occurred from time to time. At times, the State also has had outstanding one-time Proposition 98 obligations known as "settle-up" obligations. A settle-up obligation is created when the minimum guarantee increases midyear and the State does not make an additional payment within that fiscal year to meet the higher guarantee. The increased amount is used as the base for the following year's minimum guarantee. Settle-up funds can be used for any educational purpose, including paying off other state one-time obligations, such as deferrals and mandates.

Community Redevelopment and Revitalization

Beginning with the Community Redevelopment Act (1945) under Article XVI of the State Constitution, amended over time, until the termination and dissolution of the program in 2011, a local government could improve an economically depressed area by creating a redevelopment agency (an "RDA") to pay for development projects with the future increase in property tax revenue, or "tax increment," attributable to the growth in assessed value of taxable property within the project area when the project was complete. However, the allocation of the tax increment to the local RDA caused a reduction in the one percent countywide property tax levy for other local taxing agencies, including school districts, although *ad valorem* property taxes in excess of the one percent property tax levy collected for payment of debt service on school district bonds were not affected. Although a school district could negotiate with the RDA for "pass-through" payments of local tax revenues, because the State was replacing the school district's lost tax revenue, there was little incentive for most school districts to negotiate for greater amounts of pass-through from the RDAs. The State's share of reimbursements to such school districts soared into the hundreds of millions of dollars per year.

Facing economic crisis, Assembly Bill, First Extended Session 26 ("AB1X 26") (2011), upheld by the State Supreme Court in *California Redevelopment Association v. Matosantos* (2011), was enacted to dissolve the more than 400 RDAs in the State to preserve funding for core public services at the local level. Successor agencies were established to facilitate the management of projects underway, making payments on enforceable obligations, and disposing of assets and properties. Senate Bill 107 (2015) streamlined the dissolution process and expanded the types of loans for which cities and counties can seek reimbursement. Some school districts receive pass-through payments during the dissolution process. See "DISTRICT FINANCIAL INFORMATION—Revenues" herein.

Assembly Bill 2 ("AB2") (2015), the result of several legislative efforts to replace the redevelopment law in order to provide local government options for sustainable community economic development, is a limited version of the former law, targeting only the State's most impoverished areas. AB2 allows a local government to create a community revitalization investment area ("CRIA") if several conditions are met, including measures of unemployment, crime, and dilapidated infrastructure and residential structures, which are required to insure that the CRIA process is actually used for the intended purpose of alleviating blight. Significantly, school districts are prohibited from participating in the CRIA; because schools may not contribute their share of the tax increment to the project area, the funding impact to schools and the State is avoided. Assembly Bill 2492 (2016) was enacted that clarified implementation issues of AB2.

Limits on State Authority Over Local Tax Revenues

State and local governments' funding and responsibilities are interrelated. Both levels of government share revenues raised by certain taxes such as sales and fuel taxes, and both also share in the costs for some programs such as health and social services. Although the State does not receive local property tax revenue, it has had authority over the distribution of these revenues among local agencies and school districts. Under Article XIIIA, the State had the authority to permanently shift property taxes among local governments. At times, the State fulfilled some portion of the Proposition 98 minimum guarantee by shifting some of the property tax revenues share belonging to cities, counties, other special districts and redevelopment agencies to K-14 school districts through an Educational Revenue Augmentation Fund ("ERAF") established in each county.

Proposition 1A (2004) amended Articles XI and XIII of the State Constitution to require two-thirds approval of the State Legislature to shift property tax revenues allocation between local governments, preventing the State from reducing the property tax share allocated to cities, counties, and special districts. However, the State could still transfer property tax revenues to schools in the case of severe fiscal hardship and two-thirds approval of the State Legislature.

Proposition 22 (2010) amended Articles XIII and XIX of the State Constitution to further restrict the State's control over local property taxes in order to stabilize local government revenue sources. Even during times of severe fiscal hardship, the State could not take revenue derived from locally imposed taxes, such as parcel taxes, hotel taxes, utility taxes, and sales taxes, for State purposes, nor could the State delay distribution of tax revenues to local governments, redirect redevelopment agency property tax revenue to other local governments such as school districts, or shift money to the school districts under an ERAF. As a result, the State would have to take other actions to balance its budget in some years, such as reducing State spending or increasing State taxes. Proposition 22's restriction of the State's ability to shift local funds made K-14 school districts more directly dependent on the State general fund for Proposition 98 funding.

Temporary State Tax Increases

From 2008 to 2012, the State eliminated more than $56 billion from State and local funding for local services including education, police, fire, and health care. Proposition 30 (2012) allows the State to levy a temporary sales tax (lasting four years) and income tax on high-income earners (lasting seven years), the revenues of which are dedicated to increased education funding and to balance the State budget. Existing law requires that in years in which the State's general fund revenues grow by a large amount, funding for education must also be increased by a large amount. The tax revenues allocated to education as part of the minimum guarantee are deposited into the Education Protection Account ("EPA"), recalculated and distributed quarterly to K-14 school districts (89 percent to K-12 school districts and 11 percent to community college districts) as a continuing appropriation not subject to budget adoption. The funds are distributed in the same manner as existing unrestricted per-student funding. The Proposition 30 tax revenue is included in the Proposition 98 calculation, raising the guarantee by billions each year. The remaining Proposition 30 tax revenues will be used to balance the budget.

Proposition 55 (2016) extends the income tax increase on high-income taxpayers through the year 2030-31. Approximately half of the revenue raised by this measure is allocated to K-14 school districts. The measure also directs half of any excess revenues, up to a maximum of $2 billion, for additional funding for Medi-Cal, if revenues exceed the constitutionally required education spending and the costs of government programs in place as of January 1, 2016. A portion would also be saved in reserves and spent on debt payments. Any remaining revenues would be available for any State purpose.

Enacted Budget Required for Disbursement of State Funds

In years in which the State Legislature has not enacted a budget by the required deadline, the fiscal year begins without an enacted budget, and the State has, in some cases, issued registered warrants or IOUs, to pay certain State employees' wages and State debts. In 1988, during such a budgetary impasse, a taxpayers' association argued that such warrants were not authorized without an enacted budget. In the case, known as *Jarvis v. Connell*, the State Court of Appeal held that without an enacted budget, State funds may not be disbursed unless the payment is authorized by the State Constitution, as a continuing appropriation, or by federal mandate. This could affect school district budgets to the extent that, if there is neither an enacted budget nor emergency appropriation, State payments owed to school districts could be delayed unless they are required as a continuing appropriation or federal mandate.

State and School District Budgetary Reserves

Proposition 58 (2004) amended Article IV of the State Constitution to require the State to enact a balanced budget, in which estimated revenues would meet or exceed estimated expenditures in each year, and that mid-year adjustments be made if the budget fell out of balance. The law established the Budget Stabilization Account (the "BSA") in the State's general fund, which required a deposit of three percent of the State general fund each year.

Proposition 2 (2014) addressed the need for long-term financial stability in the State in the face of economic volatility by dedicating funds to pay down the State's debt, changing the State's reserve policies, and creating a separate budget reserve for K-14 school districts called the Public School System Stabilization Account (the "PSSSA"). The law reduced legislative discretion over the timetable for the repayment of State debts and required that 1.5 percent of the State general fund be deposited into the BSA annually, plus an additional amount when the State experiences spikes in capital gains tax revenue in excess of eight percent of State general fund revenues. The PSSSA, also funded with capital gains spikes, is drawn upon when the Proposition 98 minimum guarantee exceeds available State general fund and property tax revenues. Through 2030, half of the funds deposited each year into the BSA must be used to pay fiscal obligations such as budget loans and unfunded State level pension plans. Funds may be withdrawn from the BSA only for a disaster-related emergency or a fiscal emergency (which occurs if estimated resources in the current or upcoming fiscal year are insufficient to keep spending at the level of the prior three budgets adjusted for inflation and population). In the case of a recession, only half of the funds can be withdrawn. As a result, a large amount of incremental gains in the State's general fund revenues are allocated to building reserves and repaying debt.

The State has a constitutional obligation to ensure that school districts continue to operate even in times of financial difficulty so that the education of students in the State is not disrupted. The State requires school districts to maintain a minimum reserve in their general fund's reserve for economic uncertainties to help school districts manage cash flow, address unexpected costs, save for large purchases, reduce costs of borrowing money, and mitigate the volatility in funding produced by the reliance on tax revenue funding sources. The minimum reserve amount required depends on the size of the school district's enrollment. Smaller school districts are required to keep a higher percentage of reserves because they are more easily overwhelmed by unexpected costs, such as a single major facility repair, which could deplete most of its reserves in a single year. School districts with enrollment of 300 or fewer students, which represent 25 percent of school districts in the State, must keep a minimum reserve of five percent of expenditures. School districts with enrollment of 301 to 1,000 students, which represent 17 percent of school districts in the State, must keep a minimum reserve of four percent. School districts with enrollment of 1,001 to 30,000 students, which represent 55 percent of school districts in the State, must keep a minimum reserve of three percent. School districts with enrollment of 30,001 to 400,000 students, which represent three percent of school districts in the State, must keep a minimum reserve of two percent. The one school district in the State with an enrollment of 400,001 or more students must keep a minimum reserve of one percent. Many school districts attempt to keep their reserve levels higher than State minimum requirements.

Senate Bill 858 (2014), enacted as trailing legislation to the fiscal year 2014-15 State budget, required K-12 school districts, in the event of a deposit by the State to the PSSSA, to reduce total assigned and unassigned reserves in the following year to no more than twice its minimum reserve for economic uncertainties, ranging from one to five percent of expenditures depending on the size of the school district. Senate Bill 751 (2018), signed into law on October 11, 2017 and effective January 1, 2018, makes certain changes to the cap on school district reserves, increasing both the State PSSSA deposit amount required to trigger the reserve cap (to three percent of State general fund revenues appropriated for K-12 school districts), and increasing the cap on individual school district reserves (to 10 percent of combined assigned and unassigned ending general fund balances). In addition, basic aid school districts and small school districts with fewer than 2,501 students are exempted from the cap. County education officials can exempt a school district from the cap if the school district demonstrates extraordinary fiscal circumstances, including undertaking multi-year infrastructure or technology projects. A smaller reserve could affect the school district's financial condition in the event of an economic downturn. The District cannot predict when a deposit to the PSSSA might occur or whether future legislation will be enacted that changes this requirement.

<u>School Facilities Funding</u>

The Leroy F. Greene School Facilities Act (1998) established the State Facilities Program ("SFP") to allocate funding grants based on proposals submitted by school districts for the new construction of or the modernization of existing school facilities, although the program has evolved to allow funding for other types of school facility needs including facility hardship, seismic mitigation, charter school facilities, relief of overcrowding, career technical education facilities, incentives for energy efficiency and high-performance architectural attributes, and joint-use programs with other government entities.

Funding for SFP grants comes from statewide general obligation bonds approved by the voters in the State. The State retires these bonds by making annual debt service payments. In fiscal year 2016-17, the State paid $2.4 billion in debt service on previously issued K-12 facilities bonds and $300 million in debt service on community college facilities bonds. Proposition

1A (1998) provided $9.2 billion ($6.7 billion for K-12 facilities), Proposition 47 (2002) provided $13.2 billion ($11.4 billion for K-12 facilities), Proposition 55 (2004) provided $12.3 billion ($10 billion for K-12 facilities), Proposition 1D (2006) provided $10.4 billion ($7.3 billion for K-12 facilities), and Proposition 51 (2016), the first initiative facilities bond measure, provides $9 billion ($6 billion for K-12 facilities).

Proposition 51 amends the Education Code, prescribing the fiscal allocation and purpose of the $9 billion bond and establishing the 2016 State School Facilities Fund and the 2016 California Community College Capital Outlay Bond Fund in the State Treasury. Of the total amount, $6 billion is allocated to K-12 facilities (half for new construction and half for modernization), $500 million for charter schools, $500 million for career technical education programs, and $2 billion to community colleges.

In most cases, K-12 school and community college districts that receive funding for approved projects must match the funding with local funding according to the type of project. Projects for the purchase of land and new construction are matched evenly. Modernization projects require a match of 40 percent local funding to 60 percent State funding. If no local funding is available, the school district can apply for additional grant funding. Community college projects do not have a specified contribution model and are determined individually. K-12 school and community college districts may sell local general obligation bonds to cover the school district's share of the cost of facility projects. K-12 school districts may also raise funds for facilities by charging fees on new development (community college districts may not). Both K-12 school and community college districts may also raise funds by parcel taxes and other methods used less frequently.

Impact of Future Legislation

Laws affecting school district funding and the power of State and local governments to raise and spend revenue have been subject to many changes as voters and lawmakers react to economic and political cycles. The complex patchwork of the many different provisions at times results in uncertainty regarding their operation or interpretation. Many of the laws discussed above were enacted through the State's initiative process. Initiative constitutional amendments may be changed only by another statewide initiative. Legislative constitutional provisions may be changed by a majority vote of both houses of the State Legislature and approval by the Governor, if the change furthers the purposes of the provision. The District cannot predict whether or when the voters in the State or the State Legislature will approve further legislation that could restrict the District's sources of revenue or its ability to spend that revenue, or require the District to appropriate additional revenue.

FUNDING OF PUBLIC EDUCATION IN THE STATE

Sources of Revenue for Public Education

There are four general sources of funding for K-12 public education in the State: the federal government, local property taxes, other local funding sources and State funding, the principal source of funding for most school districts. Proposition 13 eliminated the possibility of raising additional *ad valorem* property taxes above one percent for general-purpose school support, and the courts have declared that school districts may not charge fees for school-related activities, unless the charge is specifically authorized by law for a particular program or activity. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND EXPENDITURES" herein.

State Funding. Many school districts in the State receive the majority of their funds from the State. According to the State Legislative Analyst's Office (the "LAO"), State funding accounted for approximately 62 percent of the State's K-12 public education funding in fiscal year 2016-17 and approximately 61 percent in fiscal year 2017-18, and is budgeted to account for approximately 61 percent of funding in fiscal year 2018-19. There are three sources of State funds for K-12 public education: the Proposition 98 minimum guarantee, comprised of a combination of State general fund revenues and local property tax revenues, representing the majority (80 percent in fiscal year 2018-19) of State funding; additional State funds for targeted programs such as facilities and remaining categorical programs such as special education, nutrition, afterschool programs, and home-to-school transportation; and State lottery funds, a portion of which may only be used for instructional purposes. The Proposition 98 guaranteed minimum amount is set forth each year in the State budget. See "—The 2019-20 State Budget" herein.

More than 60 percent of the State's general fund revenue comes from personal income taxes, with capital gains taxes representing more than 10 percent of the State's general fund revenue, so a downturn in the stock market may significantly impact the State's general fund. Because funding for education in the State depends on the amount of money available in the State general fund, the linkage can result in significant volatility in education funding. For instance, during the recent recession in fiscal year 2011-12, State general fund revenues available for education funding were approximately eight percent less than the amount available four years prior. Provisions added to the State Constitution and statutes in 2013 and 2014 attempt to provide funding stability to public education by capturing spikes in capital gains revenue to use for paying down debts and obligations and to create reserves. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND EXPENDITURES" herein.

The State Revenue Limit was instituted in fiscal year 1973-74 to provide a mechanism to calculate the total amount of general-purpose revenue a school district, community college district or county office of education is entitled to receive from combined State and local sources per average daily attendance, known as its "revenue limit," and the funding from this calculation formed the bulk of school districts' income, and was annually increased to adjust for changes in the cost of living. The revenue limit for each school district or county office of education was funded first by the property tax revenue available to that entity, with the remaining balance filled by State funds. "Community-funded" districts whose local property tax revenues exceeded their calculated revenue limit did not receive State revenue limit funding, although such districts did receive the constitutionally required minimum funding, or "basic aid" per pupil, and categorical State and federal aid that was restricted to specific programs and purposes.

In landmark legislation, the fiscal year 2013-14 State budget replaced revenue limit funding with the LCFF. The LCFF transfers control over spending decisions to local authorities, requiring community input about those spending decisions along with increased transparency and accountability for the outcomes of those decisions. The general-purpose funds for school districts are now funneled through LCFF, and funds received through categorical programs are greatly reduced. As under the revenue limit system, the amount a school district is entitled to receive for general-purpose LCFF funds is financed through the local property tax revenue available to the school district, with the remaining balance funded by the State.

Most public education funding from the State is provided through the LCFF, including approximately 80 percent of Proposition 98 funding for K-12 public education. As under the revenue limit system, school districts continue to receive funds based on the greater of prior year or current year ADA figures. Under LCFF, school districts across the State receive the same base grants for each grade span, based on ADA. In fiscal year 2018-19, the adjusted base grants are $8,235 for kindergarten through third grade, $7,571 for fourth through sixth grade, $7,796 for seventh through eighth grade, and $9,269 for ninth through twelfth grade. These figures include increases for class size reduction for kindergarten through third grade and career technical education for ninth through twelfth grade.

School districts receive a supplemental grant of 20 percent of the base grant for each student in the school district who is low-income, English-learner, or foster youth. Enrollment counts are "unduplicated," such that students may not be counted as both English-learner and low-income (foster youth automatically meet the eligibility requirements for free or reduced-price meals, and are therefore not discussed separately). School districts with more than 55 percent enrollment of unduplicated students receive a concentration grant, an additional 50 percent of the base grant for each unduplicated student above the threshold, intended to address the additional academic challenges faced by such students when their peers are similarly disadvantaged. The supplemental and concentration grants are allocated so that as a school district's proportion of unduplicated students increases, so does its total funding allocation. A school district in which 100 percent of enrollment is unduplicated students will receive 42.5 percent more total funding than a school district with no unduplicated students. The supplemental and concentration grant amounts are based on the unduplicated count of pupils divided by the total enrollment in the school district, based on the fall P-1 certified enrollment report. School districts have broad discretion to decide how to spend the base grant. The supplemental and concentration grants must be used to increase or improve services to the population they are intended to serve, although some services may be provided district- or site-wide.

The implementation of LCFF began in fiscal year 2013-14, with full implementation planned by fiscal year 2020-21, but completed ahead of schedule in fiscal year 2018-19. Until full implementation has occurred, the difference between the actual amount districts receive in a year and the target amount they will receive as of full implementation is referred to as the "funding gap." The funding gap is determined by the difference between the "funding floor," or amount of funding a school district received the prior year, and the target amount of funding the school district will receive at full implementation. The funding floor consists of the deficited revenue limit fiscal year 2012-13 divided by ADA multiplied by current year ADA, plus the sum of any categorical funding. Sufficient funding was available to fund 12 percent of the funding gap in fiscal year 2013-14, 33 percent of the remaining gap in fiscal year 2014-15, 53 percent of the remaining gap in fiscal year 2015-16, 57 percent of the remaining gap in fiscal year 2016-17, 43 percent of the remaining gap in fiscal year 2017-18, and 100 percent of the remaining gap in fiscal year 2018-19, bringing LCFF to full implementation in the sixth year of its implementation.

Under the "hold harmless" provision, no school district will receive less State aid than it received in fiscal year 2012-13. Most districts will receive more funding at full implementation of LCFF than they did previously under the revenue-limit system. For some school districts, their per-pupil undeficited fiscal year 2012-13 funding was higher than their LCFF entitlement at full implementation. Such districts will have their undeficited funding level restored through a supplemental ERT add-on payment. School districts that are eligible for ERT funding will receive the difference between their LCFF target and their LEA's fiscal year 2012-13 undeficited funding, adjusted for cost-of-living increases.

Community-funded districts continue to receive at least the amount of State funding they received in fiscal year 2012-13. Although community-funded districts do not receive LCFF funding grants, they must comply with the regulations and accountability requirements of LCFF. Community-funded districts also continue to receive the constitutionally guaranteed $120 per-pupil minimum as well the $200 per-pupil minimum from the EPA pursuant to Proposition 30 as additional revenue. The District is not a community-funded district.

The State funds school districts in monthly installments based on calculations made in a series of three apportionments throughout the fiscal year. Each apportionment includes funding for the LCFF and for other State programs. The amount of each apportionment is based on calculations made by each school district and reviewed by its county office of education. The Advance Principal Apportionment ("Advance Apportionment"), certified by July 20, sets forth the amount the school district will receive for the year, paid in a series of installments from August through January. The First Principal Apportionment ("P-1 Apportionment"), certified by February 20, set forth a new calculation based on the school district's first period ADA determined as of December, for installments that will be paid to the school district from February through June. The Second Principal Apportionment ("P-2 Apportionment"), certified July 2, based on second period ADA determined as of April, recalculates the amount of the final installment for the fiscal year paid to the school district in July. At the close of the fourth quarter, a final annual recalculation ("Annual Apportionment") provides an updated estimate of the prior year's adjustment.

In addition, school districts receive a quarterly allocation of the tax revenue deposited in the EPA from the temporary tax increases associated with Proposition 30 and extended under Proposition 55. The funds in the EPA are allocated between K-12 school districts and community college districts by 89 percent and 11 percent, respectively, and entitlements are calculated based on the adjusted LCFF entitlement of the district. The EPA funds received by an LCFF-funded school district count towards the district's LCFF funding entitlement; community-funded districts also receive the $200 per-pupil EPA funding. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND EXPENDITURES" herein.

The LCFF requires each school district to demonstrate that its spending decisions are producing the desired results of increased student performance as stated in each school district's own LCAP. Each school district must create its own annually updated LCAP with input from teachers, parents and the community, including the parents or guardians of unduplicated students. School districts must review and share the results to determine whether spending achieved the goals stated in the LCAP, for each school site and for the school district as a whole. All school districts must use the State's LCAP template beginning fiscal year 2014-15. The LCAP must include a description of the annual goals to be achieved for each student group for each State priority, including the content standards adopted by the State Board of Education. The LCAP of each school district is overseen and approved by the county superintendent.

Charter schools must comply with LCFF and receive mostly the same funds as public schools, although calculation of targeted disadvantaged students differs somewhat to prevent abuse of the system. There are also differences in the process of LCAP adoption and assessment. In the case of a charter school that fails to perform according to its LCAP, the State is not required to provide the same support that a public school district or county office of education receives, and its charter can be revoked.

Federal Funding. According to the LAO, federal revenue accounted for approximately nine percent of the State's K-12 public education funding in fiscal years 2016-17 and 2017-18, and is budgeted to account for approximately nine percent of funding in fiscal year 2018-19. Most of these funds are designated for particular purposes. There are no unfunded federal education mandates; each is conditioned on a state's voluntary decision to accept federal program funds. The primary source of federal supplemental education funding is the Elementary and Secondary Education Act ("ESEA") (1965), enacted to address inequality in education. The previous authorization of ESEA, the No Child Left Behind Act ("NCLB") (2001), expanded the federal government's role and increased testing requirements to measure improvement. Most recently reauthorized under the Every Student Succeeds Act ("ESSA") (2015), responsibility for school improvement has been shifted to the states. ESSA provides funding through six programs: Title I grants, tied to student assessment, to assist economically disadvantaged children; Title II grants for professional development; Title III grants for ancillary student services; Title IV grants for research and training; Title V grants for state departments; and Title VI grants for special education. Another significant source of federal funding for school districts is the Education for All Handicapped Children Act ("EHA") (1975), enacted to support special education and related services, reauthorized by the Individuals with Disabilities Education Act ("IDEA") (1990). The largest of the law's three sections, Part B, authorizes grants to states and local school districts to offset special education costs. As of fiscal year 2017, IDEA federal funding covered 14.6 percent of the estimated excess cost of educating students with disabilities; the shortfall is assumed by states and local school districts.

Local Property Tax Revenue. According to the LAO, local property taxes revenue accounted for approximately 24 percent of the State's K-12 public education funding in fiscal year 2016-17 and approximately 25 percent of funding in fiscal year 2017-18, and is budgeted to account for approximately 25 percent of funding in fiscal year 2018-19. Property taxes are constitutionally limited to one percent of the property's value, except to repay voter-approved debt.

Other Local Funds. According to the LAO, local miscellaneous revenue accounted for approximately five percent of the State's K-12 public education funding in fiscal years 2016-17 and 2017-18, and is budgeted to account for approximately five percent of funding in fiscal year 2018-19. There are several types of revenue a school district may receive from other local sources, including developer fees, parcel taxes, property lease revenues, and private donations. A school district may levy developer fees on new residential or commercial development within the school district's boundaries to finance the construction or renovation of school facilities. A school district may, with two-thirds approval from local voters, levy special taxes on parcels to fund specific programs within the school district. A school district may lease or sell its unused sites or facilities as another source of revenue. A school district may also seek contributions, sometimes channeled through private foundations established to solicit donations from local families and businesses.

The State Budget Process

Under the State Constitution, money may be drawn from the California Centralized Treasury System (the "State Treasury") only by an appropriation authorized by law. The primary source of annual appropriations authorizations is the budget act approved by the State Legislature and signed by the Governor (the "Budget Act"), which can provide for projected expenditures only to the amount of projected revenues and balances available from prior fiscal years.

The annual budget cycle begins when the Governor releases a proposed budget in January for the next fiscal year, which starts each July 1 and ends June 30. The Governor releases a revised budget in May based on new projections regarding State revenues and feedback from the State Legislature and other constituents. The State Constitution requires that the State Legislature pass the Budget Act by June 15 by majority approval from both Houses. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the State Legislature.

Appropriations may also be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each House of the State Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each House of the State Legislature, and be signed by the Governor. The State Constitution or a State statute may also provide for continuing appropriations that are available without regard to fiscal year. Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

The 2019-20 State Budget

On June 27, 2019, the Governor signed into law the 2019-20 State Budget. Under the 2019-20 State Budget, State general fund revenues and transfers total $143.8 billion, an increase of $5.8 billion (4.2 percent) from revised fiscal year 2018-19 estimates. The State's largest three sources of general fund tax revenue – personal income taxes, sales and use taxes, and corporate taxes – are projected to increase by 3.3 percent in fiscal year 2019-20 to $142.8 billion. State general fund expenditures in fiscal year 2019-20 are budgeted to be $147.8 billion, an increase of $5.1 billion (3.6 percent) from revised fiscal year 2018-19 levels. The spending plan includes $3.6 billion to pay down a portion of the State's unfunded STRS and PERS liabilities, with an additional $2.3 billion to pay down a portion of local education agencies' unfunded STRS and PERS liabilities.

The 2019-20 State Budget allocates the majority of the projected $21.5 billion in discretionary resources to one-time spending and reserves, with $9.1 billion to reduce debts and liabilities (excluding an additional $2.2 billion in constitutionally mandated debt payments), $6.5 billion to one-time programmatic spending, $2.1 billion to optional reserves and $4 billion to new ongoing programmatic spending. The State budgets ending fiscal year 2019-20 with total available general fund reserves of

$19.2 billion, including $1.4 billion in the Special Fund for Economic Uncertainties (SFEU) reserve, $16.5 billion in the Budget Stabilization Account, $900 million in the Safety Net Reserve and $377 million in the Public School System Stabilization Account (PSSSA) established under Proposition 2 (2014), the first time a deposit to the PSSSA would occur.

The following table from the LAO identifies historical and budgeted State general fund revenues and expenditures under the 2019-20 State Budget.

State General Fund
2019-20 State Budget

	2018-19 Revised (Millions)	2019-20 Enacted (Millions)
Prior-year Fund Balance	$11,419	$6,772
Revenues and Transfers	138,047	143,804
Expenditures	142,693	147,781
Ending Fund Balance	$6,772	$2,796
Encumbrances	1,385	1,385
Special Fund for Economic Uncertainties	5,387	1,411
Reserves		
Special Fund for Economic Uncertainties	$5,387	$1,411
Budget Stabilization Account	14,358	16,516
Safety Net Reserve	900	900
Public School System Stabilization Account	--	377
Total Reserves	$20,645	$19,204

Source: The State Legislative Analyst's Office.

Education Funding. The 2019-20 State Budget includes total K-12 education funding of $103.4 billion ($58.8 billion from the State general fund and $44.6 billion from other State funds). The 2019-20 State Budget funds the Proposition 98 minimum guarantee at $81.1 billion, an increase of $2.9 billion (3.7 percent) from revised fiscal year 2018-19 levels. The minimum guarantee for fiscal year 2018-19 is determined under Proposition 98's Test 1 (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND EXPENDITURES" herein). Of the $81.1 billion Proposition 98 spending budgeted for fiscal year 2019-20, $55.9 billion is from the State general fund and $25.2 billion is from local property tax revenue. Proposition 98 K-12 per-pupil expenditures are budgeted to be $11,993 in fiscal year 2019-20, an increase of $444 (3.8 percent) per pupil from revised fiscal year 2018-19 levels.

The 2019-20 State Budget includes a constitutionally required deposit into the PSSSA of $377 million. The deposit does not initiate a cap on school district reserves because the balance in the PSSSA is not equal to or greater than 3 percent of the total K-12 share of the Proposition 98 guarantee. The 2019-20 State Budget also includes changes to the Proposition 98 certification process which, as a result, protect local education agencies from unanticipated revenue drops in past fiscal years.

The 2019-20 State Budget includes a $3.15 billion non-Proposition 98 general fund payment on behalf of local education agencies to STRS and PERS. Of this amount, $2.3 billion will be used to reduce local education agencies' long-term unfunded liability, while approximately $850 million will be used to cover a portion of local education agencies' STRS and PERS payments in fiscal years 2019-20 and 2020-21. As a result, STRS contribution rates drop from 18.13 percent to 17.1 percent in fiscal year 2019-20 and from 19.1 percent to 18.4 percent in fiscal year 2020-21, while PERS contribution rates drop from 20.7 percent to 19.7 percent in fiscal year 2019-20 and from 23.6 percent to 22.9 percent in fiscal year 2020-21.

Additional significant adjustments regarding K-12 education funding contained in the 2019-20 State Budget include:

LCFF: $1.9 billion in new funding for LCFF, reflecting a 3.26 percent COLA.

Proposition 98 Settle-Up: $686.6 million to pay the balance of past year Proposition 98 funding owed through fiscal year 2017-18.

Special Education: $645.3 million in ongoing Proposition 98 funding for special education, an increase of 19.3 percent from the prior year, including $152.6 million to provide special education local plan areas (SELPAs) with at least the statewide target rate for base special education funding and $492.7 million for special education allocated based on the number of children ages three to five with exceptional needs that the school district is serving.

Full-Day Kindergarten: $300 million in one-time non-Proposition 98 funding to construct new and retrofit existing facilities to support full-day kindergarten programs.

After-School Programs: $50 million in ongoing Proposition 98 funding to provide an increase of approximately 8.3 percent to the per-pupil daily rate for After School Education and Safety Program (ASES) resulting primarily from the recent increase in the minimum wage.

Retaining and Supporting Educators: $89.8 million in one-time non-Proposition 98 funding to recruit teachers in hard-to-hire subject areas as well as at school sites that currently have the highest rates of non-credentialed or waiver teachers. Additionally, the 2019-20 State Budget includes $43.8 million in one-time Proposition 98 funding to provide training and resources for classroom educators, including teachers and paraprofessionals. The 2019-20 State Budget also includes $13.8 million ongoing federal funds to establish the 21st Century California Leadership Academy to provide learning opportunities to K-12 administrators to improve their ability to successfully support California's diverse student population.

Classified School Employees Summer Assistance Program: An increase of $36 million in one-time Proposition 98 funding to provide an additional year of funding for the Classified School Employees Summer Assistance Program (which provides a State match for classified employee savings used to provide income during summer months).

Proposition 51 School Facilities Bond Funds: $1.5 billion in Proposition 51 bond funds, an increase of $906 million from the prior year, to support school construction projects.

The following table from the LAO identifies historical and budgeted Proposition 98 funding under the 2019-20 State Budget.

Proposition 98 Funding
2019-20 State Budget

	2017-18 Final (Millions)	2018-19 Revised (Millions)	2019-20 Enacted (Millions)
Funding By Segment			
K-12 Education[1]	$66,839	$68,973	$71,243
Community Colleges	8,737	9,173	9,437
Proposition 98 Reserve Deposit[2]	--	--	377
Total	$75,576	$78,146	$81,056
Funding By Source			
General Fund	$52,951	$54,445	$55,891
Local Property Tax Revenue	22,625	23,701	25,166
Total	$75,576	$78,146	$81,056

[1]Includes funding for instruction provided directly by State agencies and the portion of State preschool funded through Proposition 98.
[2]Consists entirely of general fund.
Figures may not total due to rounding.
Source: The State Legislative Analyst's Office.

The Proposed 2020-21 State Budget

On January 10, 2020, the Governor released the proposed State budget for fiscal year 2020-21 (the "Proposed 2020-21 State Budget"). The Proposed 2020-21 State Budget provides for a balanced budget without major programmatic expansion, preparing for uncertainties that could impact the State's economy, such as climate change, global market economic downturn, or federal fiscal policies, especially regarding healthcare.

The Proposed 2020-21 State Budget sets out revised estimated prior year general fund revenues (including transfers) of $139.4 billion for fiscal year 2018-19 and $146.5 billion for fiscal year 2019-20, and projects general fund revenues of $151.6 billion for fiscal year 2020-21. The proposal sets out revised estimated general fund expenditures of $141.9 billion for fiscal year 2018-19 and $149.7 billion for fiscal year 2019-20, and projects general fund expenditures of $153.1 billion for fiscal year 2020-21.

The Proposed 2020-21 State Budget sets forth revised projected total ending reserves for fiscal year 2019-20 of $20.0 billion, including $16.0 billion in the Budget Stabilization Account and $900 million in the Safety Net Reserve for CalWORKs. For fiscal year 2020-21, the Proposed 2020-21 State Budget projects total ending reserves of $20.5 billion, an increase of $1.7 billion from the 2019-20 State Budget estimated reserve level. This includes a $2.0 billion deposit to the Budget Stabilization Account for fiscal year 2020-21 for an ending balance of $18.0 billion. The Proposed 2020-21 State Budget also projects an ending balance of $1.6 billion in the Special Fund for Economic Uncertainties (SFEU) reserve and $900 million in the Safety Net Reserve for CalWORKs.

The following table sets forth a summary of the State's general fund budget for fiscal years 2018-19, 2019-20 and 2020-21.

State General Fund
Proposed 2020-21 State Budget

	2018-19 Revised (Millions)	2019-20 Revised (Millions)	2020-21 Proposed (Millions)
Prior-year Fund Balance	$10,979	$8,497	$5,234
Revenues and Transfers	139,379	146,486	151,635
Expenditures	141,861	149,749	153,083
Ending Fund Balance	$8,497	$5,234	$3,785
Encumbrances	2,145	2,145	2,145
SFEU Balance	6,352	3,089	1,640
Reserves			
Budget Stabilization Account	$13,968	$16,018	$17,977
Special Fund for Economic Uncertainties	6,352	3,089	1,640
Safety Net Reserve	900	900	900
Total Reserves	$21,220	20,007	20,517

Totals may not foot due to rounding.
Source: The State Legislative Analyst's Office.

Education Funding. The Proposition 98 minimum guarantee for K-14 education funding in the State is met each year through a combination of State general fund and local property tax revenue. Each budget cycle, the Proposition 98 minimum guarantee estimates for the prior, current and upcoming year are revised. In the Proposed 2020-21 State Budget, the fiscal year 2018-19 minimum guarantee increases by $301.5 million due to increased property tax and general fund personal income tax revenue estimates for a total revised minimum guarantee of $78.4 billion. The fiscal year 2019-20 minimum guarantee increases by $517.0 million, due to increased projected State general fund tax revenues, for a total estimated minimum guarantee of $81.6 billion. The fiscal year 2020-21 minimum guarantee is estimated at $84 billion, an increase of $2.6 billion (3 percent) from the 2019-20 State Budget funding level, due to higher projected property tax and general fund tax revenues.

When combined with more than $819 million in settle-up payments for prior fiscal years, the Proposed 2020-21 State Budget represents an increased investment of $3.8 billion in K-14 education. Approximately 70 percent of education spending comes from the State general fund. In addition, the State will make a payment of $3.15 billion from non-Proposition 98 general fund on behalf of STRS and PERS Schools Pool, to buy down fiscal years 2019-20 and 2020-21 employer contribution rates and unfunded liabilities, which will relieve pressure on school districts as employer contribution rates continue to increase.

The State must make a deposit to the Proposition 98 reserve, the PSSSA, in years in which the minimum guarantee is not sufficient to fund the reserve's prior year funded level, adjusted for deposits and withdrawals as well as growth and inflation. The Proposed 2020-21 State Budget projects that a deposit to the PSSSA of $524.2 million is required in fiscal year 2019-20, an increase of $147.7 million over the amount set forth in the 2019-20 State Budget. The Proposed 2020-21 State Budget projects that a withdrawal of $37.6 million will be made in fiscal year 2020-21. Under these projections, the PSSSA reserve balance would not reach the amount triggering a cap on individual school district reserve amounts.

The following table from the LAO identifies historical and budgeted Proposition 98 funding under the Proposed 2020-21 State Budget.

Proposition 98 Funding
2020-21 Proposed State Budget

	2018-19 Revised (Millions)	2019-20 Revised (Millions)	2020-21 Proposed (Millions)
Funding By Segment			
K-12 Education[1]	$69,253	$71,572	$74,279
Community Colleges	9,195	9,477	9,807
Proposition 98 Reserve Deposit[2]	--	524	(38)
Total	$78,488	$81,573	$84,048
Funding By Source			
General Fund	$54,505	$56,405	$57,573
Local Property Tax Revenue	23,942	25,168	26,475
Total	$78,488	$81,573	$84,048

Figures may not total due to rounding.
Source: The State Legislative Analyst's Office.

The Proposed 2020-21 State Budget includes the following proposed adjustments to K-12 education:

LCFF: An increase of $1.2 billion in Proposition 98 general funds to support a 2.29 percent COLA, bringing total LCFF funding to $64.2 billion. The Proposed 2020-21 State Budget includes $600,000 in one-time Proposition 98 general fund for improved fiscal accountability by making LCAP info more publicly accessible and an increase of $5.7 million to county offices of education to support the COLA. The Proposed 2020-21 State Budget proposes a 10.4 percent adjustment to the base grant to support reduced class size in kindergarten through third grades, and a 2.6 percent adjustment to the base grant to support Career Technical Education in high school for ninth through twelfth grades.

Categorical Programs: An increase of $122.4 million to support a 2.29 percent COLA for categorical programs not covered by LCFF, which include special education, school nutrition, certain foster youth programs, mandates block grants, correctional adult education, and certain Native American programs.

ADA Adjustments: Due to a decline in ADA, Proposition 98 general fund spending is projected to decrease by $268.5 million for fiscal year 2019-20 and by $175.1 million in fiscal year 2020-21.

Local Property Tax Adjustments: An increase of $7.3 million in Proposition 98 general fund spending to LEAs for fiscal year 2019-20 and a decrease of $1.1 billion in fiscal year 2020-21, to offset the changes in projected local property tax revenue.

Special Education: The Proposed 2020-21 State Budget introduces a three-phase process laid out over several years to improve fiscal accountability, delivery of services and student outcomes in special education in the State, including the creation of a new base funding formula that uses a three-year rolling average of ADA allocated to SELPAs. The proposal includes a 15 percent increase in Proposition 98 general fund contributions over the amount in the 2019-20 State Budget and includes an increase of $500,000 in one-time Proposition 98 general funds to study SELPA accountability; an increase of $600,000 one-time Proposition 98 general funds to study accountability of student outcomes; an increase of $4 million in one-time Proposition 98 general funds for dyslexia research and training; and $250 million in ongoing Proposition 98 general funds for preschoolers with exceptional needs preschoolers.

Educator Workforce Development: $900 million in one-time Proposition 98 general funds for six separate initiatives aimed at improving teacher training, recruitment and retention, with a particular focus on the lack of qualified teachers in high-need subjects to teach in high-need schools. This includes $193 million in one-time Proposition 98 general fund for Workforce Development Grants and $175 million in one-time Proposition 98 general fund for one-year intensive mentored residencies in high needs subjects and areas. It also includes $350 million in one-time Proposition 98 general fund to increase funding provided in the 2019-20 State Budget for professional development for teachers and paraeducators.

CCEE: $18 million in one-time Proposition 98 general funds to connect local educational agencies with available resources and supports to improve student outcomes in priority areas.

CTCA: $100 million in one-time Proposition 98 general funds for stipends to recruit credentialed teachers to four-year service terms in high need subjects and schools.

CCSE: $64.1 million in one-time Proposition 98 general funds to recruit non-certificated school employees to become certificated K-12 classroom teachers.

Community Schools: An increase of $300 million in one-time Proposition 98 general funds to establish grants for community schools, an innovative model in which wraparound services for students are integrated in one community resource hub, to improve attendance, behavior and achievement and mitigate the effects of poverty on academic achievement.

Opportunity Grants: An increase of $300 million in one-time Proposition 98 general funds to expand the capacity of the CCEE to support the lowest-performing districts in the State.

Computer Science: An increase of $15 million in one-time Proposition 98 general funds for grants to teachers for supplementary authorization credentials to teach computer science; an increase of $2.5 million in one-time Proposition 98 general funds for county offices of education to identify resources for enhanced professional development in computer science education; an increase of $1.3 million in one-time Proposition 98 general funds to develop a new University of California subject matter requirement in computer Science; and $340,000 in non-Proposition 98 general funds for a limited computer science teacher cohort.

School Nutrition: $60 million increase in Proposition 98 general funds, including $10 million to train food service workers, and an additional $10 million, with $1.5 million annually thereafter, to support Farm-to-School grants.

Prop 51 Bond: $1.5 billion for school construction projects and $75 million to expand special education preschool facilities.

Impact of COVID-19 on the State Budget

On March 18, 2020, the LAO issued a fiscal perspective report titled “COVID-19 and California’s Evolving Fiscal Outlook” identifying initial observations on the volatility in financial markets and the sharp reduction in economic activity resulting from the COVID-19 outbreak as well as the State’s fiscal position.

Volatile Financial Markets Indicate Lower Capital Gains-Related Tax Revenue. Taxes on capital gains are a significant source of State revenue. Even in “normal” times, capital gains income is difficult to forecast because it correlates with stock market performance. The Proposed 2020-21 State Budget projected tax revenues from capital gains income of approximately $30 billion across fiscal years 2019-20 and 2020-21. With the stock market now well below the levels assumed in the preparation of the Proposed 2020-21 State Budget, and absent a more rapid recovery than has occurred in any modern market downturn of this severity, the LAO indicates that it is likely that tax revenues from capital gains income will be several billion dollars lower than assumed in the Proposed 2020-21 State Budget.

COVID-19 Response Abruptly Brings Economic Activity to a Halt. The LAO observes that recently released economic forecasts from several financial services firms have downgraded to near zero or negative forecasts of second quarter real gross domestic product growth. Beyond the consensus view—that the pandemic introduces a negative economic shock—the various forecasts exhibit a wide range of potential outcomes, reflecting the unprecedented nature of recent events. The LAO further notes that the type of contraction the State, national, and global economies experience will have implications for revenue collections in the coming years. While the stock market provides some real-time information on how capital gains revenues might be affected, overall personal income and corporation tax revenues will depend highly on the type of recession and recovery the State experiences.

California's Strong Fiscal Position Is a Key Advantage. The LAO notes that, because the State has accelerated the pay down of debt in recent years, maintained a multi-year balanced budget, and holds a significant cash cushion, the State is better prepared to weather the public health crisis and unfolding economic downturn.

See "DISCLOSURE RELATED TO COVID-19" herein.

Future Budgets

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

For more information on the State budget, please refer to the State Department of Finance's website at www.dof.ca.gov and to the LAO's website at www.lao.ca.gov. The District takes no responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of the information presented therein, and such information is not incorporated herein by such reference.

LEGAL MATTERS

Litigation

There is no action, suit or proceeding known by the District to be pending or threatened restraining or enjoining the sale or delivery of the Bonds, or in any way contesting or affecting the validity thereof or any proceeding of the District taken with respect to the issuance or sale of the Bonds, or the pledge or application of moneys or security provided for the payment of the Bonds, or the authority of Yolo County or Solano County to levy property taxes to pay principal of and interest on the Bonds when due.

The District may be or may become a party to lawsuits and claims which are unrelated to the Bonds or actions taken with respect to the Bonds and which have arisen in the normal course of operating the District. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. In the opinion of the District, there currently are no claims or actions pending which could have a material adverse effect on the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

Legal Opinion

The proceedings in connection with the authorization, sale, execution and delivery of the Bonds are subject to the approval as to their legality of Dannis Woliver Kelley as Bond Counsel. A form of the legal opinion is attached hereto as "APPENDIX C—FORM OF OPINION OF BOND COUNSEL."

Bond Counsel's employment is limited to a review of the legal proceedings required for authorization of the Bonds and to rendering the aforementioned opinion. Bond Counsel has not been engaged by the District to undertake, and has not undertaken, any responsibility for the accuracy, completeness, or fairness of this Official Statement, and the opinion of Bond Counsel will not extend to any documents, agreements, representations, offering circulars, official statements or other material of any kind concerning the Bonds that are not referred to in the aforementioned opinion. The fees of Bond Counsel are contingent upon the issuance and delivery of the Bonds.

Limitations on Remedies; Amounts Held in the Yolo County Pool

The opinion of Bond Counsel with respect to the enforceability of the rights of the Registered Owners and Beneficial Owners is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the Registered Owners and Beneficial Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

A number of appeals are currently pending before the United States Court of Appeals for the First Circuit involving issues relating to the treatment and scope of special revenues in the insolvency proceedings of Puerto Rico. The decisions in these appeals may or may not affect the treatment or scope of special revenues in bankruptcy cases. It is not possible to predict the outcomes or the effects of the outcomes in these appeals, and the District cannot predict if or how the ruling in the pending appeals may affect the treatment or scope of special revenues in bankruptcy cases.

Yolo County, on behalf of the District, is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the Yolo County Pool, as described under the caption "YOLO COUNTY TREASURY POOL" herein and in "APPENDIX D—YOLO COUNTY INVESTMENT POLICY" attached hereto. In the event the District or Yolo County were to go into bankruptcy, a federal bankruptcy court might hold that the Registered Owners and Beneficial Owners are unsecured creditors with respect to any funds received by the District or by Yolo County prior to the bankruptcy, which may include taxes that have been collected and deposited into the Interest and Sinking Fund, where such amounts are deposited into the Yolo County Pool, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the Registered Owners and Beneficial Owners can "trace" those funds. There can be no assurance that the Registered Owners and Beneficial Owners could successfully so "trace" such taxes on deposit in the Interest and Sinking Fund where such amounts are invested in the Yolo County Pool. The Resolutions and the Government Code require Yolo County and Solano County to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds.

Tax Matters

The following discussion of federal income tax matters written to support the promotion and marketing of the Bonds was not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding federal tax penalties that may be imposed. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The delivery of the Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The delivery of the Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Bonds is exempt from personal income taxes of the State of California. The form of Bond Counsel's anticipated opinion respecting the Bonds is included in "APPENDIX C." The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate (the "Tax Certificate") of even date with the initial delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Resolutions by the District subsequent to the issuance of the Bonds. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United

States Treasury. Failure to comply with any of these covenants could cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service ("IRS" or the "Service") or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service or the State of California. The Service has an ongoing program of auditing the tax status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures, the Service is likely to treat the District as the "taxpayer," and the Owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the respective Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Tax Accounting Treatment of Discount and Premium on Certain of the Bonds. The initial public offering price of certain of the Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. The tax rules requiring inclusion in income annually by the holder of a debt instrument having original issue discount of the daily portion of original issue discount for each day during a taxable year in which such holder held such debt instrument is inapplicable to the Bonds. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, and will be added to the holder's basis in the Discount Bond, for federal income tax purposes, on the same terms and conditions as those for other interest on the bonds described above under "—Tax Matters." Such interest is considered to be accrued in accordance with the constant-yield-to-maturity method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum taxable income imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial Owner prior to maturity, the amount realized by such Owner in excess of the basis of such Discount Bond in the hands of such Owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain Bonds (the "Premium Bonds"), may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Form of Bond Counsel Opinion. The form of the proposed opinion of Bond Counsel relating to the Bonds is attached to this Official Statement as "APPENDIX C—FORM OF OPINION OF BOND COUNSEL."

Legality for Investment in California

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

RATINGS

S&P Global Ratings ("S&P") has assigned a municipal bond rating of "[TO COME]" to the Bonds, and Moody's has assigned a municipal bond rating of "[TO COME]" to the Bonds. Such ratings reflect only the views of S&P and Moody's, and an explanation of the significance of each rating may be obtained from S&P and Moody's, respectively. S&P and Moody's may have obtained and considered information and material which has not been included in this Official Statement. Generally, rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by them. The ratings are not a recommendation to buy, sell or hold the Bonds. There is no assurance that any such rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of the rating agency, circumstances so warrant. The District has not undertaken any responsibility to assure the maintenance of the ratings or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

Government Financial Strategies inc. has been employed by the District to perform municipal advisory services in relation to the sale and delivery of the Bonds. Government Financial Strategies inc., in its capacity as Municipal Advisor, has prepared this Official Statement. Government Financial Strategies inc. has not, however, independently verified nor confirmed all of the information contained within this Official Statement. Government Financial Strategies inc. will not participate in the underwriting of the Bonds. Fees charged by Government Financial Strategies inc. are not contingent upon the sale of the Bonds.

INDEPENDENT AUDITOR

The financial statements of the District as of and for the year ended June 30, 2019, have been audited by Crowe LLP, Sacramento, California. The audited financial statements of the District as of and for the year ended June 30, 2019, are set forth in "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE YEAR ENDED JUNE

30, 2019" attached hereto. The District has not requested nor did the District obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. The Auditor has not been engaged to perform and has not performed, since the date of its report attached hereto, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

UNDERWRITING AND INITIAL OFFERING PRICE

Following a competitive sale process, the Bonds will be purchased by _______________ (the "Underwriter") pursuant to a bond purchase agreement (the "Purchase Agreement") by and between the District and the Underwriter at a price of $_______ (equal to the principal amount of the Bonds of $_______, plus a net original issue premium of $______, less an underwriting discount of $______). The Underwriter's obligation to purchase the Bonds is subject to certain terms and conditions set forth in the Purchase Agreement.

The Underwriter intends to offer the Bonds to the public at the initial offering prices and yields stated on the inside cover pages hereof. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than said public offering prices. The offering prices may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

The District will covenant for the benefit of the Underwriter, the Registered Owners and the Beneficial Owners of the Bonds to annually provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine and one-half months after the end of the fiscal year, commencing with the report for fiscal year 2019-20 (which is due no later than April 15, 2021), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of certain enumerated events will be filed by the District with the MSRB through EMMA. The specific nature of the information to be contained in the Annual Report and the notices is specified in "APPENDIX B—FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants are being made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

In the past five years, the District has not complied in all respects with its previous undertakings with regard to said Rule to provide annual reports and notices of significant events. The following notices of significant events were posted more than 10 business days after their occurrence.

- The notices of rating change in connection with S&P's upgrade of the underlying rating of the Davis Joint Unified School District Community Facilities District No. 2 2012 Special Tax Refunding Bonds (the "2012 CFD No. 2 Bonds") and the Davis Joint Unified School District Community Facilities District No. 2 2015 Special Tax Refunding Bonds (the "2015 CFD No. 2 Bonds") from "A" to "AA-" on January 2, 2019 was filed on February 28, 2019. Since the bond insurer for the 2012 CFD No. 2 Bonds and the bond insurer for the 2015 CFD No. 2 Bonds are both rated "AA" by S&P, the rating on both the 2012 CFD No. 2 Bonds and the 2015 CFD No. 2 Bonds remained "AA" after the underlying rating upgrade.

As of the date of this Official Statement, the District believes that it has made all required filings in the past five years for currently outstanding issues in connection with prior undertakings under the Rule.

ADDITIONAL INFORMATION

Additional information concerning the District, the Bonds or other matters concerning the sale and delivery of the Bonds may be obtained by contacting Davis Joint Unified School District, 526 B Street, Davis, California 95616, telephone (530) 757-5300, Attention: Chief Business and Operations Officer, or by contacting the Municipal Advisor, Government Financial Strategies inc., 1228 N Street, Suite 13, Sacramento, California 95814-5609, telephone (916) 444-5100.

All of the preceding summaries of the Bonds, the Resolutions, the Paying Agent Agreements and other documents are made subject to the provisions of such documents respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith. Further, this Official Statement does not constitute a contract with the purchasers of the Bonds, and any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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

Davis Joint Unified School District

By: ______________________________

John Bowes, Ed.D.
Superintendent

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2019

[TO COME]

APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

[TO COME]

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[TO COME]

APPENDIX D

YOLO COUNTY INVESTMENT POLICY

[TO COME]

APPENDIX E

DTC BOOK-ENTRY ONLY SYSTEM

[TO COME]