

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 2, 2020

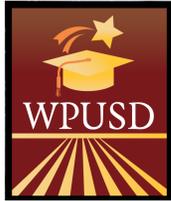
NEW ISSUE—BOOK-ENTRY ONLY

RATING

Moody's: " _____ "

See "RATING" herein

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



\$ _____ *

WESTERN PLACER UNIFIED SCHOOL DISTRICT
(Placer County, California)
2020 Tax and Revenue Anticipation Notes

Dated: Date of Delivery

Due: June 30, 2021

The above-captioned Notes (the "Notes") issued by the Board of Supervisors of Placer County, California (the "County") on behalf of the Western Placer Unified School District (the "District") will be issued in fully registered form, without coupons. The Notes will be registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Notes. Individual purchases of Notes will be made in book-entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Notes will not receive securities certificates representing their ownership interest in the Notes. The principal of and interest on the Notes will be paid at maturity by the Treasurer-Tax Collector of the County, as paying agent (the "Paying Agent"), to DTC, which is obligated in turn to remit such principal and interest to its DTC participants for subsequent disbursement to the Beneficial Owners of the Notes, as described herein. See "THE NOTES" herein.

The Notes are not subject to redemption prior to maturity.

The Notes are issued to finance, in part, the general fund cash flow requirements of the District during fiscal year 2020-21.

The Notes, in accordance with California law, are general obligations of the District but are payable only out of taxes, income, revenue, cash receipts and other moneys of the District attributable to fiscal year 2020-21 and legally available for payment thereof. See "THE NOTES—Security for and Sources of Payment" herein. The Notes are secured by a pledge of the first taxes, income, revenues, cash receipts, and other monies to be received (a) in an amount equal to fifty percent (50%) of the principal amount of the Notes to be received by the County on behalf of the District in January, 2021, and (b) in an amount equal to fifty percent (50%) of the principal amount of the Notes and all interest due on the Notes to be received by the County on behalf of the District in April, 2021, intended as receipts for the General Fund of the District for Fiscal Year 2020-21 and generally available for the payment of current expenses and obligations of the District.

THE NOTES ARE SECURED BY AND PAYABLE FROM THE PLEDGED REVENUES OF THE DISTRICT. THE OBLIGATION OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE NOTES IS A GENERAL OBLIGATION OF THE DISTRICT AND NEITHER THE GENERAL FUND, CREDIT NOR TAXING POWER OF THE DISTRICT ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE NOTES.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Coupon Yield CUSIP†

Bids for the purchase of the Notes will be received by the District until 9:30 A.M., Pacific Daylight time, on Tuesday, June 9, 2020, *electronically only*, through the I-Deal LLC BiDCOMP™/PARITY® system. The Notes will be sold pursuant to the terms of sale set forth in the Official Notice of Sale, dated June 2, 2020.

The Notes are offered when, as and if issued by the District and accepted by the Underwriter, subject to the approval of legality by Quint & Thimmig LLP, Larkspur, California, Bond Counsel. Certain disclosure matters will be passed upon for the District by Quint & Thimmig LLP, Larkspur, California, Disclosure Counsel. It is expected that the Notes in definitive form will be available for delivery to DTC in New York, New York, on or about July 1, 2020.

Dated: June __, 2020

*Preliminary, subject to change.

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This Preliminary Official Statement and the information contained herein are 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 a 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.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the District with respect to the Notes that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

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

The issuance and sale of the Notes have not been registered under the Securities Act of 1933 in reliance upon an exemption under Section 3(a)2 thereof.

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

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

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

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

No Securities Laws Registration. The issuance and sale of the Notes have not been registered under the Securities Act of 1933 in reliance upon an exemption under Section 3(a)2 thereof. The Notes have not been registered or qualified under the securities laws of any state.

Estimates and Projections. When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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

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

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WESTERN PLACER UNIFIED SCHOOL DISTRICT

600 Sixth Street, Suite 400
Lincoln, California 95648
(916) 645-6350
<http://www.wpusd.k12.ca.us/>*

**PLACER COUNTY
Board of Supervisors**

Bonnie Gore, *Chair, District 1*
Robert Weygandt, *Vice Chair, District 2*
Kirk Uhler, *Supervisor, District 4*
Jim Holmes, *Supervisor, District 3*
Cindy Gustafson, *Supervisor, District 5*

WESTERN PLACER UNIFIED SCHOOL DISTRICT

Board of Trustees

Paul Long, *President*
Brian Haley, *Vice President*
Paul Carras, *Clerk*
Damian Armitage, *Board Member*
Kris Wyatt, *Board Member*

District Administration

Scott Leaman, *Superintendent*
Audrey Kilpatrick, *Assistant Superintendent, Business & Operations*
Kerry Callahan, *Assistant Superintendent of Educational Services*

SPECIAL SERVICES

Municipal Advisor

Capitol Public Finance Group, LLC
Roseville, California

Bond Counsel and Disclosure Counsel

Quint & Thimmig LLP
Larkspur, California

Paying Agent

Placer County Treasurer-Tax Collector
Auburn, California

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

OFFICIAL STATEMENT

\$ _____ *

WESTERN PLACER UNIFIED SCHOOL DISTRICT (Placer County, California) 2020 Tax and Revenue Anticipation Notes

INTRODUCTION

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

This Official Statement is provided to furnish information in connection with the issuance and sale of \$ _____ * 2020 Tax and Revenue Anticipation Notes (the “Notes”) by the Board of Supervisors (the “County Board”) of Placer County (the “County”), in the name and on behalf of the Western Placer Unified School District (the “District”).

General

The Notes are general obligations of the District but are payable only out of taxes, income, revenue, cash receipts and other moneys of the District attributable to the fiscal year ending June 30, 2021, and legally available therefor (the “Pledged Revenues”). The District may, under existing law, issue the Notes only if the principal of and interest on the Notes will not exceed 85% of the estimated moneys which will be lawfully available for the payment of the Notes. The Notes will be dated their date of delivery and will mature on the date set forth on the cover hereof.

Pursuant to the State of California (the “State”) Constitution and laws of the State, specifically section 53850 *et seq.* of the California Government Code (the “Government Code”), the District has pledged for the payment of the Notes and the interest thereon certain unrestricted moneys to be received by the District in the months of January and April of 2020.

The District

The District was established in 1966 and encompasses approximately 175 square miles. The District is located in the western portion of the County. The District currently operates seven elementary schools, two middle schools, one high school, one continuation high school, and one charter home school program.

More detailed information regarding the District, the student population of the District, and the financial position of the District may be found under “DISTRICT INFORMATION,” and “ECONOMY OF THE DISTRICT” herein.

* Preliminary, subject to change.

Authority for Issuance of the Notes

The Notes are issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with section 53850) of the Government Code (the “Act”) and pursuant to a resolution adopted by the District Board on April 21, 2020 (the “District Resolution”), and a resolution adopted by the County Board on May 12, 2020 (the “County Resolution” and, with the District Resolution, the “Resolutions”), and, under such statute, are obligations of the District but are payable solely from Pledged Revenues. See “THE NOTES—Authority for Issuance.”

Purpose of the Notes

Proceeds of the Notes will be used and expended for any purpose for which the District is authorized to expend funds from the general fund of the District, including, but not limited to, current expenses, capital expenditures, investment, and reinvestment, and the discharge of other obligations or indebtedness of the District. See “THE NOTES—Purpose of the Notes.”

Continuing Disclosure

The District has covenanted for the benefit of the registered owners of the Notes to provide notice of the occurrence of certain enumerated events which notice will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the notices of enumerated events is summarized in APPENDIX B—FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Professionals Involved in the Offering

Several professional firms have provided services to the District with respect to the sale and delivery of the Notes. Quint & Thimmig LLP, Larkspur, California, Bond Counsel, will deliver its legal opinion in substantially the form set forth in APPENDIX C—FORM OF OPINION OF BOND COUNSEL. Quint & Thimmig LLP, Larkspur, California, is also serving as Disclosure Counsel to the District with respect to the Notes. Capitol Public Finance Group, LLC, Roseville, California, will act as Municipal Advisor to the District with respect to the Notes. The payment of fees and expenses of such firms with respect to the Notes is contingent on the sale and delivery of the Notes. The District’s financial statements for the Fiscal Year ended June 30, 2019, have been audited by Crowe LLP, Sacramento, California. See APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information in this Official Statement.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Notes is available for inspection at the office of the Superintendent, Western Placer Unified School District, 600 Sixth Street, Suite 400, Lincoln, CA, 95648, Telephone: (916) 645-6350. The District may impose a charge for copying, mailing and handling.

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

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

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Exchange Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget,” or other similar words. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur

THE NOTES

Authority for Issuance

The Notes are issued pursuant to the Act, and pursuant to the Resolutions.

Purpose of the Notes

The Notes are issued in anticipation of future receipt of moneys intended as general revenues of the District. Proceeds of the Notes will be deposited in the general fund of the District in the treasury of the County and shall be used and expended by the District for any purpose for which the District is authorized to expend funds from its general fund, including, but not limited to, current expenses, capital expenditures, investment and reinvestment and the discharge of other obligations or indebtedness of the District.

Description of the Notes

The Notes will be issued in fully registered form without coupons, initially registered in the name of Cede & Co. (“Cede & Co.”), nominee of The Depository Trust Company (“DTC”). As long as the Notes are held by DTC or a successor securities depository, ownership of the Notes will be evidenced by book-entry. See “THE NOTES—Book-Entry Only System.”

The Notes will be dated their date of delivery, will mature on June 30, 2021, will bear interest (payable at maturity and calculated on the basis of a 360-day year of twelve 30-day months) at the rate indicated on the cover page hereof, and will be issued in fully registered form in denominations of \$5,000 principal amount or any integral multiple thereof. Both the principal of and the interest on the Notes will be payable to the registered owners of the Notes (the "Owners"). The Treasurer-Tax Collector of the County (the "Treasurer-Tax Collector") will act as Paying Agent, Registrar, and Transfer Agent (the "Paying Agent") with respect to the Notes.

The Notes are not subject to redemption prior to their stated maturity date.

Limitations on Remedies

The rights of the Owners are subject to certain limitations. Enforceability of the rights and remedies of the Owners, and the obligations incurred by the District may become subject to the Federal Bankruptcy Code (defined below) and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the 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.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the District, there are no involuntary petitions in bankruptcy. If the District was to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Paying Agent and the District could be prohibited from taking certain steps to enforce their rights under the Resolutions. In a decision dated March 8, 1995, the United States Bankruptcy Court for the Central District of California ruled that a pledge granted by Orange County pursuant to a resolution adopted by that county in connection with the issuance of tax and revenue anticipation notes ("TRANS") was not effective with respect to general revenues accruing to Orange County after the filing of a petition in bankruptcy. The resolution obligated Orange County to set aside a specified amount of revenues in certain months in order to secure the payment of its TRANS. On July 12, 1995, the United States District Court for the Central District of California reversed the order of the Bankruptcy Court and determined that the obligation created under the resolution adopted by Orange County is a statutory lien which survived the filing of Orange County's bankruptcy petition. The parties subsequently negotiated a settlement. No assurance can be made that future allegations would not be raised in another bankruptcy proceeding.

Investment of Note Proceeds

Pursuant to the Resolutions, proceeds from the sale of the Notes will be deposited by the Treasurer-Tax Collector in a proceeds fund to the credit of the District. Moneys in such proceeds fund shall be invested as permitted by the laws of the State and the Resolutions, including the County's pooled investment fund, the State Treasurer's Local Agency Investment Fund and in investment agreements. The proceeds of the Notes will be invested to mature on or before the maturity date of the Notes. See "PLACER COUNTY INVESTMENT POOL."

Book-Entry-Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

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

by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Notes representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County or the District, or the County or the District may decide to discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor securities depository is not obtained, fully registered physical certificates are required to be printed and delivered.

In the event that the book-entry-only system is discontinued, payments of principal and interest with respect to the Notes shall be payable as described herein under the caption "THE NOTES—Payment," and transfers will be governed as described herein under the caption "Registration and Transfer of Notes."

Paying Agent

Payments of principal of and interest on the Notes will be paid by the Paying Agent directly to DTC. DTC will remit such payments to DTC Participants and such payments will thereafter be paid by DTC Participants to the Beneficial Owners. No assurance is given by the District that DTC or DTC Participants will make prompt transfer of payments to Beneficial Owners. The District is not responsible or liable for payments or failures to pay by DTC or any DTC Participant, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or any DTC Participant, or for any other act or omission of DTC or any DTC Participants. The Paying Agents, the District, the County and the Underwriter of the Notes 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 Notes.

The Paying Agent cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments with respect to the Notes received by DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will provide service and act in the manner described in this Official Statement.

The Paying Agent shall be entitled to treat the person in whose name any Note is registered as the owner thereof for all purposes of the County Resolution and for purposes of payment of interest on and principal of the Notes, notwithstanding any notice to the contrary received by the Paying Agent; and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Notes; and the Paying Agent will have no responsibility or obligations, legal or otherwise, to the Beneficial Owners or to any other party, including DTC or its successors (or substitute depository or its successor), except as the registered owner of any Notes, and the Paying Agent may rely conclusively on its records as to the identity of the registered owners of the Notes.

So long as the outstanding Notes are registered in the name of Cede & Co. or its registered assigns, the Paying Agent shall cooperate with Cede & Co., as sole registered owner, or its registered assigns in effecting payment of the principal of and interest on the Notes by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

Registration and Transfer of Notes

The Notes shall be initially issued and registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, and shall be evidenced by a single Note. Registered ownership of the Notes, or any portion thereof, may not thereafter be transferred except as set forth in the County Resolution.

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

Subject to the provisions of the County Resolution, the registration of any Note may, in accordance with its terms, be transferred or exchanged for a like aggregate principal amount of Notes in authorized denominations, upon the registration books kept by the Paying Agent for such purpose, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Note for cancellation, and in the case of a transfer, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Paying Agent.

Whenever any Note shall be surrendered for transfer or exchange, the County shall execute and the Paying Agent shall deliver a new Note or Notes of authorized denominations, for a like aggregate principal amount. The Paying Agent shall require the registered owner requesting such registration of transfer to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

The Paying Agent will keep or cause to be kept, at its office in Auburn, California, sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, the Notes as hereinbefore provided.

All Notes surrendered for payment or registration of transfer, if surrendered to any person other than the Paying Agent, shall be delivered to the Paying Agent and shall be promptly canceled. No Note shall be delivered in lieu of or in exchange for any canceled Notes except as expressly permitted under the terms of the County Resolution.

SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES

Security for the Notes

Unrestricted Revenues. The principal amount of the Notes, together with interest thereon will be payable only out of taxes, income, revenue, cash receipts and other moneys which are received by the District for fiscal year 2020-21 and which are lawfully available for the payment of current expenses and other obligations of the District (the “Unrestricted Revenues”). Pursuant to the Act, the District has, as described below, pledged certain Unrestricted Revenues for the payment of the Notes and the interest thereon.

Pledged Revenues. As security for the payment of the principal of and interest on the Notes, the District has agreed to deposit in trust in a special fund (the “Repayment Fund”): the first Unrestricted Revenues to be received by the District (a) in an amount equal to fifty percent (50%) of the principal amount of the Notes to be received by the District in January, 2021, and (b) in an amount equal to fifty percent (50%) of the principal amount of the Notes and all interest due on the Notes, to be received by the County on behalf of the District in April, 2021, intended as receipts for the District’s general fund for Fiscal year 2020-21 and generally available for the payment of the District’s current expenses and obligations (the “Pledged Revenues”).

Amount of Pledges

Principal	Principal	Interest
January, 2021	April, 2021	April, 2021
\$ _____ *	\$ _____ *	\$ _____ *

In the event insufficient Unrestricted Revenues are received by the District to permit the deposit into the Repayment Fund of the full amount of the Pledged Revenues required to be deposited with respect to such month, then the amount of any deficiency in the Repayment Fund shall be satisfied and made up

* Preliminary, subject to change.

from any other moneys of the District lawfully available for the payment of the principal of and interest on the Notes (all as provided in the Resolutions and sections 53856 and 53857 of the Government Code).

The Notes are, by statute, general obligations of the District and to the extent the Notes are not paid from the Pledged Revenues, the principal of and interest on the Notes shall be paid from any other moneys of the District lawfully available therefor.

No additional notes may be issued and secured by the Pledged Revenues.

Available Sources of Payment

The Notes, in accordance with California law, are general obligations of the District, and to the extent not paid from taxes, income, revenue, cash receipts and other moneys received by the District during or allocable to the fiscal year pledged for the payment thereof, will be paid with interest thereon from any other moneys of the District legally available therefor. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS.” The District may, under existing law, issue the Notes only if the principal of and interest on the Notes and any other short-term debt will not exceed 85% of the moneys estimated to be legally available for the payment of the Notes and such other debt during the applicable fiscal year.

In addition to the District’s obligation to repay the Notes, the District has other contractual commitments that must be paid from general fund revenues. For information regarding the levels of the District’s expenditure commitments for the fiscal year 2019-20 and its projected commitments for fiscal year 2020-21, see “CASH FLOW PROJECTIONS,” “DISTRICT FINANCIAL INFORMATION—Budget” and “DISTRICT FINANCIAL INFORMATION—Significant Accounting Policies and Audited Financial Statements.”

Other District Funds

The District maintains a substantial balance in the following funds. Such funds are generally restricted in purpose but may be used on a temporary basis by Board action.

Fund Name	Estimated Balance as of 6/30/2020	Estimated Balance as of 1/31/2021	Estimated Balance as of 6/30/2021
Capital Projects Fund for Blended Component Units			
Special Reserve Fund for Other than Capital Outlay Projects			
Capital Facilities Fund			
Special Reserve Fund for Capital Outlay Projects			
County Schools Facilities Fund			
Foundation Private-Purpose Trust Fund			
Total			

Source: Western Placer Unified School District

PLACER COUNTY POOLED INVESTMENT FUND

The following information has been provided by the County, and the District and Underwriter take no responsibility for the accuracy or completeness thereof. Further information may be obtained from the County Treasurer.

General. Under the California Education Code, the District is required to deposit all monies received from any source into the County Treasury to be held on behalf of the District. The County maintains a written policy (the "Investment Policy") with respect to the investment of public funds which provides a means to implement the basic objectives of its investment program pursuant to California Code Section 53630. The objective of the Investment policy is to invest public funds in a manner which provides for the safety of the funds on deposit, the cash flow demands, or liquidity needs of the treasury pool participants, and the highest possible yield after first considering the first two objectives of safety and liquidity. The County's Investment Policy is reviewed and adopted by resolution by the County Board of Supervisors on an annual basis.

County Treasury Pool. The daily investment of Pool funds has been delegated to the County Treasurer/Tax Collector ("Treasurer") pursuant to Government Code section 53635 and by ordinance of the County Board of Supervisors. According to the Investment Policy, the primary objective of the investment of short term operating funds is to maintain the principal of such funds (safety) in investment vehicles which are easily converted to cash (liquidity) while obtaining a competitive market rate of return (yield) for the risk taken at the time of investing.

Safety of principal. Investments of the County shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses do not exceed the income generated from the remainder of the portfolio.

Liquidity. The investment portfolio shall remain sufficiently liquid to enable the depositors to meet all expenditure requirements that might be reasonably anticipated. A minimum of 30% of the invested assets, including cash held in commercial bank accounts, shall be kept in overnight liquid assets. In the event that unforeseen cash-flow fluctuations temporarily cause the ratio of overnight liquid assets to decline below 30% of the portfolio balance, no new investments will be made until the minimum ratio is restored.

Return on Investment. The county's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and the cash flow characteristics of the portfolio.

The table below shows the investments held in the County Pool, as of April 30, 2020.

**PLACER COUNTY INVESTMENT POOL
PORTFOLIO COMPOSITION
(as of April 30, 2020)**

<u>Investment</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>% of Portfolio</u>
U.S. Treasury Coupons				
mPower Placer—Long Term				
Federal Agency Coupons				
Medium Term Notes				
Negotiable Certificates of Deposit				
Collateralized CDs				
Supranational				
Commercial Paper Discounts				
Federal Agency Discounts				
Treasury Discounts				
Supranational Discounts				
Local Agency Bond				
Local Agency Bonds				
Rolling Repurchase Agreements				
mPower Placer				
mPower Folsom				
Total Investments				
Cash				
Total Investments and Cash				

Source: Placer County Treasurer-Collector

CASH FLOW PROJECTIONS

The District's general fund operating expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts have followed an uneven pattern, primarily as a result of secured and unsecured property tax installment payment dates in December and April. As a result, the District's general fund cash balance has typically been negative for a portion of each fiscal year and has been covered by temporary borrowings under the pooled-investments program from the District's restricted funds, which the District is obligated to pay back during the ensuing fiscal year. The District has prepared the accompanying monthly cash-flow statements covering the 2019-20 fiscal year and projected 2020-21 fiscal year. The projected fiscal 2019-20 cash flow shows and takes into consideration the Notes. Without the proceeds of the Notes, a cumulative cash-flow deficit of \$ _____ is anticipated in November, 2020. The anticipated deficit occurs due to the timing of expenditures occurring prior to the timing of the receipts during the fiscal year.

The estimates of amounts and timing of receipts and disbursements in the tables on the following pages are based on certain assumptions and should not be construed as statements of fact. The assumptions are based on present circumstances and currently available information and are believed to be reasonable. The assumptions may be affected by numerous factors, and there can be no assurance that such estimates will be achieved.

[CASH FLOWS TO BE INSERTED]

Note Coverage Ratio

Projected Unrestricted Moneys available for Note repayment on June 28, 2021, provides and estimated coverage of _____ times the principal of and interest due on the Notes at maturity. See “THE NOTES—Security for and Sources of Payment.”

WESTERN PLACER UNIFIED SCHOOL DISTRICT Estimated Note Coverage Ratio

Projected Beginning Cash Balance 7/1/20	
Plus: Projected 2020-21 Cash Receipts (including Note Proceeds)	
Less: Projected 2020-21 Disbursement (excluding Note Repayment)	
Ending Cash Balance	_____
Note Repayment	_____
NOTE COVERAGE RATIO	

EFFECT OF COVID-19 GLOBAL PANDEMIC

Background. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (“Coronavirus”), which was first detected in China and has spread to other countries, including the United States, was declared a pandemic by the World Health Organization, a national emergency by the President of the United States (the “President”) and a state of emergency by the Governor of the State (the “Governor”). There has been tremendous volatility in the markets in the United States and globally, resulting in significant declines and speculation of a national and global recession.

The President’s declaration of a national emergency on March 13, 2020, made available more than \$50 billion in federal resources to combat the spread of the virus. A multi-billion-dollar relief package was signed into law by the President on March 18, 2020, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. A second relief package known as the CARES Act was signed in to law by the President on March 27, 2020, containing roughly \$2 trillion in economic stimulus and aid to effected citizens, companies and state and local governments. The Federal Reserve lowered its benchmark interest rate to nearly zero, has begun a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

All school districts in the State have suspended in-person learning, and the Governor has indicated that schools are likely to remain closed for the remainder of the school year. On March 16, 2020, the State legislature approved \$1.1 billion in emergency funds in response to the Coronavirus crisis. On March 19, 2020, the Governor issued a shelter-in-place order, Executive Order N-33-20, ordering all California residents to stay home except to get food, care for a relative, get necessary healthcare or go to an essential job. The stay at home order went into effect immediately and will stay in effect until further notice.

Impacts on Global and Local Economies; Potential Declines in State Revenues. The Coronavirus public health emergency is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies, including the economy of the State. Under the 2019-20 State Budget (defined below) approximately 70% of the State’s general fund revenue is projected to be derived from personal income tax receipts. Additionally, capital gains tax receipts are budgeted to account for about 10% of such receipts in fiscal year 2019-20. California’s Legislative Analyst’s Office published a report on March

18, 2020 which anticipates that the economic uncertainty caused by the outbreak will significantly affect California's near-term fiscal outlook, including lower capital gains-related tax revenue due to the volatility in the financial markets, and the likelihood that a recession is forthcoming due to pullback in activity across wide swaths of the economy. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS—LAO Fiscal Perspective Report". The District cannot predict the short or long term impacts that Coronavirus will have on global, State-wide and local economies, which could impact District operations.

Suspension of Classroom Instruction; Unanticipated Costs. As discussed above, the Governor's shelter in place order has suspended classroom instruction indefinitely throughout California schools. Most school districts are undertaking distance learning efforts to provide continuing instruction to students. On March 13, 2020, the Governor signed Executive Order N-26-20 ordering that school districts closing in order to address Coronavirus will, subject to certain conditions, continue to receive state funding to support distance learning or independent study, to continue to provide subsidized school meals to low-income students, to continue to pay school district employees, and, to the extent practicable, to provide for supervision of students during school hours. Additionally, State law allows school districts 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. See "DISTRICT FINANCIAL INFORMATION.

School districts in California may incur additional unanticipated costs since budget adoption that result as a result of the Coronavirus emergency. Examples include cleaning and sanitizing costs, costs of purchasing additional equipment and services to provide for remote learning, and potentially heightened security costs.

The District cannot predict the impacts that the Coronavirus emergency might have on the District's finances or operations.

DISTRICT INFORMATION

General Information

The District was established in 1966 and encompasses approximately 175 square miles. The District is located in the western portion of the County. The District currently operates seven elementary schools, two middle schools, one high school, one continuation high school, and one charter home school program.

Enrollment in the District for grades K-12 in the 2018-19 school year was 7,801 students and is projected to be 7,209 in Fiscal Year 2019-20. The District operates under the jurisdiction of the County Superintendent of Schools.

Board of Trustees and Administration

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

Board Member	Office	Current Term Expires (December)
Paul Long	President	2020
Brian Haley	Vice President	2022
Paul Carras	Clerk	2020
Damian Armitage	Board Member	2022
Kris Wyatt	Board Member	2022

The administrative staff of the District includes Superintendent Scott Leaman and Assistant Superintendent, Business & Operations Audrey Kilpatrick.

DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

Unless otherwise indicated, the financial, statistical and demographic data in this Official Statement has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting: Western Placer Unified School District, Attention: Assistant Superintendent, Business Services.

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

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

Under the prior system, California Education Code Section 42238 and following, each school district was determined to have a target funding level: a “base revenue limit” per student multiplied by the school district’s ADA. The base revenue limit was calculated from the school district’s prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and

costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This was referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution. A school district whose local property tax revenues exceed its base revenue limit is entitled to receive no State equalization aid, and receives only its special categorical aid, which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is a LCFF district.

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

Average Daily Attendance

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

As indicated above, commencing with the fiscal year 2013-14, the State budget restructured the manner in which the State allocates funding for K-12 education using the Local Control Funding Formula. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. The following table shows the District's enrollment, ADA and revenue limit per ADA for 2011-12 and 2012-13 under the historical funding program and for 2013-14 through 2019-20 under the Local Control Funding Formula.

**AVERAGE DAILY ATTENDANCE,
REVENUE LIMIT/LCFF AND ENROLLMENT**

Fiscal Year	Average Daily Attendance ⁽¹⁾	Revenue Limit/LCFF Revenues ⁽²⁾	Enrollment ⁽³⁾
2011-12	6,310	\$ 33,932,638	6,555
2012-13	6,299	33,771,819	6,598
2013-14	6,452	40,751,063	6,705
2014-15	6,444	44,848,447	6,638
2015-16	6,509	52,075,823	6,725
2016-17	6,547	54,665,615	6,833
2017-18	6,667	56,718,677	6,960
2018-19	6,798	61,801,015	7,081
2019-20 ⁽⁴⁾	6,926	64,851,276	7,281

Source: Western Placer Unified School District

- (1) Reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year.
- (2) Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in Fiscal Year 2008-09 and discontinued following the implementation of the LCFF.
- (3) Enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS") in each school year.
- (4) As projected in the District's 2019-20 2nd Interim Report.

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

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

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

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in and out, and other causes. Losses in

enrollment will cause a school district to lose operating revenues, without necessarily permitting the district to make adjustments in fixed operating costs.

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's 2nd Interim Report and projected ADA are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for fiscal year 2019-20 or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

District Budget and County Review

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

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

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

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

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

If at any time during the fiscal year the county superintendent determines that a school district may be unable to meet its financial obligations for the current or two subsequent fiscal years or if a school district has a qualified or negative certification (as describe below), the county superintendent will notify the governing board of the school district and the State Superintendent of that determination and report to the

State Superintendent the financial condition of the school district. The county superintendent will also report proposed remedial actions and take at least one of the following and all actions that are necessary to ensure that the school district meets its financial obligations: (a) assign a fiscal expert, (b) conduct a study of the financial and budgetary conditions of the school district that includes, but is not limited to, a review of internal controls, (c) direct the school district to submit a financial projection of all fund and cash balances of the school district as of June 30 of the current year and subsequent fiscal years, (d) require the school district to encumber all contracts and other obligations, to prepare appropriate cashflow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables, (e) direct the school district to submit a proposal for addressing the fiscal conditions that resulted in the determination that the school district may not be able to meet its financial obligations, (f) withhold compensation of the members of the governing board of the school district and the school district superintendent for failure to provide requested financial information, and (g) assign the County Office of Education and Fiscal Crisis and Management Assistance Team to review and provide recommendations related to teacher hiring practices, teacher retention rate, percentage of provision of highly qualified teachers, and the extent of teacher misassignment in the school district.

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

Interim Reporting. A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 et seq.), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as

appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. The District has received positive certifications on its interim financial reports for fiscal year 2018-19 and on its first interim report for fiscal year 2019-20.

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

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

Accounting Practices

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

The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

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

Financial Statements

The District's general fund finances the basic operating activities of the District. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2019, and prior fiscal years are on file with the District and available for public inspection at the office of the Superintendent of the District, 600 Sixth Street, Lincoln, California 95648, telephone number (916) 645-6350. Copies of such financial statements will be mailed to prospective investors and their representatives upon request directed to the District at such address. For further information, see also APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.

The following table shows the District's audited revenues, expenditures and changes in fund balances for the past four fiscal years as well as 2019-20 budgeted projections from the District's 2nd Interim Report.

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

	Fiscal Year				
	2015-16 Audited	2016-17 Audited	2017-18 Audited	2018-19 Audited	2019-20 ⁽¹⁾ Projected
REVENUES					
Revenue Limit/LCFF Sources ⁽¹⁾	\$52,075,823	\$54,665,615	\$56,718,677	\$61,801,015	\$64,851,276
Federal Sources	2,496,125	2,481,315	2,280,393	2,534,145	2,977,572
Other State Sources	8,636,608	9,258,297	6,434,906	10,666,598	6,513,991
Other Local Sources	4,225,716	4,168,222	4,877,484	5,276,099	5,084,451
Total Revenues	<u>67,434,272</u>	<u>70,573,449</u>	<u>70,311,460</u>	<u>80,277,857</u>	<u>79,427,290</u>
EXPENDITURES					
Certificated Salaries	28,989,876	31,310,980	31,922,384	32,464,549	33,388,886
Classified Salaries	8,298,868	9,028,971	9,250,856	9,517,953	9,949,996
Employee Benefits	14,254,896	15,697,844	17,039,125	21,448,899	19,857,395
Books and Supplies	2,932,188	2,918,681	3,377,096	3,341,536	6,042,032
Contract Services and Op. Ex.	6,574,259	7,301,029	7,839,990	7,853,130	8,494,231
Capital Outlay	651,867	3,358,485	654,775	340,547	829,085
Other Outgo	1,518,376	1,858,909	1,845,674	1,900,075	2,252,303
Debt Service – Principal	383,807	205,179	205,179	205,179	-
Debt Service - Interest	-	-	-	-	-
Total Expenditures	<u>63,604,137</u>	<u>71,680,078</u>	<u>72,135,079</u>	<u>77,071,868</u>	<u>80,810,146</u>
Excess of Revenues over Expenditures	3,830,135	(1,106,629)	(1,823,619)	3,205,989	(1,382,856)
OTHER FINANCING SOURCES					
Operating transfers in	76,900	2,869	4,124	15,643	15,180
Operating transfers out	(36,711)	(118,873)	(23,719)	(57,840)	(326,685)
Other sources	-	-	-	-	-
Total financing sources (uses)	<u>40,189</u>	<u>(116,004)</u>	<u>(19,595)</u>	<u>(42,197)</u>	<u>(341,865)</u>
Net change in fund balances	3,870,324	(1,222,633)	(1,843,214)	3,163,792	(1,694,361)
Fund Balance, July 1	<u>8,058,525</u>	<u>11,928,849</u>	<u>10,706,216</u>	<u>8,863,002</u>	<u>11,502,577</u>
Fund Balance, June 30	11,928,849	10,706,216	8,863,002	12,026,794	9,808,216

Source: Western Placer Unified School District 2015-19 audited financial statements and 2019-20 2nd Interim Report.

(1) From the District's 2019-20 2nd Interim Report.

The following table shows the District’s audited balance sheet for the past five fiscal years.

**GENERAL FUND
BALANCE SHEET
Fiscal Years 2014-15 to 2018-19**

	Fiscal Year				
	2014-15 Audited	2015-16 Audited	2016-17 Audited	2017-18 Audited	2018-19 Audited
ASSETS					
Cash in County Treasury	\$11,702,112	\$18,906,123	\$13,030,764	\$10,165,744	\$13,036,910
Cash Awaiting Deposit	-	490	-	-	391
Cash in Revolving Fund	5,000	5,000	5,000	5,000	5,000
Receivables	2,187,721	2,227,009	2,632,834	3,239,568	4,424,702
Prepaid Expenditures	563,471	288,608	327,222	81,015	25,060
Other Current Assets	3,523	3,523	-	-	-
Due from Other Funds	111,120	13,875	331,762	162,099	-
Total Assets	14,572,947	21,444,628	16,327,582	13,653,426	17,492,063
LIABILITIES					
Accounts Payable	4,647,455	6,545,390	4,628,555	4,231,273	5,355,267
Deferred Revenue	1,839,557	2,970,038	819,031	558,792	69,705
Due to Other Funds	27,410	351	173,780	359	40,297
Total Liabilities	6,514,422	9,515,779	5,621,366	4,790,424	5,465,269
FUND BALANCES					
Nonspendable	568,471	293,608	332,222	86,015	30,060
Restricted	959,700	1,229,851	1,165,330	1,251,087	1,976,294
Assigned	-	-	-	-	524,218
Unassigned	6,530,354	10,405,390	9,208,664	7,525,900	9,496,222
Total Fund Balances	8,058,525	11,928,849	10,706,216	8,863,002	12,026,794
Total Liabilities and Fund Balances	14,572,947	21,444,628	16,327,582	13,653,426	17,492,063

Source: Western Placer Unified School District 2015-19 audited financial statements.

Summary of District Revenues and Expenditures

The District’s audited financial statements for the year ending June 30, 2019, are reproduced in Appendix A. The final (unaudited) statement of receipts and expenditures for each fiscal year ending June 30 is required by State law to be approved by the District Board by September 15, and the audit report must be filed with the County Superintendent of Schools and State officials by December 15 of each year.

The District is required by State law and regulation to maintain various reserves, including a “reserve for economic uncertainty” equal to no less than 3% of general fund expenditures and other financing uses. For fiscal year 2018-19, the District has budgeted \$2,419,668 for its reserve for economic uncertainty. Substantially all funds of the District are required by law to be deposited with and invested by the County Treasurer-Tax Collector on behalf of the District, pursuant to law and the investment policy of the County. See “COUNTY POOLED INVESTMENT FUND” in the front portion of this Official Statement.

Local Control Funding Formula. The State Constitution requires that from all State revenues there will be funds set aside to be allocated by the State for support of the public school system and public institutions of higher education. As discussed below, school districts in the State receive a significant

portion of their funding from these State allocations. The general operating income of school districts in California is comprised of two major components: (i) a State portion funded from the State's general fund, and (ii) a local portion derived from the school district's share of the 1% local *ad valorem* tax authorized by the State Constitution. School districts may also be eligible for special categorical and grant funding from State and federal government programs.

As part of the State Budget for fiscal year 2013-14 (the "2013-14 State Budget"), State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97") was enacted to establish a new system for funding State school districts, charter schools and county offices of education by the implementation of the Local Control Funding Formula or LCFF. This formula replaced the 40-year revenue limit funding system for determining State apportionments and the majority of categorical programs. Subsequently, AB 97 was amended and clarified by Senate Bill 91 (Stats. 2013 Chapter 49). The LCFF consists primarily of base, supplemental and concentration funding formulas that focus resources based on a school district's student demographic. Each school district and charter school receives a base grant per its ADA used to support the basic costs of instruction and operations. The implementation of the LCFF began in fiscal year 2013-14 and was fully implemented during fiscal year 2018-19.

The LCFF includes the following components:

- An average base grant for each local education agency per unit of ADA as detailed in the CALIFORNIA SCHOOL DISTRICTS AND CHARTER SCHOOLS GRADE SPAN FUNDING AT FULL LCFF IMPLEMENTATION LOCAL CONTROL TARGET FUNDING FORMULA 2019-20 summary table herein.
- A 20% supplemental grant for students classified as English learners ("EL"), those eligible to receive a free or reduced-price meal ("FRPM") and foster youth, to reflect increased costs associated with educating those students. These supplemental grants are only attributed to each eligible student once, and the total student population eligible for the additional funding is known as an "unduplicated count."
- An additional concentration grant equal to 50% of a local education agency's base grant, based on the number of unduplicated EL, FRPM and foster youth served by the local agency that comprise more than 55% of the school district's or charter school's total enrollment.

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

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2019-20

Fiscal Year	Average Daily Attendance				Total District ADA ⁽¹⁾	Total District Enrollment ⁽²⁾	% of EL/LI Enrollment ⁽³⁾
	K-3	4-6	7-8	9-12			
2013-14	2,274.00	1,658.47	969.65	1,549.44	6,451.56	6,705	37.20%
2014-15	2,112.37	1,644.03	1,016.29	1,626.87	6,399.56	6,638	37.35
2015-16	2,118.50	1,613.49	1,061.41	1,715.64	6,509.04	6,725	36.52
2016-17	2,131.55	1,619.45	1,066.71	1,729.28	6,547.03	6,833	35.17
2017-18	2,101.55	1,571.26	1,070.82	1,923.29	6,666.92	6,960	33.86
2018-19							
2019-20 ⁽⁴⁾							

Source: Western Placer Unified School District

- (1) Reflects P-2 ADA.
- (2) Reflects CBEDS enrollment.
- (3) For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI students will be based on a rolling average of such district’s EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
- (4) As projected in the District’s 2019-20 2nd Interim Report.

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

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

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

**CALIFORNIA SCHOOL DISTRICTS AND CHARTER SCHOOLS
GRADE SPAN FUNDING AT FULL LCFF IMPLEMENTATION
LOCAL CONTROL TARGET FUNDING FORMULA
2019-20**

Grade Levels	2019-20 Base Grants per ADA	2019-20 COLA (3.26%)	Grade Span Adjustments	2019-20 Grant/Adjusted Base Grant per ADA
K-3	\$7,459	\$243	\$801	\$8,503
4-6	7,571	247	n/a	7,818
7-8	7,796	254	n/a	8,050
9-12	9,034	295	243	9,572

Source: California Department of Education

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

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

Other State Sources. In addition to LCFF revenues, the District receives substantial other State revenues. As described above, the LCFF replaced most of the State categorical program funding that existed prior to fiscal year 2013-14. Categorical funding for certain programs was excluded from the LCFF, and school districts continue to receive restricted State revenues to fund these programs. These other State

revenues are primarily restricted revenue funding items such as the Special Education Master Plan, Economic Impact Aid, and Tier 3 Funding.

Other State revenues include the California State Lottery (the “Lottery”), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research.

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

Developer Fees and CFD Revenues

The District collects developer fees to finance essential school facilities within the District. The following table shows the collection of developer fees for the most recent fiscal years.

DEVELOPER FEES

<u>Fiscal Year</u>	<u>Developer Fees</u>
2011-12	\$ 916,106
2012-13	1,543,566
2013-14	2,094,990
2014-15	1,771,964
2015-16	1,631,721
2016-17	1,398,404
2017-18	674,748
2018-19	
2019-20 ⁽¹⁾	

Source: Western Placer Unified School District.

(1) Estimated.

The District collects revenues from a portion of the special taxes collected in the community facilities districts established in the District (“CFD Revenues”) to finance essential school facilities within the District. The following table shows the collection of CFD Revenues for the most recent fiscal years.

CFD REVENUES

<u>Fiscal Year</u>	<u>CFD Revenues</u>
2011-12	\$5,591,019
2012-13	5,985,525
2013-14	5,832,256
2014-15	5,936,744
2015-16	5,920,582
2016-17	6,069,375
2017-18	6,054,481
2018-19	
2019-20 ⁽¹⁾	

Source: Western Placer Unified School District.
 (1) Estimated.

The District has historically applied the developer fees and the CFD Revenues to make lease payments with respect to its certificates of participation and expects to continue to do so in the future. Neither the Developer fees nor the CFD Revenues are specifically pledged to the payment of such lease payments.

Effect of State Budget on Revenues

Most public school districts in California, including the District, are dependent on revenues from the State for a large portion of their operating budgets, because the primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes as previously described herein (see “—Education Funding Generally” above). School districts which are Community Funded however are an exception to this and derive most of their revenues from local property taxes.

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

Possible Impacts of Coronavirus. Changes to the Proposed 2020-21 State Budget and the short-term and long-term impact of the Coronavirus on the District’s attendance, revenues and operations cannot be predicted.

District Expenditures

The largest part of each school district’s general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and

benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

Labor Relations. Currently the District employs _____ full-time equivalent (FTE) certificated employees and _____ FTE classified employees. There are two formal bargaining organizations operating in the District which are described in the table below.

LABOR ORGANIZATIONS

Labor Organization	Members	Contract Expiration
California Teachers' Association	_____	June 30, 2021
California School Employees' Association	_____	June 30, 20__

Source: Western Placer Unified School District

District Retirement Programs

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

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

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

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

**MEMBER CONTRIBUTION RATES
STRS Defined Benefit Program**

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

Source: AB 1469.

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

**K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS Defined Benefit Program**

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

Source: AB 1469.

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

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

Fiscal Year	District STRS Contribution
2013-14	\$ 2,018,571
2014-15	2,294,702
2015-16	3,031,542
2016-17	3,812,851
2017-18	4,465,253
2018-19	5,121,861
2019-20 ⁽¹⁾	

Source: Western Placer Unified School District

(1) Projected. Amount includes on-behalf payment made by the State.

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

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

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

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

<u>Fiscal Year</u>	<u>District PERS Contribution</u>
2013-14	\$ 752,269
2014-15	843,887
2015-16	961,530
2016-17	1,229,817
2017-18	1,431,741
2018-19	1,689,812
2019-20 ⁽¹⁾	

Source: Western Placer Unified School District

(1) Projected

For further information about the District’s contributions to STRS and PERS, see APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019—Notes 7 and 8.

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

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

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

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

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

- (1) Amounts may not add due to rounding.
- (2) Reflects market value of assets.
- (3) Excludes assets allocated to the SBPA reserve.
- (4) Reflects actuarial value of assets.
- (5) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

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

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

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

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over the next three years in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate will go into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 under the Reform Act (defined below) will also see their contribution rates rise. The three-year reduction of the discount rate to 7.0% is expected to result in average employer rate increases of approximately 1-3% of normal cost as a percent of payroll for most miscellaneous retirement plans and a 2-5% increase for most safety plans.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions will first be reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

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

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

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

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

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation

Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps “pensionable compensation” for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

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

The District’s proportionate shares of the net pension liabilities, pension expense, deferred outflow of resources and deferred inflow of resources for STRS and PERS, as of June 30, 2019, are as shown in the following table.

Pension Plan	Net Pension Liability	Deferred Outflows Related to Pensions	Deferred Inflows Related to Pensions	Pension Expenses
STRS	\$53,798,000	\$15,905,861	\$2,853,000	\$12,383,322
PERS	18,622,000	5,248,812	—	4,475,541
Totals	<u>\$72,420,000</u>	<u>\$21,154,673</u>	<u>\$2,853,000</u>	<u>\$16,858,863</u>

Source: Western Placer Unified School District 2018-19 Audited Financial Statements.

For additional information, see APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019—Notes 7 and 8.

Postemployment Benefits Other Than Pension Benefits

Plan Description. The Postemployment Benefit Plan is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 17 retirees and their beneficiaries currently receiving benefits, and 576 active plan members.

Contributions. The California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the District Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were \$196,373 for the year ended June 30, 2019. Employees are not required to contribute to the OPEB plan.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-.109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

OPEB OBLIGATIONS Fiscal Year 2018-19

Service Cost	\$ 611,556
Interest on net OPEB obligation	304,091
Benefits Payments	(196,373)
Changes in Assumptions	2,035,583
Net Investment Income	(172,733)
Investment Gains/Losses	(1574,790)
Administrative Expense	7,637
Increase in net OPEB obligation	<u>\$2,434,971</u>
Net OPEB obligation, beginning of the year	<u>2,916,151</u>
Net OPEB obligation, end of the year	<u><u>\$5,351,122</u></u>

Source: Western Placer Unified School District 2018-19 Audited Financial Statements.

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

See also APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019, Note 9.

Charter Schools

The State Legislature enacted the Charter Schools Act of 1992 (California Education Code Sections 47600-47616.5) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, California’s charter school law states that local boards are the primary charter approving agency and that county panels can appeal a denied charter. State education standards apply, and charter schools are required to use the same student assessment instruments. The charter school is exempt from state and local education rules and regulations, except as specified in the legislation.

School districts have certain fiscal oversight and other responsibilities with respect to both affiliated independent and district operated charter schools established within their boundaries. However, independent charter schools receive funding directly from the State, and such funding would not be reported in the District’s audited financial statements. District operated charter schools receive their funding from the District and would be reflected in the District’s audited financial statements.

The District has two K-12 charters operating within its boundaries, the Horizon Charter School and John Adams Academy.

The District makes no representations regarding how many District students will transfer to charter schools, back to the District from charter schools, or will transfer between the District and other school districts due to the presence of charter schools, and the District cannot predict the corresponding financial impacts of such transfers on the District.

Assembly Bill 1505 was recently enacted (the “AB 1505”), which aims to slow the growth of charter schools. AB 1505 will give school districts increased leverage to deny applications for new charter schools by providing school districts additional discretion when authorizing charter schools to consider the number and enrollment in proposed charter schools, academic outcomes and offerings and a statement of need for the school. The District cannot predict the impact such legislation will have on its operations and finances.

District Debt Structure

General Obligation Bonds. The District received authorization at an election held on November 4, 2014, by at 55% of the votes cast by eligible voters within the District (the “2014 Authorization”) to issue not to exceed \$60,000,000 of General Obligation Bonds. In 2015, the District issued \$20,000,000 of general obligation bonds from the 2014 Authorization. In 2017, the District issued \$25,000,000 from the 2014 Authorization. In 2018, the District issued \$15,000,000 from the 2014 Authorization.

The District received authorization at an election held on November 8, 2016, by at 55% of the votes cast by eligible voters within the District (the “2016 Authorization”) to issue not to exceed \$60,000,000 of General Obligation Bonds. In 2017, the District issued \$30,000,000 from the 2016 Authorization. In 2018, the District issued \$30,000,000 from the 2016 Authorization.

The following table shows the District's outstanding general obligation bonds.

ISSUED AND OUTSTANDING GENERAL OBLIGATION BONDS
As of June 1, 2020

Date	Series	Final Maturity Date	Original Principal Amount	Outstanding Amount as of June 1, 2020
6/04/15	General Obligation Bonds, Election of 2014, Series A	8/1/40	\$ 20,000,000	
6/13/17	General Obligation Bonds, Election of 2014, Series B	8/1/47	25,000,000	
11/6/18	General Obligation Bonds, Election of 2014, Series C	8/1/43	15,000,000	
6/13/17	General Obligation Bonds, Election of 2016, Series A	8/1/47	30,000,000	
11/6/18	General Obligation Bonds, Election of 2016, Series B	8/1/43	30,000,000	
			<u>\$120,000,000</u>	

The following table shows the District's debt service obligations with respect to its outstanding general obligation bonds.

DEBT SERVICE OBLIGATIONS ON OUTSTANDING GENERAL OBLIGATION BONDS
As of June 1, 2020

Bond Year Ending 8/1	2014A Bonds	2014B Bonds	2014C Bonds	2016A Bonds	2016B Bonds	Total
2020	\$ 1,276,031.26	\$ 1,431,162.50	\$ 948,981.26	\$ 1,783,387.50	\$ 2,020,562.50	\$ 7,460,125.02
2021	1,278,031.26	1,431,912.50	949,381.26	1,785,687.50	2,021,962.50	7,466,975.02
2022	1,278,531.26	1,432,412.50	949,181.26	1,787,387.50	2,022,162.50	7,469,675.02
2023	1,277,531.26	1,431,662.50	948,381.26	1,783,487.50	2,021,162.50	7,462,225.02
2024	1,275,031.26	1,434,662.50	951,981.26	1,784,137.50	2,018,962.50	7,464,775.02
2025	1,277,981.26	1,432,562.50	949,781.26	1,784,187.50	2,020,562.50	7,465,075.02
2026	1,276,831.26	1,433,312.50	951,981.26	1,784,937.50	2,020,762.50	7,467,825.02
2027	1,279,081.26	1,432,562.50	948,381.26	1,783,937.50	2,019,562.50	7,463,525.02
2028	1,279,146.88	1,435,312.50	949,181.26	1,786,187.50	2,021,962.50	7,471,790.64
2029	1,277,906.25	1,433,112.50	949,181.26	1,784,387.50	2,017,962.50	7,462,550.01
2030	1,275,312.50	1,434,912.50	947,931.26	1,786,387.50	2,021,712.50	7,466,256.26
2031	1,274,800.00	1,432,862.50	950,431.26	1,785,587.50	2,017,712.50	7,461,393.76
2032	1,276,175.00	1,432,662.50	951,431.26	1,785,187.50	2,021,212.50	7,466,668.76
2033	1,275,300.00	1,431,262.50	950,843.76	1,783,387.50	2,021,712.50	7,462,506.26
2034	1,277,100.00	1,434,775.00	948,793.76	1,787,350.00	2,017,962.50	7,465,981.26
2035	1,276,900.00	1,435,975.00	950,231.26	1,782,750.00	2,021,362.50	7,467,218.76
2036	1,275,100.00	1,435,775.00	950,762.50	1,786,750.00	2,017,562.50	7,465,950.00
2037	1,276,600.00	1,435,025.00	949,512.50	1,783,950.00	2,020,250.00	7,465,337.50
2038	1,276,300.00	1,431,425.00	947,325.00	1,785,100.00	2,017,250.00	7,457,400.00
2039	1,279,100.00	1,431,775.00	949,200.00	1,782,600.00	2,017,000.00	7,459,675.00
2040	1,275,000.00	1,430,900.00	948,000.00	1,787,350.00	2,018,000.00	7,459,250.00
2041	—	1,433,800.00	950,600.00	1,783,850.00	2,020,000.00	6,188,250.00
2042	—	1,435,300.00	951,800.00	1,782,350.00	2,017,750.00	6,187,200.00
2043	—	1,435,400.00	951,600.00	1,782,600.00	2,021,250.00	6,190,850.00
2044	—	1,433,200.00	—	1,784,000.00	—	3,217,200.00
2045	—	1,434,200.00	—	1,783,000.00	—	3,217,200.00
2046	—	1,433,200.00	—	1,784,600.00	—	3,217,800.00
2047	—	1,435,200.00	—	1,783,600.00	—	3,218,800.00
Total	<u>\$26,813,790.71</u>	<u>\$40,136,325.00</u>	<u>\$22,794,875.16</u>	<u>\$49,968,125.00</u>	<u>\$48,476,362.50</u>	<u>\$188,189,478.37</u>

General Fund Obligations. In October 2016, the District delivered \$69,520,000 in certificates of participation (the “2016 Certificates”) for the purpose of refinancing certificates of participation delivered by the District in 2003 and 2008. The District is required to make lease payments of principal and interest in conjunction with the 2016 Certificates. Interest is due and payable semiannually on each February 1 and August 1. The outstanding principal balance of 2016 Certificates is \$ _____.

In October 2017, the District delivered \$51,795,000 in certificates of participation (the “2017 Certificates”) for the purpose of refinancing certificates of participation delivered by the District in 2006. The District is required to make lease payments of principal and interest in conjunction with the 2017 Certificates. Interest is due and payable semiannually on each February 1 and August 1. The outstanding principal balance of 2017 Certificates is \$ _____.

In November 2019, the District delivered \$8,285,000 in certificates of participation (the “2019 Certificates”) for the purpose of refinancing certificates of participation delivered by the District in 2011. The District is required to make lease payments of principal and interest in conjunction with the 2019 Certificates. Interest is due and payable semiannually on each February 1 and August 1. The outstanding principal balance of 2019 Certificates is \$8,285,000.

In December 2019, the District entered into a \$18,887,598 lease agreement for the purpose of financing the construction and modernization of school facilities (the “2019 Lease Agreement”). The District is required to make lease payments of principal and interest in conjunction with the 2019 Lease Agreements which have been assigned and payable to BBVA Mortgage Company. Principal and interest is due and payable semiannually on each February 1 and August 1. The outstanding principal balance of 2019 Lease Agreement is \$18,887,598.

The following table shows the District's debt service obligations with respect to its outstanding certificates of participation.

DEBT SERVICE OBLIGATIONS ON OUTSTANDING GENERAL FUND OBLIGATIONS
As of June 1, 2019

Bond Year Ending 8/1	2016 COPs	2017 COPs	2019 COPs	2019 Lease	Total
2020	\$ 3,350,718.76	\$ 2,819,387.50	\$ 342,819.32	\$ 275,517.59	\$ 6,788,443.17
2021	3,570,268.76	2,697,962.50	339,688.76	457,079.88	7,064,999.90
2022	3,837,318.76	2,491,037.50	343,288.76	457,079.88	7,128,724.90
2023	4,140,218.76	2,378,612.50	341,695.00	482,079.88	7,342,606.14
2024	3,327,618.76	3,911,312.50	340,007.50	506,172.38	8,085,111.14
2025	2,514,368.76	3,676,312.50	583,226.26	676,868.90	7,450,776.42
2026	2,618,868.76	3,565,812.50	580,226.26	846,879.17	7,611,786.69
2027	2,687,118.76	3,440,137.50	956,695.00	1,823,184.17	8,907,135.43
2028	2,711,918.76	3,344,237.50	1,062,170.00	2,780,217.25	9,898,543.51
2029	2,714,718.76	3,303,637.50	892,955.00	2,780,239.85	9,691,551.11
2030	2,711,318.76	3,538,562.50	527,255.00	2,780,257.51	9,557,393.77
2031	3,031,918.76	3,468,443.75	525,180.00	2,780,280.95	9,805,823.46
2032	3,463,518.76	3,465,175.00	522,755.00	2,780,301.56	10,231,750.32
2033	3,421,118.76	3,580,700.00	524,980.00	2,780,326.77	10,307,125.53
2034	3,317,668.76	3,482,075.00	521,680.00	2,780,350.17	10,101,773.93
2035	3,377,068.76	3,856,175.00	523,030.00	1,375,568.60	9,131,842.36
2036	3,098,318.76	1,266,150.00	523,045.00	—	4,887,513.76
2037	6,676,468.76	1,264,550.00	2,452,505.00	—	10,393,523.76
2038	5,830,868.76	1,262,950.00	—	—	7,093,818.76
2039	5,866,068.76	1,496,550.00	—	—	7,362,618.76
2040	5,437,868.76	1,411,850.00	—	—	6,849,718.76
2041	5,529,468.76	1,384,050.00	—	—	6,913,518.76
2042	5,560,468.76	1,312,950.00	—	—	6,873,418.76
2043	5,635,000.00	1,852,050.00	—	—	7,487,050.00
2044	5,097,500.00	2,569,850.00	—	—	7,667,350.00
2045	4,376,875.00	3,997,025.00	—	—	8,373,900.00
2046	2,969,218.76	4,428,900.00	—	—	7,398,118.76
2047	2,526,562.50	4,494,650.00	—	—	7,021,212.50
2048	—	7,665,000.00	—	—	7,665,000.00
2049	—	7,665,300.00	—	—	7,665,300.00
Total	\$109,400,437.74	\$95,091,406.25	\$11,903,201.86	\$26,362,404.51	\$242,757,450.36

Special Tax Bonds. In 2005, the District issued Community Facilities District No. 1 Special Tax Bonds in the amount of \$15,000,000 (the "2005 CFD Bonds"), to pay for the acquisition and construction of certain school facilities. The outstanding principal balance of the 2005 CFD Bonds as of June 30, 2014, was \$12,330,000. On March 10, 2015 the 2005 Bonds were defeased by the Community Facilities District No. 1 2015 Special Tax Refunding Bonds (the "2015 CFD Bonds"). As of June 1, 2019, the outstanding principal amount of the 2015 CFD Bonds is \$ _____. The 2015 CFD Bonds are *not* secured by the District's general fund.

Short-Term Obligations. The District has, in the past, issued short-term tax and revenue anticipation notes, most recently in July of 2018 in the amount of \$16,000,000 (the “2019 TRAN”), and in all cases the funds pledged to repayment were set aside in the months and in the amounts required. All amounts required for the 2019 TRAN have been set aside for payment on June 30, 2020, The District has never defaulted on any of its short-term obligations.

STATE FUNDING; RECENT STATE BUDGETS

The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. The primary source of funding for school districts are revenues under the LCFF, which are a combination of State funds and local property taxes (see “DISTRICT FINANCIAL INFORMATION”). State funds typically make up the majority of a district’s LCFF allocation, although Community Funded school districts derive most of their revenues from local property taxes. School districts also receive some funding from the State for certain categorical programs. The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS”), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

2019-20 State Budget

On June 27, 2019, Governor Gavin Newsom signed the State budget for fiscal year 2019-20 (the “2019-20 Budget”). The 2019-20 Budget addresses rising costs while maintaining fiscal discipline amidst a slowing global economy. The 2019-20 Budget projects general fund revenues increasing by \$5.8 billion (up 4.2% over 2018-19 levels) to a total of \$143.8 billion, while expenditures are also projected to increase \$5.1 billion (up 3.6% over 2018-19 levels) to a total of \$147.8 billion. The State’s rising revenues are almost entirely offset by a combination of the rising expenditures and continued contributions to the State’s budget stabilization/rainy-day fund.

The largest areas of general fund expenditure increases over 2018-19 expenditures include health and human services, higher education, and legislative, judicial and executive programs. K-12 education expenditures (as detailed below), the single largest category of expenditures in the 2019-20 Budget, will increase by \$827 million over the prior year to a total of \$58.3 billion (up 1.2% over 2018-19 levels). Notable specific areas of expenditures from the 2019-20 Budget reflecting changes from prior years include:

Paying Down Retirement Liabilities. The 2019-20 Budget allocates \$14.3 billion in 2019-20, and an additional \$500 million over the forecast period, to build budgetary resiliency and pay down the State’s unfunded liabilities. This includes \$4.5 billion to eliminate debts and reverse deferrals, \$5.5 billion to build reserves, and \$4.3 billion to pay down unfunded retirement liabilities. The supplemental payment to PERS of \$3 billion is scheduled to be made over the forecast period, with \$2.5 billion being made this year and \$500 million scheduled over the following three fiscal years.

Disaster Preparedness. The 2019-20 Budget includes critical investments needed to sustain and improve the State's emergency preparedness, response, and recovery capabilities. This includes \$240.3 million to augment the California Department of Forestry and Fire Protection's ("CAL FIRE's") firefighting capabilities by adding 13 additional year-round engines, replacing Vietnam War-era helicopters, deploying new air tankers, and investing in technology and data analytics that support CAL FIRE's initial fire suppression strategies. The 2019-20 Budget also provides a sizable investment in forest management to increase fire prevention and complete additional fuel reduction projects, including increased prescribed fire crews.

The 2019-20 Budget includes funding to backfill wildfire-related property tax losses and waives the local share of costs for debris removal. Funding for impacted schools is also backfilled. Additionally, the 2019-20 Budget establishes a stable funding structure to implement an enhanced Next Generation 9-1-1 system and includes funding to protect vulnerable populations and preserve public safety in response to power interruptions planned by utilities during the upcoming fire season.

Affordability and Opportunity. The 2019-20 Budget more than doubles the Earned Income Tax Credit ("EITC") by investing \$1 billion in a new expanded EITC. The expansion includes help for low-income families with young children by providing an additional \$1,000 annually to address the costs of raising young children.

The 2019-20 Budget reflects continued work to improve affordability and access to health care, including addressing the rising cost of prescription drugs and increasing health insurance subsidies so more middle-class Californians can afford health coverage through Covered California. The 2019-20 Budget also moves closer to universal coverage by expanding full-scope Medi-Cal coverage eligibility to the aged, blind, and disabled population from 123% to 138% of the federal poverty level, and to young adults ages 19 through 25 regardless of immigration status.

The 2019-20 Budget takes initial steps to expand full-day full-year preschool to all income-eligible four-year olds, makes major investments in childcare infrastructure and workforce training, and expands kindergarten facilities so more districts can offer full-day programs. The 2019-20 Budget also funds a master plan to develop a roadmap for providing universal preschool to all four-year olds, as well as a long-term plan to improve access to and the quality of subsidized childcare.

The 2019-20 Budget expands the State's Paid Family Leave program so newborns can be cared for by a parent or close relative for the first six months of the child's life. The 2019-20 Budget expands paid family leave for each parent from six to eight weeks. This expansion adds an additional month of paid leave for two-parent families, allowing up to a combined four months of leave after the birth or adoption of their child.

Higher Education. The 2019-20 Budget includes funding for two free years of community college tuition for first-time full-time students and provides significant increases for the California State University and the University of California to expand enrollment at the systems by nearly 15,000 students while preventing tuition increases this year. The 2019-20 Budget also increases the number of competitive Cal Grants by nearly 60% and provides a new Cal Grant Access Award for students with children to help meet basic family needs while increasing their likelihood of degree completion. The 2019-20 Budget includes total funding of \$36.9 billion (\$20.8 billion General Fund and local property tax and \$16.1 billion other funds) for all higher education entities in 2019-20.

2019-20 Budget Provisions Specific to K-12 Education. The State provides instruction and support services to roughly six million students in grades K-12 in more than 10,000 schools throughout the State. The State's public education system consists of 58 county offices of education, more than 1,000 local school districts, and more than 1,200 charter schools. The 2019-20 Budget includes total funding of \$103.4 billion (\$58.8 billion General Fund and \$44.6 billion other funds) for all K-12 education programs. The 2019-20 Budget also includes the following adjustments to K-12 related expenditures relative to prior years:

Proposition 98 Funding Levels. Proposition 98 per pupil spending will be \$11,993 in the 2019-20 fiscal year. Per pupil spending from all State, federal, and local sources will be \$17,423 in the 2019-20 fiscal year.

Local Control Funding Formula ("LCFF"). The 2019-20 Budget provides \$1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26-percent COLA. Since the enactment of LCFF, the State has allocated over \$23 billion in additional ongoing resources to local educational agencies through the formula.

STRS and PERS Employer Contribution Rates. The 2019-20 Budget includes a \$3.15 billion non-Proposition 98 General Fund payment on their behalf to STRS and the PERS Schools Pool. Of this amount, an estimated \$850 million will buy down the employer contribution rates in 2019-20 and 2020-21. With these payments, the STRS employer contribution rate will decrease from 18.13% to 17.1% in 2019-20 and from 19.1% to 18.4% in 2020-21. The payments will decrease the STRS Schools Pool employer contribution rate from 20.7% to 19.7% in 2019-20 and from 23.6% to 22.9% in 2020-21. The remaining \$2.3 billion will be paid toward the employers' long-term unfunded liability for both systems. Overall, this payment is expected to save employers \$6.1 billion over the next three decades, with an estimated reduction in the out-year contribution rate to CalSTRS of 0.3 percentage points, and to the CalPERS Schools Pool of 0.1 to 0.3 percentage points.

Special Education. The 2019-20 Budget includes \$645.3 million ongoing Proposition 98 General Fund expenditures for special education. The 2019-20 Budget includes \$152.6 million to provide all Special Education Local Plan Areas with at least the Statewide target rate for base special education funding, approximately \$557 per unit of average daily attendance, under the existing special education funding formula. The 2019-20 Budget also includes \$492.7 million for special education allocated based on the number of children ages 3 to 5 years with exceptional needs that the school district is serving.

After School Programs. The 2019-20 Budget includes \$50 million ongoing Proposition 98 General Fund to provide an increase of approximately 8.3% to the per-pupil daily rate for After School Education and Safety Programs (increasing this rate from \$8.19 to \$8.87 per day).

Longitudinal Data System. The 2019-20 Budget provides \$10 million one-time non-Proposition 98 General Fund to plan for and develop a longitudinal data system. This system will connect information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies.

Retaining and Supporting Educators. The 2019-20 Budget includes \$89.8 million one-time non-Proposition 98 General Fund to provide up to 4,487 grants of \$20,000 for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority

school for at least four years. Funds will be provided to qualifying individuals in hard-to-hire subject matter areas (including bilingual education; special education; and science, technology, engineering, and mathematics; among other areas) and school sites with the highest rates of non-credentialed or waiver teachers.

Additionally, the 2019-20 Budget includes \$43.8 million one-time non-Proposition 98 General Fund to provide training and resources for classroom educators, including teachers and paraprofessionals, to build capacity around key State priorities.

School Facilities Bond Funds. Proposition 51, approved by voters in November 2016, authorized a total of \$7 billion in State general obligation bonds for K-12 schools to be allocated through the School Facilities Program in place as of January 1, 2015. Approximately \$600 million in Proposition 51 bond funds have been expended in each of fiscal years 2017-18 and 2018-19. The 2019-20 Budget assumes \$1.5 billion Proposition 51 bond funds, an increase of \$906 million over the prior year, to support school construction projects. These funds will support new construction, modernization, retrofitting, career technical education, and charter school facility projects.

Full-Day Kindergarten. As discussed in the Early Childhood Chapter, the 2019-20 Budget includes \$300 million one-time non-Proposition 98 General Fund to construct new or retrofit existing facilities to support full-day kindergarten programs, which will increase participation in kindergarten by addressing barriers to access.

For additional information regarding the 2019-20 Budget, please see the Department of Finance website at ebudget.ca.gov. The District can take no responsibility for the continued accuracy of the above-referenced internet address as for the or for the accuracy, completeness, or timeliness of information posted therein, and such information is not incorporated herein by reference.

2020-21 Proposed State Budget

On January 10, 2020, Governor Gavin Newsom released his proposed State budget for Fiscal Year 2020-21 (the “2020-21 Proposed State Budget”). Governor Newsom’s stated goals for the 2020-21 Proposed State Budget are to build reserves, promote a more effective government that can withstand a downturn in the economy, and attempt to address the affordability crisis that many Californians experience.

The 2020-21 Proposed State Budget estimates total general fund revenues of \$153.594 billion dollars, an increase of \$5.058 billion dollars (3.4%) over 2019-20 levels. The largest increases in general fund revenues compared to the 2019-20 levels include a \$1.196 billion (1.2%) increase from state personal income tax revenue, a \$1.058 billion (3.9%) increase from sales and use tax revenue, and a \$702 million (4.6%) increase in corporation tax revenues. The largest decreases in general fund revenues is a projected 3.3% decline in cigarette tax revenues. State revenue growth is projected to be slower in the future, constraining new spending commitments.

The 2020-21 Proposed State Budget estimates total general fund expenditures of \$153.083 billion dollars, an increase of \$3.335 billion dollars (2.2%) over 2019-20 levels. The largest increases in general fund spending compared to the 2019-20 levels include a \$5.5 billion (13.3%) increase to health and human services, a \$964 million (1.6%) increase to K-12 education, and a \$485 million (19.0%) increase in statewide governmental expenditures. K-12 Education is the largest area of general fund spending in the 2020-21

Proposed State Budget, with overall expenditures estimated at \$59.639 billion dollars, or 39.0% of total general fund expenditures.

The 2020-21 Proposed State Budget continues to build additional reserves in the Budget Stabilization Account (commonly called the Rainy Day Fund). The 2020-21 Proposed State Budget assumes an additional transfer of nearly \$2 billion in 2020-21 and an additional \$1.4 billion over the remainder of the three-year forecast period. The Rainy Day Fund balance is projected to be \$18 billion in 2020-21 and \$19.4 billion by 2023-24.

Budget Provisions Specific to K-12 Education. The 2020-21 Proposed State Budget includes \$84 billion in Proposition 98 funding for K-12 education. Proposition 98 K-12 per-pupil funding is increased to \$12,600, up from \$12,104 in 2019-20. LCFF funding is set at approximately \$64.2 billion, representing a 2.29-percent cost-of-living adjustment over the prior year. Adjustments to K-12 related expenditures relative to prior years in the 2020-21 Proposed State Budget include:

School District Declining Average Daily Attendance - A decrease of \$175.1 million in 2020-21 for school districts resulting from a decrease in projected average daily attendance for 2020-21.

Local Property Tax Adjustments - A decrease of \$1.1 billion for school districts and county offices of education in 2020-21 as a result of increased offsetting property taxes.

Community School Program - \$300 million allocated to establish Community School grants for local educational agencies supporting innovative community school models. Community schools provide, on- or off-campus, integrated educational, health, and mental health services to students with a wide range of needs. The grants will provide resources to local educational agencies to implement programs aligned with the community school model.

Opportunity Grants - \$300 million allocated to establish Opportunity Grants for the state's lowest-performing schools and school districts to assist local educational agencies with finding the root causes of persistent low performance and creating and executing improvement plans to address those causes.

Educator Recruitment and Preparation - \$193 million allocated to the Workforce Development Grant Program to address workforce shortages in high-need subjects and areas. \$175 million allocated to expand the Teacher Residency Program, which supports locally sponsored, one-year intensive, mentored, clinical teacher preparation programs dedicated to preparing and retaining teachers in high-need subject areas in high-need communities. \$100 million allocated to the California Teacher Credential Award Program for \$20,000 stipends for fully credentialed teachers who complete four years of teaching service in a high-need subject at a high-need school.

Educator Workforce Investment Grants - \$350 million allocated to augment the funding provided in the 2019 Budget Act for the Educator Workforce Investment Grants, which support competitive grants for professional learning opportunities for teachers and paraprofessionals across the state.

Increased Funding for Special Education - A new special education base formula uses a three-year rolling average of local educational agency ADA and includes a 15 percent increase in the Proposition 98 General Fund contribution to the base formula funding over the amount provided

in the 2019-20 Budget. The ongoing increase in the base rate is funded with the \$645 million provided in the 2019-20 Budget Act for base rate increases and funding for preschool-age children with disabilities. In addition to the new base rate funding formula, the Budget proposes an additional \$250 million ongoing based on the number of children ages 3 to 5 years with exceptional needs served.

Legislative Analyst's Office Analysis. The Legislative Analyst's Office (the "LAO"), a nonpartisan State office that provides fiscal and policy information to the State Legislature, has reviewed the 2020-21 Proposed State Budget and estimates that the Governor had approximately a \$6 billion surplus to allocate during the 2020-21 budget process. Of that total, the LAO estimates that \$2.7 billion is allocated to one-time spending measures, \$1.6 billion is allocated to the State's discretionary reserves, and \$1.4 billion is allocated to ongoing spending. The LAO estimates that 95% of the \$4.1 billion combined one-time and ongoing spending of surplus is allocated to smaller proposals costing less than \$100 million spread over a number of priorities.

The LAO's analysis shows that the following areas are among those that would receive surplus spending under the 2020-21 Proposed State Budget:

Homelessness – The largest one-time spending proposals include \$750 million to reduce homelessness. The funds would be provided through contracts with regional administrators to help finance the development of affordable housing, provide rental subsidies to people facing homelessness, and provide subsidies to operators of board and care facilities. The Governor's efforts to address homelessness also include reforms to Medi-Cal, the state's behavioral health system, and state hospitals. In addition, a recently issued Executive Order directs the administration to inventory state properties that could be used for shelters.

Housing Tax Credits - \$500 million for an ongoing extension of the State's housing tax credit program. Of this amount, \$300 million would be allocated to the state's low-income housing tax credit program, which provides funding to builders of low-income affordable housing. The remaining \$200 million would target mixed-income projects.

Climate Catalyst Revolving Loan Fund - \$250 million to establish a new loan program for private environmental projects. establish a new loan program at the California Infrastructure and Economic Development Bank ("I-Bank"). I-Bank provides financial assistance to local governmental entities by lending funds at below-market rates. The new Climate Catalyst Revolving Loan Fund would lend money to private sector organizations for projects determined to advance the state's environmental goals, along with other priorities—such as creating high-quality jobs. The climate-related projects would be selected based on criteria developed in consultation with the Strategic Growth Council and Labor and Workforce Development Agency.

Discretionary Base Increases for Higher Education - \$417 million in discretionary increases to higher education spending. Each of the California State University and the University of California segments would be given a 5 percent General Fund base increase (\$199 million for CSU and \$169 million for UC). The 2020-21 Proposed State Budget expects each segment to focus on college affordability, access, timely degree completion, and the narrowing of student achievement gaps. The 2020-21 Proposed State Budget is silent on the specific issue of whether the segments are to increase student tuition levels.

Medi-Cal Healthier California For All - \$200 million for Medi-Cal Healthier California For All Proposal. Under the proposal, for example, the State aims to (1) encourage contracted managed care plans to provide additional non-health care services, such as intensive care management and temporary housing services, intended to more comprehensively address the needs of Medi-Cal enrollees with the most complex and costly conditions (such as the homeless); (2) simplify state administration and service delivery in the Medi-Cal program; and (3) shift further toward models of paying for health care services that reward quality over volume. The 2020-21 Proposed State Budget also proposes expanding comprehensive Medi-Cal coverage to income-eligible seniors aged 65 and older, regardless of immigration status, beginning no sooner than January 1, 2021.

Emergency Response and Preparedness – Major proposals include: (1) \$120 million (growing to \$150 million annually) for an increase of 677 positions and equipment replacements for the California Department of Forestry and Fire Protection; (2) \$80 million on a one-time basis for the California Natural Resources Agency to collect data and create maps of the state using light detection and ranging analysis (commonly known as LiDAR); and (3) \$50 million on a one-time basis to the Governor’s Office of Emergency Services for community power resiliency to mitigate the impact of power outages, such as those related to disasters or preventing wildfires.

The LAO’s analysis of the 2020-21 Proposed Budget Overview is available on the LAO website at www.lao.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Fiscal Perspective Report

The LAO issued a fiscal perspective report on March 18, 2020 entitled “COVID-19 and California’s Evolving Fiscal Outlook,” concluding that the economic uncertainty caused by the Coronavirus emergency will significantly affect California’s near-term fiscal outlook. Key takeaways from the report are as follows:

Volatility in Financial Markets Indicate Lower Capital Gains-Related Tax Revenue. Taxes on capital gains are a significant source of State revenue, but they are difficult to forecast because of their correlation to stock market performance. The LAO states that the volatility of financial markets indicate lower capital gains-related tax revenue. With the market now well below the budget assumption, absent a more rapid recovery than has occurred in any modern market downturn of this severity, it appears likely that the average price level will wind up lower than the budget assumption. The LAO projects there is a high likelihood that tax revenues from capital gains income will be several billion dollars lower than what the Governor’s budget assumed.

COVID-19 Response Brings Economic Activity to a Halt. For the broader economy, the LAO stated that the odds of a recession have increased substantially due to the pullback in activity across wide swaths of the economy. The abrupt and nearly across-the-board curtailment of spending that is now underway sets it apart from previous downturns. An optimistic scenario is that the economy would experience a sharp but comparatively short-lived downturn lasting one or two months. Under a more pessimistic scenario, economic activity would remain depressed for longer, compounded by dislocated supply chains and reduced lending caused by elevated risk aversion in credit markets. The type of contraction the state, national, and global economies experience will have implications for revenue collections in the coming years.

California's Strong Fiscal Position is a Key Advantage. The LAO notes, however, that California's budget entered 2020 on a strong footing due to strong budget reserves, the pay down of debt and multiyear balanced budgets during the economic expansion of previous years.

Future State Budgets

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

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

Supplemental Information Concerning Litigation Against the State of California

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

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

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

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

ECONOMY OF THE DISTRICT

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

Introduction

The City. The City of Lincoln (the "City") is located on the eastern edge of the Sacramento Valley floor at the base of the Sierra Nevada foothills. It is located on State Route 65 and State Route 193 approximately 25 miles northeast of Sacramento and 10 miles north of Roseville. The City is one of six incorporated cities within Placer County (the "County"), with the other being the Cities of Roseville, Rocklin, Auburn, Loomis, and Colfax. The City consists of approximately 19 square miles.

The County. Placer County is located in northeastern California and covers approximately 1,500 square miles of diverse geography between Sacramento and the Nevada border. The County is bounded by Sacramento and El Dorado Counties on the south; Nevada and Yuba Counties to the north; Nevada, Yuba, and Sutter Counties on the west; and the State of Nevada to the east.

The western part of the County, which is part of the Sacramento Valley, is generally flat and ranges in elevation from 45 to 1,000 feet. This part of the County, called South Placer, contains the cities of Roseville, Rocklin, Lincoln, and Loomis, as well as the unincorporated communities of Sheridan and Granite Bay. The South Placer area has experienced the County's most significant growth in recent years, in terms of both new housing and commercial and industrial development. Most of the County's major

manufacturing facilities are located in this part of the County. The South Placer area also supports the bulk of the County’s agricultural activities, including over 86,000 acres of land enrolled in the California Land Conservation Act (Williamson Act) contracts.

The central part of the County consists of the Foothill region, which includes the Cities of Auburn and Colfax, and the unincorporated communities of Foresthill, Penryn, Newcastle, Applegate, Weimar, Gold Run, Meadow Vista, Dutch Flat, Alta, and Baxter. The Foothills area is in the heart of what constituted Gold Rush Country in the 1800s.

The eastern part of the County is the High Sierra region. The High Sierra area includes the resort communities and ski areas around Lake Tahoe. This is an internationally-known resort area, with visitors coming to hike, fish, golf, enjoy the outdoors, visit nearby Nevada casinos in the summer, and ski at the many resorts in the winter. Tourism and recreation are the dominant industries in the region, providing jobs for the residents of the unincorporated communities of Tahoe City, Tahoe Vista, Carnelian Bay, Homewood, Kings Beach, Tahoma, Emigrant Gap, Soda Springs, and Squaw Valley.

Population

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

**CITY OF LINCOLN, PLACER COUNTY, and CALIFORNIA
Population**

Year	City of Lincoln	Placer County	State of California
2015	46,159	371,326	38,952,462
2016	46,974	376,433	39,214,803
2017	47,433	383,719	39,504,609
2018	47,808	389,480	39,740,508
2019	48,277	396,691	39,927,315

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2010-19, with 2010 Census Benchmark.

Employment

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

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

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2015	Placer County	178,200	169,200	9,000	5.0
	California	18,981,800	17,798,600	1,183,200	6.2
	United States	157,130,000	148,834,000	8,296,000	5.3
2016	Placer County	179,800	171,800	8,000	4.4
	California	19,102,700	18,065,000	1,037,700	5.4
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	Placer County	182,200	175,200	7,000	3.8
	California	19,312,000	18,393,100	918,900	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018 ⁽²⁾	Placer County	185,200	179,400	5,800	3.1
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9
2019 ⁽²⁾	Placer County	187,900	182,100	5,800	3.1
	California	19,411,600	18,627,400	784,200	4.0
	United States	263,539,000	157,538,000	6,001,000	3.7

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-19, and US Department of Labor.

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

Major Employers

The following table lists the top 10 employers within Placer County according to Placer County's FY2018-19 CAFR.

PLACER COUNTY Top 10 Employers as of June 30, 2019

Employer	Employees	% of Total County Employment
Kaiser Permanente	5,835	3.25%
Sutter Health	3,386	1.89
County of Placer	2,912	1.62
Squaw Valley Alpine Meadows	2,600	1.45
Thunder Valley Casino Resort	2,114	1.18
Hewlett-Packard Co.	2,000	1.11
PRIDE Industries	1,747	.97
Roseville City School District	1,486	.83
City of Roseville	1,148	.64
Safeway Inc.	1,137	.63
Total Top 10	24,365	13.57

Source: Placer County 2018-19 CAFR.

Construction Activity

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

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

	2014	2015	2016	2017	2018 ⁽¹⁾
Permit Valuation:					
New Single-family	\$81,162	\$75,407	\$131,690	\$51,371	\$32,191
New Multi-family	-	-	-	-	-
Res. Alterations/Additions	2,565	4,322	2,577	3,342	5,027
Total Residential	83,727	79,729	134,267	54,714	37,219
Total Nonresidential	9,601	15,000	16,990	13,121	41,991
Total All Building	93,329	94,730	151,257	67,835	79,210
New Dwelling Units:					
Single Family	286	234	217	160	96
Multiple Family	-	-	-	-	-
Total	286	234	217	160	96

PLACER COUNTY
Building Permits and Valuation
(Dollars in Thousands)

	2014	2015	2016	2017	2018 ⁽¹⁾
<u>Permit Valuation:</u>					
New Single-family	\$523,638	\$683,806	\$776,410	\$771,800	\$696,737
New Multi-family	48,645	21,702	42,395	92,565	2,338
Res. Alterations/Additions	59,428	82,577	79,543	89,429	99,341
Total Residential	631,712	788,086	898,350	953,794	798,417
Total Nonresidential	184,680	226,906	210,590	290,090	250,932
Total All Building	<u>816,393</u>	<u>1,014,992</u>	<u>1,108,940</u>	<u>1,243,885</u>	<u>1,049,349</u>
<u>New Dwelling Units:</u>					
Single Family	1,620	1,994	2,102	2,500	1,963
Multiple Family	376	240	322	783	19
Total	<u>1,996</u>	<u>2,234</u>	<u>2,424</u>	<u>3,283</u>	<u>1,982</u>

Source: Construction Industry Research Board: "Building Permit Summary."

Note: Totals may not add due to independent rounding.

(1) Last available full-year data.

Median Household Income

The following table summarizes the total effective buying income and the median household effective buying income for Lincoln, the County, the State of California and the nation for the past five years.

LINCOLN, PLACER COUNTY, STATE OF CALIFORNIA AND UNITED STATES Median Household Effective Buying Income

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	Lincoln	\$ 1,341,160	\$ 63,695
	Placer County	11,729,490	64,480
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	Lincoln	1,385,849	63,891
	Placer County	12,122,101	65,269
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017	Lincoln	1,490,785	67,819
	Placer County	12,967,927	69,226
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2018	Lincoln	1,746,056	73,999
	Placer County	14,736,480	74,797
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2019 ⁽¹⁾	Lincoln	1,686,909	70,997
	Placer County	14,333,583	72,431
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: Nielsen Inc.

(1) Last available full-year data.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Articles XIII A, XIII B, XIII C and XIII D of the California Constitution, Propositions 98, 111, 218 and 39, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes and of the District to spend tax proceeds.

Article XIII A of the California Constitution

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

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

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

Both the State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Legislation Implementing Article XIII A

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

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

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

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

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

Article XIII B of the California Constitution

Article XIII B of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines

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

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

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

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

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

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

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

Unitary Property

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

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

California Lottery

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

Allocation of Lottery net revenues is based upon the average daily attendance of each school and community college district; however, the exact allocation formula may vary from year to year. The District estimates that it will receive approximately 2% of the District's general fund revenues in Lottery aid in fiscal

year 2019-20. At this time, the amount of additional revenues that may be generated by the Lottery in any given year cannot be predicted.

Proposition 46

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

Proposition 39

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

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

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

Alternatively, charter schools are independent public schools formed by teachers, parents, and other individuals and/or groups. Charter schools function under contracts or “charters” with local school districts, county boards of education, or the State Board of Education. Charter schools operate with minimal supervision by the local school district. Charter schools receive revenues from the State and from the local school district for each student enrolled, and thus effectively reduce revenues available for students enrolled

in local school district schools. School districts are required to accommodate charter school students originating in the school district in facilities comparable to those provided to regular school district students.

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

Article XIIC and XIID of the California Constitution

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

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

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the February 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative

matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

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

Propositions 98 and 111

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

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

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

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

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

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

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

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

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

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

which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 1A and Proposition 22

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

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

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

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

Proposition 30 and Proposition 55

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which temporarily increased the State Sales and Use Tax (which expired on January 1, 2017) and personal income tax rates on higher incomes. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and through the taxable year ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$340,000 but less than \$408,000 for head-of-household filers and over \$500,000 but less than \$600,000 for joint filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$408,000 but less than \$680,000 for head-of-household filers and over \$600,000 but less than \$1,000,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$680,000 for head-of-household filers and over \$1,000,000 for joint filers).

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

The California Children’s Education and Health Care Protection Act of 2016, also known as Proposition 55, a constitutional amendment initiative, was approved by California voters at the November 8, 2016 general election in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Tax revenue received under Proposition 55 will be allocated 89% to K-12 schools and 11% to community colleges. The sales and use tax rate increase under Proposition 30 will not be extended.

Proposition 2

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

“Supplemental Stabilization Account Transfer”) are also required. Such excess capital gains taxes, which are net of any portion thereof owed to K-14 school districts pursuant to Proposition 98, are required to be transferred to the Stabilization Account.

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

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

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

Under Proposition 2, the size of the Public School System Stabilization Account is capped at 10% of the estimated minimum guarantee in any Fiscal Year, and any excess funds must be paid to K-14 school districts. Any reductions to a required transfer to, or draws upon, the Public School System Stabilization Account, are subject to the budget emergency requirements as described above. However, in any Fiscal

Year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living, Proposition 2 also mandates draws on the Public School System Stabilization Account.

Proposition 26

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

California Senate Bill 222

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

Kindergarten Through Community College Public Education Facilities Bond Act of 2016

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

K-12 School Facilities. Proposition 51 includes \$3 billion for the new construction of K-12 facilities

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

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

Future Initiatives

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

TAX MATTERS

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

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

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

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

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

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

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

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

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

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Notes. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Noteholders may have no right to

participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

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

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

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

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

LEGALITY FOR INVESTMENT IN CALIFORNIA

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

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Notes, and a certificate of the District from the District to that effect will be furnished to the Underwriter at the time of the original delivery of the Notes. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to collect pledged revenues or contesting the District's ability to issue and retire the Notes.

There may be one or more lawsuits and claims pending against the District. The aggregate amount of the liabilities of the District which may result from existing suits and claims is not expected to not materially affect the District's ability to repay the Notes.

APPROVAL OF LEGALITY

Legal matters incident to the issuance and delivery of the Notes are subject to the approving opinion of Bond Counsel. See APPENDIX C—FORM OF OPINION OF BOND COUNSEL. Certain disclosure

matters will be passed upon for the District by Disclosure Counsel. The compensation of Bond Counsel and Disclosure Counsel, in each case, is contingent upon the sale and delivery of the Notes.

RATING

Moody's Investors Service ("Moody's"), has assigned a credit rating of "_____" to the Notes. Certain information was supplied by the District to Moody's to be considered in evaluating the Notes. Such rating reflects only the view of Moody's and an explanation of the significance of such rating may be obtained from the following: Moody's, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007, tel. (212) 553-1653. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Notes.

MUNICIPAL ADVISOR

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

UNDERWRITING

Following a competitive sale, the Notes are being purchased by _____ (the "Underwriter") at a price of \$_____ (equal to the principal amount of the Notes of \$_____*, plus a premium of \$_____, less an Underwriter's discount of \$_____). The reoffering yield of the Notes is _____% (reoffering price is 100.____%). After a bona fide initial public offering at the price stated on the cover page hereof, the Underwriter may offer and sell the Notes to certain dealers and others at prices lower than the initial public offering price. The offering price may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the registered owners of the Notes to provide notice of the occurrence of certain enumerated events which notice of material events will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the notices is summarized below under the caption APPENDIX B—FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

The District has filed all annual reports on a timely manner within the last five years.

* Preliminary, subject to change.

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Notes and the Resolutions providing for issuance of the Notes, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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

WESTERN PLACER UNIFIED SCHOOL
DISTRICT

By _____
Superintendent

APPENDIX A

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

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APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Western Placer Unified School District (the “District”) in connection with the issuance by the Board of Supervisors of Placer County (the “Board”) in the name of the District of \$ _____* Western Placer Unified School District (Placer County, California) 2020 Tax and Revenue Anticipation Notes (the “Notes”). The Notes are being issued pursuant to a resolution adopted by the Board of Trustees of the District on April 21, 2020, and a resolution adopted by the Board on May 12, 2020 (collectively, the “Resolutions”). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

“*Dissemination Agent*” shall mean the District or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation. In the absence of such a designation, the District shall act as the Dissemination Agent.

“*EMMA*” or “*Electronic Municipal Market Access*” means the centralized on-line repository system located at www.emma.msrb.org for documents filed with the MSRB pursuant to the Rule, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

“*Listed Events*” shall mean any of the events listed in Section 3 of this Disclosure Certificate.

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

“*Participating Underwriter*” shall mean the original underwriter of the Notes required to comply with the Rule in connection with offering of the Notes.

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

“*Significant Events*” means any of the events listed in Section 3 of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 3. Reporting of Significant Events.

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

* Preliminary, subject to change.

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or
- (xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier “if material.” The District

shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event's occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

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

Section 4. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

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

Section 6. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative

discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

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

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(c).

Section 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 9. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Note holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Note holders and Beneficial Owners from time to time of the Notes and shall create no rights in any other person or entity.

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

Date: [Closing Date]

WESTERN PLACER UNIFIED SCHOOL
DISTRICT

By _____
Superintendent

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Trustees
Western Placer Unified School District
600 Sixth Street, Suite 400
Lincoln, California 95648

OPINION: \$ _____ * Western Placer Unified School District (Placer County, California) 2020 Tax and Revenue Anticipation Notes

Members of the Board of Trustees:

We have acted as bond counsel to the Western Placer Unified School District (the “District”) in connection with the issuance by the Board of Supervisors of Placer County (the “Board”) of \$ _____ * principal amount of Western Placer Unified School District (Placer County, California) 2020 Tax and Revenue Anticipation Notes, dated July 1, 2020 (the “Notes”), pursuant to Article 7.6 (commencing with section 53850), Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, a resolution adopted by the Board of Trustees of the District on April 21, 2020 (the “District Resolution”), and a resolution adopted by the Board on May 12, 2020 (the “Board Resolution” and, collectively, the “Resolutions”). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The District is duly created and validly existing as a school district with the power to perform its obligations under the District Resolution, to cause the Board to issue the Notes in its name and to perform its obligations under the Board Resolution and the Notes.
2. The District Resolution has been duly adopted by the District. The Board Resolution has been duly adopted by the Board and creates a valid first lien on the funds pledged under the Board Resolution for the security of the Notes.
3. The Notes have been duly authorized, issued and delivered by the Board and are valid and binding general obligations of the District enforceable in accordance with their terms.
4. Subject to the District’s compliance with certain covenants, under present law, interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of

* Preliminary, subject to change.

tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Failure to comply with certain of such District covenants could cause interest on the Notes to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

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

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

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

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

