

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. The information set forth herein has been obtained from sources which are believed to be reliable and is in a form deemed final as of its date by the District for purposes of Rule 15c2-12 of the Securities and Exchange Commission. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities by any person, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

## PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 23, 2009

### REFUNDING — BOOK-ENTRY ONLY

**RATING:** Standard & Poor's "A"  
(See "MISCELLANEOUS — Rating" herein).

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS—Tax Matters" herein.

**\$17,380,000\***  
**WOODLAND JOINT UNIFIED SCHOOL DISTRICT**  
**(Yolo County)**  
**2009 General Obligation Refunding Bonds**  
**(Bank Qualified)**



**Dated: Date of Delivery**

**Due: As shown below**

The Bonds are obligations of the Woodland Joint Unified School District (the "District") issued by the Board of Supervisors of Yolo County on behalf of the District. The Board of Supervisors of Yolo County is empowered and obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of interest on, and principal of, the Bonds upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates), all as more fully described herein under "THE BONDS" and "AD VALOREM PROPERTY TAXATION." Interest on the Bonds is payable on each February 1 and August 1, commencing August 1, 2007. The Bonds, when delivered, will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds as described herein under "THE BONDS — Book-Entry System". The Bonds due on or before August 1, 2017, are not subject to optional redemption; the Bonds due on and after August 1, 2018, are subject to optional redemption as described herein.

The following firm, serving as financial advisor to the District, has structured this issue:



**MATURITY SCHEDULE\***  
**(Base CUSIP (a) No.: \_\_\_\_\_)**

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Suffix</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Suffix</u>
Feb. 1 2010					Aug. 1 2018				
Aug. 1 2010					Aug. 1 2019				
Aug. 1 2011					Aug. 1 2020				
Aug. 1 2012					Aug. 1 2021				
Aug. 1 2013					Aug. 1 2022				
Aug. 1 2014					Aug. 1 2023				
Aug. 1 2015					Aug. 1 2024				
Aug. 1 2016					Aug. 1 2025				
Aug. 1 2017					Aug. 1 2026				

Pursuant to the terms of a public sale on November \_\_, 2009, the Bonds were awarded to \_\_\_\_\_, as Underwriter, at a true interest cost of \_\_\_\_\_%, in accordance with the provisions of the Official Notice of Sale, dated October \_\_, 2009. The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York, on or about December 3, 2009.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

Official Statement Date: January \_\_, 2009

<sup>(a)</sup> Copyright 2009, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data is included solely for the convenience of the owners of the Bonds. The District and the Underwriter assume no responsibility for the accuracy thereof.

\*Preliminary; subject to change.

*No dealer, broker, salesperson or other person has been authorized by the Woodland Joint Unified School District (the "District") to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.*

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

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

**THE PRICES OF THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER SUCH BONDS ARE RELEASED FOR SALE AND SUCH BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL SUCH BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES FOR SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(a)(2) OF SUCH ACT.**

# **WOODLAND JOINT UNIFIED SCHOOL DISTRICT**

## **Board of Trustees**

Rosario Ruiz-Dark  
*President*

Elaine Lytle  
*Vice President*

Carol Souza Cole  
*Clerk*

Warren Berg  
*Member*

Bill Beermann  
*Member*

Frank Glover  
*Member*

William Herms  
*Member*

## **District Administration**

Debra La Voi, Ed.D.  
*Superintendent*

Debra Calvin, Ed.D.  
*Associate Superintendent,  
Educational Services*

Mark Bonnet  
*Assistant Superintendent,  
Business and Operations*

Mike Stevens  
*Assistant Superintendent,  
Human Resources*

## **PROFESSIONAL SERVICES**

### **Financial Advisor**

KNN Public Finance  
*A Division of Zions First National Bank  
Oakland, California*

### **Bond Counsel**

Quint & Thimmig LLP  
*San Francisco, California*

### **Paying Agent**

Wells Fargo Bank, National Association  
*San Francisco, California*

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**PRELIMINARY OFFICIAL STATEMENT**  
**\$17,380,000\***  
**WOODLAND JOINT UNIFIED SCHOOL DISTRICT**  
**(Yolo County)**  
**2009 General Obligation Refunding Bonds**

**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 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 Bonds to potential investors is made only by means of the entire Official Statement.*

The Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of \$17,380,000\* principal amount of Woodland Joint Unified School District (Yolo County, California), 2009 General Obligation Refunding Bonds (the “Bonds”), as described more fully herein.

**The District**

The Woodland Joint Unified School District (the “District”) provides public education to certain areas in and around the City of Woodland (the “City”) in Yolo County (the “County”), California (the “State”). More detailed information regarding the area served by the District, the student population of the District, the tax base of the District and the financial position of the District may be found under “**DISTRICT GENERAL AND FINANCIAL INFORMATION**” and “**DISTRICT TAX BASE INFORMATION**” herein.

**Sources of Payment for the Bonds**

The Bonds are obligations of the District issued by the County on behalf of the District. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, sufficient for the payment of principal of, and interest on, the Bonds, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be placed by the County into the Woodland Joint Unified School District Debt Service Fund (the “Debt Service Fund”) maintained by the County Treasurer and by law applied for the payment of principal of and interest on the Bonds when due, as further described herein. See “**THE BONDS — Security and Sources of Payment**” and “**AD VALOREM PROPERTY TAXATION**” herein.

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\*Preliminary; subject to change.

## **Purpose of the Bonds**

The proceeds of the Bonds will be used to refund all of the District's outstanding General Obligation Bonds, Election of 1999, Series 2002 (the "2002 Bonds") and pay the costs of issuing the Bonds. The 2002 Bonds were issued in the original amount of \$20,000,000 on February 21, 2002 to fund construction of new school facilities, rehabilitation of existing school facilities and associated financing costs. See **"THE BONDS — Purpose of the Bonds."**

## **Authority for Issuance of the Bonds**

The Bonds are issued pursuant to certain provisions of the California Government Code (the "Government Code") and applicable provisions of the California Education Code (the "Education Code"), and a Paying Agent Agreement dated as of June 1, 2008 (the "Paying Agent Agreement") by and between the District and Wells Fargo Bank, National Association (the "Paying Agent"), pursuant to a resolution adopted by the Board of Trustees of the District. See **"THE BONDS — Authority for Issuance"** herein.

## **Description of the Bonds**

The Bonds will be issued as fully-registered current interest bonds without coupons in denominations of \$5,000 each, or any integral multiple thereof, dated as the date of delivery and will be registered initially in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. So long as DTC, or Cede & Co., as its nominee, is the registered owner of all the Bonds, principal and interest payments on the Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the DTC Participants, as more fully described hereinafter. See **"THE BONDS — Book-Entry System"** herein.

The Bonds will pay interest on each February 1 and August 1 each year, commencing on August 1, 2010, from the date of delivery thereof, calculated on the basis of a 30-day month, 360-day year. Principal of the Bonds will be paid, subject to any optional redemption, on the dates and in the amounts set forth on the cover page hereof. The Bonds maturing on and after August 1, 2018, may be redeemed prior to maturity at the option of the District beginning on August 1, 2017. See **"THE BONDS"** herein.

## **Tax Matters**

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See **"LEGAL MATTERS—Tax Matters"** herein.

### **Bank Qualification of the Bonds**

The Bonds have been designated “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986. See **“LEGAL MATTERS — Bank Qualification”** herein.

### **Verification of Mathematical Accuracy**

Causey Demgen & Moore Inc., independent certified public accountants, acting as verification agent with respect to the refunding of the 2002 Bonds (the “Verification Agent”), will deliver a report of the mathematical accuracy of certain computations relating to the sufficiency of funds to be held by the paying agent for the 2002 Bonds to refund the 2002 Bonds. See **“MISCELLANEOUS — Verification of Mathematical Accuracy”** herein.

### **Professionals Involved in the Offering**

KNN Public Finance, A Division of Zions First National Bank, Oakland, California, is the District's financial advisor with respect to the Bonds. Wells Fargo Bank, National Association, San Francisco, California, on behalf of the County, will act as paying agent, registrar and transfer agent (the “Paying Agent”) with respect to the Bonds. The Financial Advisor, Bond Counsel, Verification Agent and the Paying Agent will receive compensation from the District contingent upon the sale and delivery of the Bonds.

### **Offering and Delivery of the Bonds**

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York on or about December 3, 2009.

### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide notices of the occurrence of certain enumerated events, if material. See **“MISCELLANEOUS - Continuing Disclosure”** herein. Copies of documents referred to herein and information concerning the Bonds are available from the Assistant Superintendent, Business and Operations, Woodland Joint Unified School District, 435 Sixth Street, Woodland, CA 95695 telephone: (530) 406-3220. The District may impose a charge for copying, mailing and handling. See also **“MISCELLANEOUS — Continuing Disclosure”** herein.

## **END OF INTRODUCTION**



## **THE BONDS**

### **Authority for Issuance**

The Bonds are issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, commencing with Section 53550 and other applicable law, pursuant to Resolution No. 13-10 adopted by the Board of Trustees of the District on October 22, 2009. Pursuant to the Government Code, bonds issued for the purpose of refunding outstanding bonds previously authorized by the voters and that reduce the debt service obligation of taxpayers do not require additional voter approval, either for issuance of such refunding bonds or the levy of *ad valorem* property tax sufficient to pay principal and interest as due on the refunding bonds.

### **Prior Bonds**

The District received authorization at the November 2, 1999 election, by a vote in excess of two-thirds of the voters voting, to issue \$40 million of general obligation bonds (the "1999 Authorization"). The District has issued the entire amount of the 1999 Authorization through its General Obligation Bonds, Election of 1999, Series 2000 (the "2000 Bonds"), its General Obligation Bonds, Election of 1999, Series 2001 (the "2001 Bonds"), and its 2002 Bonds, and currently has no other authorization to issue bonds. On November 15, 2005 the District issued its \$15,970,000 2005 General Obligation Refunding Bonds (the "2005 Bonds"), the proceeds of which were used to refund and defease the substantial portion of its outstanding 2000 and 2001 Bonds. Those 2000 Bonds maturing on or before August 1, 2007 and those 2001 Bonds maturing on or before August 1, 2008, and the interest thereon, were not refunded and defeased, and continued to be paid by the County from *ad valorem* taxes levied for the payment thereof. The 2002 Bonds and the 2005 Bonds are the "Prior Bonds" herein; only those Prior Bonds maturing on or after August 1, 2010 are now outstanding.

See "Debt Service" in this section and "**DISTRICT GENERAL AND FINANCIAL INFORMATION - District Debt**" herein for further information on the Prior Bonds.

### **Purpose of Issue**

Net proceeds of the Bonds will be used to fund payment of the outstanding principal in the amount of \$16,495,000.00, redemption premium in the amount of \$164,950.00 and accrued interest to December 4, 2009 of \$265,721.85, for the 2002 Bonds, a total amount of \$16,925,671.85 (the "Redemption Price"), on December 4, 2009 (the "Redemption Date"). Pursuant to Irrevocable Refunding Instructions from the District to the 2002 Paying Agent, dated as of November \_\_, 2009, net proceeds of the Bonds in the amount of the Redemption Price will be deposited with the 2002 Paying Agent on December 3, 2009, held as cash and applied to fund redemption of the 2002 Bonds on the Redemption Date. Notice of redemption of the 2002 Bonds, subject to receipt of proceeds of the Bonds in the amount of the Redemption Price by the 2002 Paying Agent on December 3, 2009, will be sent to the owners thereof by the 2002 Paying Agent no later than November 4, 2009 pursuant to a request of the District dated as of November 1, 2009.

A portion of the proceeds of the Bonds will be deposited into a "Woodland Joint Unified School District (Yolo County, California) 2007 General Obligation Refunding Bonds Costs of Issuance Fund" (the "Costs of Issuance Fund"), held and administered by the Paying Agent pursuant to the Resolution, and used

to pay costs of issuance with respect to the Bonds. Any funds therein not expended on February 1, 2010 will be transferred to the County Treasurer-Tax Collector for deposit in the Interest and Sinking Fund of the District established and maintained by the County (the “Debt Service Fund”) for payment of debt service on general obligation bonds of the District, and the Costs of Issuance Fund will be closed.

## Estimated Sources and Uses of Funds

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

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### WOODLAND JOINT UNIFIED SCHOOL DISTRICT Estimated Sources and Uses of Funds\*

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Sources of Funds
Bond Proceeds
Less Net Original Issue Discount
Less Underwriter’s Discount <sup>(a)</sup>
Total Sources
Uses of Funds
Deposit with 2002 Paying Agent
Deposit to Cost of Issuance Fund <sup>(b)</sup>
Total Uses

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<sup>(a)</sup> Includes bond insurance premium, if any,

<sup>(b)</sup> Includes fees for Financial Advisor, Bond Counsel, rating agency, printing and distribution of the Official Statement, Paying Agent, Escrow Bank, Verification Agent and certain miscellaneous costs of issuance.

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## Security and Sources of Payment

The Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, as necessary for payment of interest on and principal of the Bonds, upon all property within the District (except certain personal property which is taxable at limited rates).

The rate for the *ad valorem* tax will be set annually by the County based on the assessed value of taxable property in the District and the debt service requirement on outstanding bonds of the District in each year. Variation in the annual debt service requirement and changes in assessed valuation within the District may cause the annual tax rate for the Bonds to change from year to year. For further information regarding *ad valorem* property taxation in general and within the District in particular, see “**AD VALOREM PROPERTY TAXATION**” and “**DISTRICT TAX BASE INFORMATION**” herein.

## Description of the Bonds

The Bonds in the aggregate principal amount of \$17,340,000\* will be issued in the denomination of \$5,000 principal amount each or any integral multiple thereof. Principal of the Bonds shall be paid in on the dates and in the amounts shown on the cover page hereof. The Bonds will be dated the date of delivery thereof and will bear interest payable semiannually each February 1 and August 1 (each an “Interest Payment

Date”), commencing August 1, 2010, at the interest rates shown on the cover hereof. The Bonds will mature on August 1, 2010 and on August 1 in each of the years thereafter in the principal amounts shown on the cover page hereof. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond authenticated on or before July 15, 2010, shall bear interest from the date of delivery thereof. Each Bond authenticated during the period between the 15th day of the month preceding any Interest Payment Date (the “Record Date”) and that Interest Payment Date shall bear interest from that Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication.

The Bonds when issued will be registered in the name of Cede & Co., as registered owner and nominee of DTC. So long as DTC, or Cede & Co., as its nominee, is the registered owner of all the Bonds, principal and interest payments on the Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined below) will be the responsibility of the DTC Participants, as more fully described below under **“Book-Entry System.”** Only if the Bonds should cease to be paid through a book-entry system would the Paying Agent make payments on the Bonds directly to Beneficial Owners, as more fully described below under **“Discontinuation of Book-Entry System; Payment to Beneficial Owners.”**

### **Book-Entry System**

*The information in this section concerning DTC and DTC’s book-entry system has been furnished by DTC for use in disclosure documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC will distribute to Direct Participants, or that Direct Participants or Indirect Participants will distribute to the Beneficial Owners, payments of principal of, interest, and premium, if any, on the Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the District nor the County nor the Paying Agent are responsible or liable for the failure of DTC or any Direct or Indirect Participant to make any payments or give any notice to a Beneficial Owner or any error or delay relating thereto. Accordingly, no representations can be made concerning these matters and neither the Direct nor Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

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

DTC 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 of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

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

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

Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on a 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 or its nominee, the Paying Agent (as defined herein), 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 District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds 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.

### **Payment to Beneficial Owners**

*The following provisions governing the payment, transfer and exchange of the Bonds apply to holders of the Bonds. As long as the DTC book-entry system described above is in effect, Cede & Co., or such other nominee of DTC, but not the Beneficial Owners, are holders of the Bonds. Only in the event that Bonds are printed and delivered to the Beneficial Owners do these provisions then apply directly to Beneficial Owners as holders of the Bonds.*

Principal of the Bonds and any premium upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America to the owner thereof upon surrender of the Bonds at the principal corporate trust office of the Paying Agent, or such other location as the Paying Agent may designate. Interest shall be paid by check to the owner of any Bond at the address of such owner shown on the registration books of the Paying Agent, or at such other address the owner of the Bond has filed with the Paying Agent for such purpose on or before the Record Date. Owners of not less than \$1,000,000 in principal amount of Bonds may, by written request received by the Paying Agent not later than the Record Date immediately preceding any Interest Payment Date, have interest payments made on the date due by wire transfer to an account maintained in the United States of America in immediately available funds.

Bonds may be exchanged for a like aggregate principal amount of Bonds of any authorized denominations of the same maturity and interest rate upon presentation and surrender at the principal corporate trust office of the Paying Agent. A Bond may be transferred on the Bond registration books upon surrender of the Bond at the principal corporate trust office of the Paying Agent for cancellation, together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the designated District official will execute, and

the Paying Agent will authenticate and deliver a new Bond or Bonds of the same maturity for a like principal amount, and bearing the same rate of interest.

The Paying Agent will not be required to exchange or transfer any Bond during the period from the close of business on the applicable Record Date next preceding any Interest Payment Date or redemption date, to and including such Interest Payment Date or redemption date.

## Debt Service

WOODLAND JOINT UNIFIED SCHOOL DISTRICT General Obligation Refunding Bonds Debt Service					
Fiscal Year Ending June 30,	Prior Bonds <sup>(a)</sup>	The Bonds			Total Debt Service
		Principal Amount	Interest	Total	
2010	\$2,330,151.26				
2011	1,281,583.76				
2012	1,274,152.51				
2013	1,272,371.26				
2014	1,268,421.26				
2015	1,269,578.76				
2016	1,269,030.01				
2017	1,266,614.38				
2018	1,266,855.00				
2019	1,270,055.00				
2020	1,271,042.50				
2021	1,274,048.75				
2022	1,269,636.25				
2023	1,268,140.00				
2024	1,273,790.63				
2025	1,271,728.13				
2026	685,075.00				
2027					
TOTAL	<u>\$22,082,274.46</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

(a) Includes 2002 Bond payments through August 1, 2009 only and all 2005 Bond payments.

## Redemption

### *Optional Redemption*

The Bonds maturing on or before August 1, 2017, are not subject to optional redemption. Bonds maturing on and after August 1, 2018, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2017, at the optional redemption prices set forth below. If less than all of the Bonds are called for redemption, such Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Bonds of any given maturity are called for redemption, the portions of such Bonds of a given maturity to be redeemed shall be determined by lot.

<u>Redemption Date</u>	<u>Redemption Price</u>
August 1, 2017 through July 31, 2018	101%
August 1, 2018 and thereafter	100

#### *Mandatory Redemption*

*[For each Term Bond, if any, established by the Underwriter, the following provision will appear in the final official statement for the Bonds, referencing the redemption dates applicable to that Term Bond:*

*The \_\_\_\_\_% Term Bonds due August 1, 20\_\_, shall be subject to redemption prior to their stated maturity, in part by lot, from mandatory redemption payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, but which amounts shall be reduced pro-rata in integral multiples of \$5,000 upon any partial optional redemption of the Term Bonds:*

<u>Redemption Date</u>	<u>Principal Amount</u>
August 1, 20__	\$
August 1, 20__	
August 1, 20__	
August 1, 20__	
August 1, 20__	]

#### *Notice of Redemption*

Notice of redemption will be given by the Paying Agent at the expense of the District. Such notice will specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and maturity date. Such notice of redemption will also state that the Bonds, along with the interest accrued to such date and the redemption premium, if any, will become due and payable on the specified date, and that from and after such date interest with respect to the Bonds will cease to accrue.

Notice of redemption will be made by registered or otherwise secured mail, postage prepaid, to (a) the registered owners of the Bonds being redeemed (or, if such owner is a syndicate, to the managing member of such syndicate), (b) a municipal registered securities depository, and (c) a national information service that disseminates securities redemption notices. Notice of redemption will be at least thirty days, but not more than sixty days, prior to the redemption date. Neither failure to receive such notice nor any defect in the content of such notice will affect the sufficiency of the proceeding for the redemption of the Bonds.

### *Defeasance*

The District may pay and discharge any or all of the Bonds by depositing in trust with an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates, as verified by a certified public accountant.

### **Unclaimed Moneys**

Any money held in any fund created pursuant to the Paying Agent Agreement, or held by the Paying Agent for the payment of the principal of, redemption premium, if any, or interest on the Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption) will be transferred to the Debt Service Fund of the District for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys will be transferred to the general fund of the District as provided and permitted by law.

## **AD VALOREM PROPERTY TAXATION**

*The information in this section describes how ad valorem property taxes in general are assessed and levied. For specific information on the property tax base, tax levies and collections in the District, see “DISTRICT TAX BASE INFORMATION” herein.*

### **County Tax Services**

School districts and other public agencies with property tax levies in the State all use the services of their county for the assessment of property values (except for certain utility and other classes of property that are assessed by the State Board of Equalization; see “**-State-Assessed Utility Property**” herein) and collection of property taxes and property assessments. All property taxes and assessments on property due all taxing agencies in each county generally are included on the same unified tax bill issued by the county to property owners for payment in two installments each year, based on the same county administered tax rolls, whether general purpose property tax or specific *ad valorem* property tax for payment of general obligation Notes. In addition, for school district general obligation Notes, the county, not the school district, determines and levies each year’s tax in an amount necessary to provide for payment of the school district’s general obligation bond debt service. Property taxes collected are apportioned by each county according to purpose and taxing agency as prescribed by State law to that county and all school districts, special districts, cities and other agencies within that county with property tax levies. The amounts apportioned specifically for payment of school district general obligation Notes are retained by the county, and used to make the debt service payments on those Notes on behalf of the school district.



## Assessed Valuation

All non-exempt property is assessed using full cash value as defined by Article XIII A of the California Constitution (the “Constitution”). State law exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling, provided that the owner files and qualifies for such exemption. The State is required to reimburse local agencies for the value of taxes on the exempt \$7,000. State law also provides exemptions from *ad valorem* property taxation for certain classes of property based on ownership or use, such as household and personal effects, intangible personal property (such as bank accounts, stocks and Notes), business inventories and real property used for religious, non-profit hospital, scientific and charitable purposes; the State does not reimburse local agencies for any tax not levied due to these exemptions. State and federal government property also is not taxed, nor is local government property located within the jurisdiction of that local government.

For assessment and collection purposes, property is classified as either “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and other property having a tax lien on real property which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all other taxable property. Unsecured property is assessed on the “unsecured roll.” Pursuant to State law, every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer. Valuation of secured property and a statutory tax lien is established as of January 1 prior to the tax year (the tax year is from July 1 through June 30) of the related tax levy, and the secured and unsecured tax rolls are certified on or before July 1 of the tax year by the County Assessor. New property and improvements are assessed and added to a “supplemental” roll during the year acquired or when improvements are completed, and such property is taxed at the secured or unsecured rate then in effect, as appropriate, for the remaining portion of that year. The next year and thereafter such assets are assessed on the regular tax rolls.

Future growth in assessed valuation allowed under Article XIII A is allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

See “**DISTRICT TAX BASE INFORMATION**” herein for a history of assessed valuation and a list of the largest secured tax payers for the current tax year within the District.

## State-Assessed Utility Property

The Constitution provides that the State Board of Equalization (the “SBE”) rather than counties assess certain property owned or used by regulated utilities. Such property is grouped and assessed by the SBE as “going concern” operating units, which may cross local tax jurisdiction boundaries, rather than as individual parcels of real or personal property separately assessed. Such utility property is known as “unitary property.” The SBE assesses property at “fair market value,” determined by various methods and formulae depending on the nature of the property, except that certain railroad property is assessed at a specified percentage of the fair market value determined by the SBE, in conformity with federal law. The SBE assesses values as of January 1 prior to the tax year of the related tax levy. Property tax on SBE-assessed property is then levied and collected by each county in the same manner as county assessed property, but at special

county-wide tax rates, and distributed to each taxing agency within that county, subject to certain adjustments, according to the approximate percentage allocated to each taxing agency in the prior year.

Ongoing changes in the California electric utility industry structure and in the way in which components of that industry are regulated and owned, including the sale of electric generation assets to largely unregulated, non-utility companies, may cause property that had been assessed by the SBE to be assessed locally instead. A change in property status from assessment by the SBE to assessment locally or the reverse may result in a change in property tax revenue received by local agencies and an adjustment in *ad valorem* tax rates and debt capacity for any local agency general obligation Notes.

### **Tax Levies, Collections and Delinquencies**

Secured property tax rates are set annually by the first business day of September for the levy of property taxes in that tax year. The levy is payable in two equal installments due November 1 and February 1, and payments become delinquent if not postmarked or paid by end of the business day on December 10 and April 10, respectively. Taxes on unsecured property (personal property and leasehold interests) are levied at the preceding fiscal year's secured tax rate and have a due date set by each county effectively no earlier than July 1 and no later than July 31 of each year. Taxes on unsecured property become delinquent if not postmarked or paid by end of business day on August 31, or if added to the unsecured roll after July 31, become delinquent at the end of the month succeeding the month of enrollment.

A 10% penalty attaches to any delinquent payment for secured roll taxes, plus a charge of \$10 if unpaid after April 10. In addition, property on the secured roll for which taxes are delinquent becomes tax-defaulted if not paid by June 30 of the same fiscal year. Such property may thereafter be redeemed by payment of (a) the delinquent taxes, (b) the 10% penalty, (c) the \$10 charge, (d) an additional penalty of 1.5% per month (18% annualized rate) from July 1 to the time of redemption and (e) a redemption fee of \$15 per parcel, \$5 of which goes to the State (collectively, the "Redemption Amount"). Properties may be redeemed under an installment plan of paying the Redemption Amount in five equal installments over a period of four years. A delinquent taxpayer may enter into the installment plan at any time up to the June 30 occurring five years after the property becomes tax defaulted. If taxes are unpaid five years after the property becomes tax defaulted or, if an installment plan is in place, then at the end of the installment plan, the County can initiate a "power to sell" procedure for the County Tax Collector to sell the property at auction. Alternatively, in certain instances the County may institute a superior court action to foreclose the lien on the property; if the lawsuit is successful, the property may be sold at a judicial foreclosure sale.

A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and after the last day of the second month after the 10% penalty attaches, an additional penalty of 1.5% per month begins to accrue and a lien is recorded against the assessee. The taxing authority may collect delinquent unsecured personal property taxes by: (a) a civil action against the taxpayer; (b) filing a certificate of delinquency in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; and (c) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Supplemental roll taxes are due on the date the bill is mailed. If the tax bill is mailed within the months of July through October, the first installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on December 10 of the same year and the second installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on April 10 of the next year; if the bill is mailed within the months of November through June, the first installment shall become delinquent at 5

p.m., or the end of the business day, whichever is later, on the last day of the month following the month in which the bill is mailed and the second installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on the last day of the fourth calendar month following the date the first installment is delinquent. A 10% penalty attaches to any delinquent payment for supplemental roll taxes.

All tax due dates and delinquency dates become the next business day if they fall on a day that is not a business day.

### **Teeter Plan**

Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code, each participating local agency levying secured property taxes, including school districts, receives from its county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The Teeter Plan applies to the 1% general purpose property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county. The County *does* apply the Teeter Plan to secured tax levy collections, but not to unsecured tax levy collections, for school district general obligation bonds. See **“DISTRICT TAX BASE INFORMATION — Secured Tax Charges and Delinquencies”** herein for a history of property tax collections and delinquencies in the District.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS**

*The information in this section concerning certain provisions of Articles XIII A, XIII B, XIII C and XIII D of the State constitution, Propositions 98 and 111 and certain other law is provided as supplementary information only, to outline the principal constitutional and statutory laws under which the operating revenue and finances of K-12 school districts in the State are determined. For specific financial information on the District, see “GENERAL AND FINANCIAL DISTRICT INFORMATION” herein.*

### **Article XIII A - Limit on Property Tax**

Article XIII A of the State constitution (the “Constitution”) limits, subject to certain exceptions, the amount of *ad valorem* taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975/76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A requires a vote of two-thirds of those voting in an election to impose *ad valorem* taxes, and, except to pay debt service on certain voter approved indebtedness, prohibits the imposition of any additional *ad valorem*, sales or transaction taxes on real property. Article XIII A does permit *ad valorem* taxes to be levied in excess of the basic 1% tax limitation as required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, (b) on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on any bonded indebtedness approved by fifty-five percent of the votes cast by the voters of a school or community college district for the construction, reconstruction, rehabilitation or replacement of, including furnishing and equipping of, or the acquisition or lease of real property for, school facilities, provided that certain accountability and other requirements are satisfied. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues, while prohibiting the imposition by the State Legislature of any new *ad valorem*, sales or transaction taxes on real property.

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 each county in the State and distributed according to a formula among taxing agencies within that county. The formula apportions the tax roughly in proportion to the relative shares of taxes last levied prior to 1989.

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 claims, if any, on tax increment and subject to changes in organization, 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.

## **Article XIII B - Appropriations Limit**

Article XIII B of the Constitution, approved by voters in 1979 and subsequently amended by Propositions 98 and 111, 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, for transfers in the financial responsibility for providing services and for certain declared emergencies (the “Gann limit”). 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.

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. For school districts, Article XIII B constrains appropriations from State and local tax sources, but not federal aid or non-tax income, such as revenues from cafeteria sales or adult education fees.

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

Article 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 fiscal years. If a school district receives any proceeds of taxes in excess of its appropriations limit, it may increase its appropriations limit to equal that amount by taking the appropriations limit from the State.

Article XIII B also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the Constitution. See **“Propositions 98 and 111”** below.

Article XIII B does not impact the ability of the County to levy and collect the property tax or pay debt service on District general obligation Notes.

## Propositions 98 and 111 - State Funding for School Districts

On November 8, 1988 the voters approved Proposition 98, an initiative constitutional amendment and statute called “The Classroom Instructional Improvement and Accountability Act” (“Proposition 98”). In addition to adding certain provisions to the Education Code, Proposition 98 also amended Article XIII B and Section 8 of Article XVI of the Constitution and added Section 8.5 of Article XVI to the Constitution, the effects of which are to establish a minimum level of State funding for school districts, to allocate to school districts, within limits, State revenues in excess of the State's appropriations limit and to exempt such excess funds from school district appropriations limits.

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 Constitution with respect to appropriations limitations and school funding priority and allocation.

Article XIII B, as amended by both Proposition 98 and Proposition 111, is discussed above under **“Article XIII B.”**

The provisions of Sections 8 and 8.5 of Article XVI, as added to or amended by Propositions 98 and 111, may be summarized as follows:

- (a) *State Funding of Schools (Section 8).* Monies to be applied by the State for the support of school districts must be at a level equal to the greater of the following “tests”:
  - (i) The amount which, as a percentage of the State general fund revenues which may be appropriated pursuant to Article XIII B, equals the percentage of general fund revenues appropriated for school districts in fiscal year 1986/87;
  - (ii) The amount actually appropriated to school districts in the prior fiscal year from general fund proceeds and from allocated local proceeds of taxes (excluding any excess state revenues allocated pursuant to Section 8.5), adjusted for changes in enrollment and for the change in the cost of living (operative only in a fiscal year in which the percentage growth in California per capita personal income is less than or equal to the percentage growth in per capita general fund revenues plus one-half of one percent);
  - (iii) The amount actually appropriated to school districts in the prior fiscal year from general fund proceeds and from allocated local proceeds of taxes (excluding any excess State revenues allocated pursuant to Section 8.5) adjusted for changes in enrollment and for the change in per capita general fund revenues, and, in addition, an amount equal to one-half of one percent times the prior year appropriations (excluding any excess State revenues) adjusted for changes in enrollment (operative only in a fiscal year in which the percentage growth in California per capita personal income is greater than the percentage growth in per capita general fund revenues plus one-half of one percent).

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 the general fund revenue growth exceeds personal income growth.

The State legislature by a two-thirds vote of both houses, with the Governor's concurrence, may suspend for one year the minimum funding provisions for school districts as provided for in Section 8.

- (b) *Allocations to the State School Fund (Section 8.5).* In addition to the amounts applied to school districts under the tests discussed above, the State Controller is directed to allocate available excess State revenues (pursuant to Article XIII B) to the State School Fund. However, no such allocation is required at any time that the Director of Finance and the Superintendent of Public Instruction mutually determine that current annual expenditures per student equal or exceed the average annual expenditures per student of the 10 states with the highest annual expenditures per student and the average class size equals or is less than the average class size of the 10 states with the lowest class size.

Such allocations do not constitute appropriations subject to Article XIII B limitations and are to be made in an equal amount per enrollment.

### **Proposition 1A - Limit On ERAF Shifts To School Districts**

Since fiscal year 1992/93 the State has satisfied a portion of its Proposition 98 obligations for revenue limit funding of school districts by shifting part of the 1% local *ad valorem* property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. At the November 2004 election State voters approved Proposition 1A, limiting the amount and frequency of such ERAF shifts of property tax revenue from other taxing agencies to school districts.

Under Proposition 1A, beginning in fiscal year 2008/09, the State will be able to divert no more than eight percent of local property tax revenues for State purposes (including, but not limited to, funding K-12 education) only if: (a) the Governor declares such action to be necessary due to a State fiscal emergency; (b) two-thirds of both houses of the Legislature approve the action; (c) the amount diverted is required by statute to be repaid within three years; (d) the State does not owe to local agencies any repayment for past property tax or Vehicle License Fee diversions; and (e) such property tax diversions do not occur in more than two of any ten consecutive fiscal years. Because ERAF shifts will be capped and limited in frequency, the State will have to rely more heavily on State general fund moneys for Proposition 98 funding of school districts.

As a part of its Revised 2009/10 Budget (see “**GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION - State Budget**”) legislation, the State enacted AB 26 4X, which shifts \$1.7 billion in 2009/10 and \$350 million in 2010/11 out of city and county redevelopment agencies into “Supplemental Education Revenue Augmentation Funds” (“SERAF”) in each county for payment to schools. SERAF money is to be given only to school districts and county offices of education wholly or partially within redevelopment agency project areas and used only to serve students living within project areas or in housing supported by redevelopment funds. SERAF are deemed by the State to be property tax revenue of the receiving school district or county office of education that reduces dollar for dollar the State’s requirement to fund any shortfall there may be between the recipient district’s or county office’s own property tax revenue and its revenue limit funding entitlement under Proposition 98; it alters only the mix, not the total amount of revenue limit funding received by a school district.

The California Redevelopment Association, an association of California redevelopment agencies, has filed a law suit aimed at overturning the AB 26 4X as a violation of the State constitutional requirement that

redevelopment agency tax increment be used for redevelopment purposes. Whether this lawsuit will be successful is unknown, though the State enacted a somewhat similar taking of redevelopment agency tax increment for ERAF in the 2008/09 State budget that was overturned by the Sacramento Superior Court on April 30, 2009 as a violation of the State constitutional requirement that redevelopment agency tax increment be used for redevelopment purposes. The central argument in that decision was that taking redevelopment agency tax increment to balance the State budget was not a redevelopment purpose. The State dropped its appeal of this decision on September 28, 2009, making the decision final.

### **Propositions 57 and 58 - California Economic Recovery Bond Act and State Budget Requirements**

On March 2, 2004 State voters passed Proposition 57, the California Economic Recovery Bond Act, authorizing the issuance by the State of up to \$15 billion of Notes to finance the State's negative general fund balance as of June 30, 2004 and other general fund obligations undertaken prior to June 30, 2004. The State has issued \$10.896 billion Economic Recovery Notes under this authorization. In the same election State voters passed Proposition 58, the Balanced Budget Amendment, requiring the State to adopt and maintain a balanced budget, establish a reserve and restrict future long-term deficit-related borrowing.

### **Articles XIIC and XIID - Right to Vote on Taxes, Assessments, Fees and Charges**

On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIC and XIID to the Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect taxes, assessments, fees and charges. Among other things, Article XIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIIC also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. The *ad valorem* property tax levied to pay debt service on the District's general obligation Notes is a "special tax" approved by two-thirds of the District's voters in the manner required by Article XIIC.

Article XIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. In respect to school district general obligation Notes, the Constitution and laws of the State impose a mandatory duty on county tax collectors to levy a property tax sufficient to pay debt service on such Notes coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of such Notes or to otherwise interfere with performance of the mandatory duty of a school district and its county with respect to such taxes which are pledged as security for payment of such Notes. Legislation adopted in 1997 provides that Article XIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of, or consents to, any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Voter approved special taxes (including those levied pursuant to the Mello-Roos Community Facilities Act), "parcel taxes" and assessments levied pursuant to the Landscape and Lighting District Act of 1972 (among other assessments), that are not pledged to the payment of Notes, may be subject to reduction or repeal by voter initiative under the provisions of Article XIIC.



Article XIID deals with assessments and property-related fees and charges. Article XIID explicitly provides that nothing in Article XIIC or XIID shall be construed to affect laws existing prior to enactment of Articles XIIC and XIID relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by a school district. By its terms, Article XIID does not apply to *ad valorem* property tax of the type levied to pay debt service on the District's general obligation Notes.

The interpretation and application of Article XIIC and Article XIID will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

### **Future Initiatives**

Articles XIIIA, XIIIB, XIIC and XIID and Propositions 98, 111 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting school districts' revenues or ability to expend revenues.

## **GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION**

*The information in this section concerning funding procedures of K-12 school districts in the State is provided as supplementary information only. For specific financial information on the District, see "DISTRICT INFORMATION" herein.*

### **State Funding of School Districts**

Annual State apportionments of basic and equalization aid to K-12 school districts for general purposes are made according to a revenue limit per unit of average daily attendance ("A.D.A."). If a district's total revenue limit exceeds its property tax revenue, its annual State apportionments, subject to certain adjustments, amount to the difference between the revenue limit and a district's actual property tax receipts (after any redevelopment agency tax increment or other deductions or "shifts" that may be in effect under State law). A.D.A. is determined by school districts twice a year, in December ("First Period A.D.A.") and April ("Second Period A.D.A.").

The calculation of the amount of State apportionment a school district is entitled to receive each year is summarized as follows: first, the prior year Statewide revenue limit per A.D.A. is recalculated with certain adjustments for equalization and other factors; second, this adjusted prior year Statewide revenue limit per A.D.A. is inflated according to formulas based on the implicit price deflator for government goods and services and the Statewide average revenue limit per A.D.A. for each type of A.D.A., yielding the school district's current year "component" revenue limits per A.D.A.; third, the current year component revenue limits per A.D.A. are applied to the school district's A.D.A. for either the current or prior year, as the district elects; fourth, revenue limit adjustments known as "add-ons" are calculated for each school district if the school district qualifies for such add-ons (for example, add-ons to adjust for small school district size and providing meals for needy pupils, among others); and fifth, local property tax revenues are deducted from

the total revenue limit calculated for each district to arrive at the amount of State apportionment each school district is entitled to for the current year.

The State revenue limit is calculated three times a year for each school district on the basis of projections submitted by the district on or about December 10, based on First Period A.D.A., and April 15 and June 30, both based on Second Period A.D.A. A.D.A. calculations are based on actual attendance and do not include excused absences. Revenue limit calculations are made by each school district, reviewed by the County Office of Education and submitted to the State Department of Education. The State Department of Education reviews the calculations for accuracy, determines the amount of State apportionment owed to each school district and notifies the State Controller to distribute the apportionments. The first calculation is performed for the First Principal Apportionment in February, the second calculation for the Second Principal Apportionment in June, and the final calculation for the end of the fiscal year Annual Principal Apportionment, in essence a correction that is made in October of the next fiscal year.

See “**DISTRICT INFORMATION**” herein for the District's specific annual revenue limit per A.D.A.

### **Basic Aid Districts**

In the event that a school district's property tax revenue exceeds its calculated revenue limit entitlement, that school district retains all of its property tax revenue, and State apportionments to that district are limited to the minimum “basic aid” amount of \$120 per A.D.A. set forth in the Constitution. Currently the State allocates basic aid funding within categorical entitlements that would have been received in any event. Such districts are commonly known as “Basic Aid Districts.” The District is not a Basic Aid district.

### **State Budget**

The State budget approval process begins with the release to the State legislature by January 10th of the Governor's proposed budget for the following fiscal year. State fiscal years begin July 1st. In May, the Governor submits a revision of the proposed budget that reflects updated estimates of revenues and expenditures. After a series of public hearings and other steps in the legislative process, the budget must be approved by two-thirds vote in each house of the State legislature and submitted to the Governor. The Governor may reduce or eliminate any appropriation by line-item veto. Although the budget is required by the Constitution to be approved no later than June 15th, it often has not been approved until later.

While the Constitution in large part dictates the formulae for determining the allocation of State revenues to the K-12 education portion of the State budget pursuant to Propositions 98 and 111 and other provisions (see “**CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS**” herein), in the State budget process the Governor and State legislature still have, and exercise, significant leeway in deciding whether and by how much to exceed or reduce such allocation in the actual funding of K-12 school districts, and to decide what funds will be general purpose or restricted purpose.

On January 10, 2008, the proposed *Governor's Budget for 2008/2009* was released, on May 14, 2008 the *May Budget Revision* was released and on September 23, 2008 the *2008/09 Budget Act* was signed (the “2008/09 Budget”), a balanced budget designed to address an otherwise anticipated at the time State budget shortfall of \$24.3 billion. State revenues continued to decline below the amounts budgeted, and on

December 10, 2008, the Governor announced that the 2008/09 shortfall had become at least \$14.8 billion, and if unaddressed for 2008/09 and 2009/10, the cumulative budget shortfall by the end of 2009/10 could reach \$41.6 billion. On January 9, 2009 the Governor proposed his *Budget for 2009/10*, and on February 20, 2009, the State enacted its *2009 Budget Act* (the “2009/10 Budget”), a “17 month budget” through the end of 2009/10 that included certain revisions for 2008/09 as well. The 2009/10 Budget balanced State revenues and expenditures by the end of 2009/10, closing completely the previously identified \$41.6 billion budget gap by a combination of expenditure reductions, increases in taxes on income, sales and vehicles, borrowing and receipt of federal stimulus funds. Certain fund diversions and other aspects of 2009/10 Budget depended on voter approval of certain propositions submitted to State voters on May 19, 2009, many of which would have resulted in tax increases, and all of which were voted down by large margins. On May 14, 2009 the Governor had issued his *2009-10 May Revision*, followed by two further revisions to address the voter defeat of the propositions and continuing decline in State revenues. The final, third revision to the *2009-10 May Revision* was released on May 29, 2009. On July 28, 2009 the Governor signed into law revisions to the 2009/10 Budget (with the enacted revisions, the “Revised 2009/10 Budget”), again to achieve a positive ending balance by June 30, 2010. In total, the Revised 2009/10 Budget provides “solutions” of \$3.714 billion for 2008/09 and \$20.445 for 2009/10 to address an otherwise projected additional shortfall of \$24.159 billion by June 30, 2010 that had developed in the State’s revenue and budget projections since the 2009/10 Budget was originally enacted in February 2009. The Governor has said that there is no guarantee that further revenue and budget shortfalls will not arise, relative to the Revised 2009/10 Budget. On October 9, 2009, the State Controller announced that relative to the State general fund revenue assumptions through September 30, 2009 in the Revised 2009/10 Budget, actual revenue through September 30, 2009 was \$1.08 billion less.

#### *Revised 2009/10 Budget*

The Revised 2009/10 Budget reports for 2008-09 prior year resources available of \$4.071 billion and projects revenues and transfers-in of \$84.097 billion, for a total of \$88.168 billion in total resources available; and for 2009/10 projects prior year resources available of (\$3.379) billion and revenues and transfers-in of \$89.541 billion, for a total of \$86.162 billion in total resources available. General fund expenditures are projected to be \$91.547 billion for 2008-09 and \$84.853 billion for 2009/10, with general fund ending balances of (\$3.379) billion and \$1.579 billion, respectively. Among other things, the 2009/10 Budget proposes the State “borrowing” up to 8% of the property tax revenue of cities, counties and special districts, but not school districts, pursuant to Article XIII of Section 2.5 of the State constitution, which must be paid back within three years. The State has proposed selling, in November 2009, through an authority, three year securities, the proceeds of which will fund the entire 8% of the property tax revenue taken from local agencies to the local agencies “lending” this money, in equal installments on January 15, 2010 and May 15, 2010, so that in effect the lending agencies are made whole to the extent of the 8% of the property tax revenue borrowed from them on approximately the same schedule that they normally receive property tax revenue. The State will pay the debt service on the three year securities. Alternatively, local agencies may elect to directly lend the money to the State for three years at an interest rate to be announced by the State.

The Revised 2009/10 Budget projects Proposition 98 funding of K-12 and community college education, including local property tax revenue, of \$34.052 billion for 2008/09 and \$35.032 billion for 2009/10. The July 2009 amendments to the 2009/10 Budget reduce Proposition 98 funding for K-12 and community college education by \$2.056 billion in 2008/09 and \$4.463 billion in 2009-10. Further, the Revised 2009/10 Budget defers \$1.8 billion in K-12 and community college State funding for 2009/10 to August 2010. To assist State cash flow requirements, under the Revised 2009/10 Budget K-12 schools will have deferred an additional approximately \$2 billion of State revenue limit apportionments previously scheduled for payment earlier in 2009/10 to December 2009 and January 2010, and the base apportionment

distribution schedule (before deferrals) is revised to receipt by school districts of five percent of the annual amount due them each month in July and August and nine percent each month in the remaining months. Offsets to schools include \$6 billion in federal stimulus funds received by California school districts in late 2008/09 and early 2009/10, legislative authorization for school districts to spend many categorical funds as they wish rather than only according to the originally specified purpose and the ability to reduce instruction from 180 days to 175 days for the year, if they can do so under their labor agreements, or negotiate doing so (the Revised 2009/10 Budget funds all districts for 175 days of instruction, whether the district instructs for 175, 180 days or in between).

For K-12 education, the State general fund in the Revised 2009/10 Budget provides \$33.890 billion in 2008/09 and \$35.042 billion in 2009/10; the difference from total Proposition 98 funding is funded from local property tax revenue projected for each school district and to a minor extent, from certain other sources. Parcel tax revenue, if any, is in addition to revenue limit income. Among other things, the Revised 2009/10 Budget rescinds payment of the 2008/09 COLA, does not fund the 4.25% statutory COLA for 2009/10, and assumes a 0.300% decline in A.D.A. statewide. For 2008-09, the estimated State-wide average revenue limits per A.D.A., after a 2008-09 revenue limit deficit factor of 7.844%, were \$5,420.62 for elementary, \$6,514.51 for high and \$5,667.59 for unified school districts. For 2009-10, the estimated State-wide average revenue limits per A.D.A., with a 2009-10 deficit factor of 18.355% and one-time further deduction of \$250, are \$4,756.47 for elementary, \$5,766.42 for high and \$4,984.26 for unified school districts.

### **State Funding of Schools Without A State Budget**

On May 29, 2002, the Court of Appeal of the State of California for the Second Appellate District in *White v. Davis et al.* (combined with *Howard Jarvis Taxpayers Association et al. v. Westly* in appeal) held, among other things, that absent adoption of a budget bill or an emergency appropriation by the Legislature, the State Controller may disburse State funds authorized by (a) a continuing appropriation enacted by the Legislature, (b) a self-executing provision of the State constitution, including payment of certain funds for public schools under Article XVI, Section 8.5 of the constitution, and (c) mandate of federal law, such as prompt payment of minimum wage and overtime compensation mandated by the federal Fair Labor Standards Act and benefits under federal food stamp, foster care and adoption, child support and child welfare programs. The Court of Appeal specifically concluded that Article XVI, Section 8.0 does not constitute a self-executing authorization to disburse revenue limit apportionment to school districts; legislative appropriation is required for revenue limit disbursement. On May 1, 2003, the California Supreme Court in its decision in *White v. Davis et al.* granted review to two other matters and let these particular conclusions of the Court of Appeal stand without ruling on them.

During the 2003/04 State budget impasse, the State Controller announced that only “payments of prior year obligations, constitutional authorizations, federal mandates and continuous legislative appropriations would be made.” The State Controller concluded that revenue limit apportionments to school districts, under provisions of the Education Code implementing Article XVI, Section 8 of the State constitution, are authorized as continuous legislative appropriations, so disbursed these funds without a budget bill or emergency appropriation enacted. The State Controller did not disburse certain categorical and other funds to school districts until the *2003/04 Budget Act* was enacted. During the recent delayed adoption of the 2008/09 budget, the State Controller also delayed these disbursements until the *2008/09 Budget Act* was enacted.

## **State Funding of School Construction**

The State makes funding for school facility construction and modernization available to K-12 districts throughout the State through the Office of Public School Construction (“OPSC”) and the State Allocation Board (“SAB”), from proceeds of State general obligation Notes authorized and issued for this purpose (the “State Facility Program”). Such Notes were authorized in the amount of \$13.05 billion, \$11.40 billion of which were for K-12 school facilities and \$1.65 billion of which were for higher education facilities, on November 5, 2002 under Proposition 47, passed by 58.9% of the State-wide vote. An additional bond measure for education capital projects was approved on March 2, 2004 under Proposition 55, passed by 50.6% of the State-wide vote, in an authorization amount of \$12.3 billion, \$10.0 billion of which is for K-12 school facilities and \$2.3 billion of which is for higher education facilities. A State general obligation bond measure that includes \$7.329 billion for construction, modernization and related purposes for K-12 school districts was approved by a majority of voters in the November 7, 2006 State-wide election.

The SAB allocates bond funds for 50% of approved new construction costs, 60% of approved modernization costs (80% for modernization project applications made prior to February 1, 2002), or up to 100% of approved costs of any type if the school district is approved for “hardship” funding. The school district is responsible for the portion of costs not funded by the State, commonly funding their portion with their own general obligation Notes, certificates of participation or accumulated builder’s fee revenue. School districts routinely apply for such funding whenever they have projects they believe meet OPSC and SAB criteria for funding.

## **State Retirement Programs**

School districts participate in the State of California Teachers Retirement System (“STRS”). STRS covers all full-time and most part-time employees with teaching certificates. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools. School districts also participate in the State of California Public Employees Retirement System (“PERS”). PERS covers all classified personnel, generally those employees without teaching certificates, who are employed at least four hours per day. In order to receive PERS benefits, an employee must be at least 50 years old and have had five years of covered PERS service as a public employee.

Contribution rates to PERS varies with changes in actuarial assumptions and other factors, such as changes in benefits and investment performance, and are set by a State retirement board for PERS. The contribution rates are set by statute for STRS at a constant 8.25% of salary. STRS has a substantial State-wide unfunded liability. Under current law, the liability is the responsibility of the State and not of individual school districts. See “**DISTRICT INFORMATION**” herein for information regarding the District's contributions to these retirement systems.

## **County Office of Education**

In each county there is a county superintendent of schools (the “County Superintendent”) and a county board of education. The Office of the County Superintendent, frequently known as the “County Office of Education” (the “County Office” herein) in each county provides the staff and organization that carries out the activities and policies of the County Superintendent and county board of education for that county.

County Offices provide instructional and support services to school districts within their counties, and various State mandated services county-wide, particularly in special education and juvenile court education services. County Office business services departments act as a control point for a variety of information, including pupil data collection, attendance accounting, teacher credential registration, payroll accounting, retirement and tax information and school district budgets, and also report such information to the State Department of Education. All school district budgets must be approved by their County Office and each district must provide its County Office with scheduled interim reports throughout the fiscal year. County Offices also act as enforcement entities which intervene in district fiscal matters should a district fail to meet State budget and reporting criteria.

The District is under the jurisdiction of, and is served by, the County Office for Yolo County.

### **School District Budget Process**

School districts are required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. School districts' annual general fund expenditures are characterized in large part by multi-year expenditure commitments such as union contracts. Year-to-year fluctuations in State and local funding of school district general funds could result in revenue decreases which, if large enough, may not easily be offset by an equal reduction in expenditures until at least the following fiscal year. School districts are required by State law to maintain general fund reserves which can be drawn upon in the event of a resulting excess of expenditures over revenues for a given fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

School districts must adopt a budget no later than June 30 of each year. The budget must be submitted to the County Superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the County Superintendent, or as needed. Under either procedure, the school board must revise its adopted budget within 45 days after the Governor signs the State budget act to reflect any changes in budgeted revenues or expenditures made necessary by the adoption of the State's budget.

For both dual and single budgets submitted on July 1, the County Superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations and is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the County Superintendent will approve or disapprove the adopted budget for each school district. Pursuant to State law, the county superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved.

Subsequent to approval, the County Superintendent throughout the fiscal year is authorized to monitor each school district under his or her jurisdiction pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If a County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and the County Superintendent may do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those

obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) develop and impose, after also consulting with the district's board, revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of any collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

At minimum, school districts are required by statute to file with their County Superintendent and the State Department of Education a First Interim Financial Report by December 15<sup>th</sup> covering financial operations from July 1 through October 31<sup>st</sup>, and a Second Interim Financial Report by March 15<sup>th</sup> covering financial operations from November 1 through January 31<sup>st</sup>. Section 42131 of the Education Code requires that each interim report be certified by the school board as either (a) "positive," certifying that the district, "based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years," (b) "qualified," certifying that the district, "based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years," or (c) "negative," certifying that the district, "based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year." A certification by a school board may be revised by the County Superintendent. If either the First or Second Interim Report is not "positive," the County Superintendent may require the district to provide a Third Interim Financial Report by June 1<sup>st</sup> covering financial operations from February 1<sup>st</sup> through April 30<sup>th</sup>. If not required, a Third Interim Financial Report generally is not prepared (though may be at the election of the district). Each interim report shows fiscal year to date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point. After the close of the fiscal year, an unaudited financial report for the fiscal year is prepared and filed without certification with the County Superintendent and the State Department of Education.

### **Temporary Inter-fund Borrowing**

The Education Code generally authorizes a school district to temporarily transfer cash from a specific purpose fund to any other district fund by district board action, including transfer of cash from proceeds of general obligation bonds; *provided that*, (a) the transferred cash is repaid to the original fund within the same fiscal year or (b), if transferred within the final 120 days of a fiscal year, then repaid to the original fund within the following fiscal year. However, depending on the circumstances of a particular such transfer, other State law, grant or contractual restrictions, or in the case of proceeds of tax-exempt obligations, federal tax law, may apply and may further restrict the use of such cash.

### **Accounting Practices**

The accounting policies of California school districts conform to generally accepted accounting principles, as modified in accordance with policies and procedures of the California School Accounting Manual. This manual, pursuant to Section 41010 of the Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred. See also "**Notes to Financial Statements - Note 1**" in "**APPENDIX A**" herein for further discussion of applicable accounting policies.

## **County Investment Pool**

In accordance with Education Code Section 41001, each California public school district maintains substantially all of its operating funds in the county treasury of the county in which it is located, and each county treasurer or finance director serves as *ex officio* treasurer for those school districts located within the county. Each county treasurer or finance director has the authority to invest school district funds held in the county treasury. Generally, the county treasurer or finance director pools county funds with school district funds and funds from certain other public agencies and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis.

Each county treasurer is required to invest funds, including those pooled funds described above, in accordance with Government Code Sections 53601 *et seq.* In addition, each county treasurer is required to establish an investment policy which may impose further limitations beyond those required by the Government Code. A copy of the County investment policy and periodic reports on the County investment pool are available from the County Treasurer-Tax Collector, Yolo County, 625 Court Street, Room 102 Woodland, CA 95695, (530) 666-8625. It is not intended that such information be incorporated into this Official Statement by such references.

## **DISTRICT GENERAL AND FINANCIAL INFORMATION**

*Principal of and interest on the Bonds are to be paid from the proceeds of an ad valorem tax authorized to be levied by the County on taxable property within the District. The description in this section concerning District general and financial information is provided as supplementary information only. It should not be inferred from the inclusion of this information that any of these matters discussed affect or limit in any way the obligation of the County on behalf of the District to levy ad valorem taxes on taxable property within the District in an amount sufficient to pay all amounts due on the Bonds.*

### **General Information**

The District is comprised of an area of approximately 282 square miles in Yolo County and provides educational services to the residents in and around the City of Woodland (the "City"). The District is a political subdivision of the State of California. The District operates ten elementary schools (grades K-6), two middle schools (grades 7-8), two comprehensive high schools (grades 9-12) and one continuation high school (grades 10-12). The 2009/10 pupil-teacher ratios are as follows:



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**WOODLAND JOINT UNIFIED SCHOOL DISTRICT**  
**Pupil - Teacher Ratios**

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<u>Grade</u>	<u>Ratio</u>
K	25 to 1
1 through 3	23 to 1
4 through 6	28 to 1
7 and 8	23 to 1
9 through 12	23 to 1

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Source: Woodland Joint Unified School District.

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The District is governed by a Board of Trustees consisting of seven members. Members are elected to four-year terms in staggered years. The day-to-day operations are managed by a board-appointed Superintendent of Schools. Ms. Debra LaVoi, Ed.D. has served in this capacity since July 1, 2009.

**Average Daily Attendance and Revenue Limit**

The following is a table summarizing the historical and current year estimated average daily attendance for the District.

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**WOODLAND JOINT UNIFIED SCHOOL DISTRICT**  
**Average Daily Attendance Second Period**

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<u>Academic Year</u>	<u>Average Daily Attendance <sup>(a)</sup></u>
2005/06	9,947
2006/07	10,048
2007/08	10,073
2008/09	10,091
2009/10	10,091

<sup>(a)</sup> Includes K-12, special education, continuation education, home and hospital/other; excludes Adult Education. Data is second interim period A.D.A., estimated for 2009/10.

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Source: The District.

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The District is not a Basic Aid District. Under the State formula, the District's annual revenue limit per A.D.A. after application of deficit factor was \$5,643.62 for 2008/09, and is projected to be \$5,213.02 for 2009/10. See **“GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — State Funding of Education”** herein.

## Labor Relations

The District employs 589.47 full-time equivalent certificated and 413.85 full-time equivalent classified employees. There are two formal bargaining organizations operating in the District that are described in the table below. Presently, certain supervisors, management and confidential employees, an aggregate total of 74.74 full-time equivalent, are not represented by an exclusive bargaining agent. Salaries and benefits for supervisors, management and confidential employees are determined through an informal process of “meet and confer” with representatives from each of these classifications.

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### WOODLAND JOINT UNIFIED SCHOOL DISTRICT Labor Organizations

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<u>Labor Organization</u>	<u>Number of Employees</u>	<u>Contract Expiration</u>
Woodland Education Association	551	June 30, 2010
California Schools Employees Association	444	June 30, 2010

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Source: The District.

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## Retirement Programs

The District contribution to STRS for fiscal year 2008/09 was \$3,576,596 and in fiscal year 2009/10 is estimated to be \$3,301,490. The District contribution to PERS for fiscal 2008/09 was \$1,431,503 and in fiscal year 2009/10 is estimated to be \$1,655,609. See **“GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — Retirement Programs”** herein.

## Other Post-Employment Benefits

The District provides post retirement health care benefits to age 65 for certain groups of employees who retire from the District after attaining age 55 with a minimum of 15 years of service. These benefits are established by contractual agreement with employee groups. On June 30, 2009, 51 retirees met these eligibility requirements. For certificated employees who retired prior to July 1, 1989 and classified employees who retired prior to July 1, 2001, the same plan benefits provided to active employees is provided. For certificated employees retiring beginning July 1, 1989, the District funds benefits up to \$433 per month. For classified employees retiring beginning July 1, 2001, the District funds benefits up to \$818 per month. The District funds benefits on a pay-as-you-go basis, paying \$366,643 in 2008-09 and projects paying \$366,643 in 2009-10. Reporting of post employment benefit liability under GASB 45 will be instituted in the District’s audited financial statement for the year ended June 30, 2009, expected to be available in December 2009.

See also **“APPENDIX A - Note 6 of the Financial Statements”** for further discussion of post employment benefits as of June 30, 2008.

## Comparative Financial Statements

The following table reflects the District's General Fund revenues, expenditures and fund balances from fiscal year 2005/06 through fiscal year 2007/08 on an audited basis, and for 2008/09 and 2009/10 on the basis of the District's *2008/09 Unaudited Actuals* financial report. Year-end General Fund balance is comprised of reserved and unreserved funds, including a reserve for economic uncertainty. See **“APPENDIX A”** and the **“Combined Balance Sheet”** therein for further detail on the composition of the June 30, 2008 ending balance.

The District's 2009/10 Budget has been accepted by the County Office, and the District's 2008/09 Interim Reports were filed with “positive certification” with the County Office.

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**WOODLAND JOINT UNIFIED SCHOOL DISTRICT**  
**General Fund Revenue, Expenditures and Fund Balances**

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	<u>2005/06<sup>(a)</sup></u>	<u>2006/07<sup>(a)</sup></u>	<u>2007/08<sup>(a)</sup></u>	<u>2008/09<sup>(b)</sup></u>	<u>Projected 2009/10<sup>(b)</sup></u>
REVENUE:					
Revenue limit sources:					
State apportionment	\$36,449,997	\$41,382,555	\$40,474,506	\$39,237,281	\$34,827,734
Local sources	<u>18,009,917</u>	<u>17,224,526</u>	<u>18,658,583</u>	<u>18,664,613</u>	<u>18,390,236</u>
Total revenue limit	54,459,914	58,607,081	59,133,089	57,901,894	53,217,970
Federal revenue	6,870,685	6,886,687	6,457,718	10,320,143	6,391,626
Other state revenue	10,685,204	16,533,915	15,614,828	15,453,252	12,965,829
Other local revenue	<u>5,337,291</u>	<u>5,733,856</u>	<u>6,201,702</u>	<u>5,091,905</u>	<u>4,735,101</u>
TOTAL REVENUES	77,353,094	87,761,539	87,407,337	88,767,194	77,310,526
EXPENDITURES:					
Salaries:					
Certificated	37,762,778	40,730,929	43,291,506	43,256,313	40,313,092
Classified	11,589,313	13,031,609	14,575,555	14,861,349	13,581,925
Employee benefits	11,649,175	12,517,401	13,050,866	13,023,359	11,899,498
Books and supplies	4,641,494	4,770,664	5,124,971	5,124,670	7,688,676
Services and other operating expenditures	7,722,400	8,483,476	10,049,951	9,580,714	7,372,358
Capital outlay	955,208	630,770	398,546	106,966	36,011
Other outgo	3,261,606	3,303,196	431,999	686,911	517,505
Allocation of indirect costs	(241,805)	(250,182)	(287,660)	(222,767)	(260,431)
Debt service	<u>750,357</u>	<u>942,601</u>	<u>908,129</u>	<u>334,195</u>	<u>476,345</u>
TOTAL EXPENDITURES	78,090,526	84,160,464	87,543,863	86,751,709	81,624,979
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	541,951	928,000	0	0	500,000
Interfund transfers out	(53,978)	(1,726,441)	(1,335,552)	(1,450,668)	(1,187,401)
Other sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>487,973</u>	<u>(798,441)</u>	<u>(1,335,552)</u>	<u>(1,450,668)</u>	<u>(687,401)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	(249,459)	2,802,634	(1,472,078)	564,817	(5,001,854)
FUND BALANCE, JULY 1	8,552,220	8,302,761	11,105,395	9,633,317	10,198,135
ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
FUND BALANCE, JUNE 30	<u>\$8,302,761</u>	<u>\$11,105,395</u>	<u>\$9,633,317</u>	<u>\$10,198,135</u>	<u>\$5,196,281</u>

<sup>(a)</sup> Based on Audited Financial Statements.

<sup>(b)</sup> Based on 2008/09 Unaudited Actuals, September 24, 2009.

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## District Debt

### General Obligation Bonds

As of June 30, 2009, the principal amounts Prior Bonds outstanding, all payable from *ad valorem* property taxes levied and collected within the District by the County, were, and are expected to be, as follows:

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**WOODLAND JOINT UNIFIED SCHOOL DISTRICT**  
**Outstanding General Obligation Bonds**  
**As of June 30, 2009**

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<u>Date Issued</u>	<u>Series</u>	<u>Amount of Original Issue</u>	<u>Outstanding as of June 30, 2009</u>
February 21, 2002	General Obligation Bonds, Election of 1999, Series 2002	\$20,000,000.00	\$17,140,000.00
November 15, 2005	2005 General Obligation Refunding Bonds	15,970,000.00	<u>15,225,000.00</u>
			<u><u>\$32,365,000.00</u></u>

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See “**THE BONDS**” herein for further information concerning the Bonds and the Prior Bonds.

### Certificates of Participation

On December 28, 2005, the District executed and delivered its \$5,580,000 Certificates of Participation (2005 Financing Program) to fund costs of construction of various facilities and improvements to facilities at certain school sites in the District. Certificates of participation are payable from the general funds of the District, including certain funds passed through by the County from a redevelopment agency project area. As of June 30, 2009, future lease payments are expected, provided that the District makes no optional prepayments, to be as follows:

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**WOODLAND JOINT UNIFIED SCHOOL DISTRICT**  
**Certificates of Participation**

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<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$100,000	\$226,070	\$326,070
2011	105,000	222,713	327,713
2012	110,000	219,124	329,124
2013	115,000	215,255	330,255
2014	120,000	211,068	331,068
2015-2019	675,000	978,872	1,653,872
2020-2024	820,000	824,510	1,644,510
2025-2029	1,020,000	623,059	1,643,059
2030-2034	1,275,000	364,171	1,639,171
2035-2037	<u>915,000</u>	<u>64,866</u>	<u>979,866</u>
Totals	<u><u>\$5,255,000</u></u>	<u><u>\$3,949,708</u></u>	<u><u>\$9,204,708</u></u>

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### *Capital Equipment Leases*

As of June 30, 2008, the District had leased equipment under financing lease agreements with future minimum lease payments as follows, payable from the general funds of the District:

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#### **WOODLAND JOINT UNIFIED SCHOOL DISTRICT Capital Equipment Leases**

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<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$488,422	\$93,859	\$582,281
2010	496,648	74,417	571,065
2011	445,234	55,208	500,442
2012	427,178	37,952	465,130
2013	235,421	22,383	257,804
2014-2015	371,459	15,257	386,716
Totals	<u>\$2,464,362</u>	<u>\$299,076</u>	<u>\$2,763,438</u>

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### *Office Building Lease*

In 2009, the District entered into a thirty year lease, with option to purchase, of the District's office building, the financed cost of which was \$5,430,000:

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#### **WOODLAND JOINT UNIFIED SCHOOL DISTRICT Office Building Lease**

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<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2009	\$222,498
2010	451,650
2011	465,204
2012	490,344
2013	516,216
2014	531,702
2015-2019	2,843,310
2020-2024	3,229,626
2025-2029	3,744,024
2030-2034	4,340,352
2035-2039	4,413,366
Total	<u>\$21,248,292</u>

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### *Operating Leases*

The District has entered into operating leases for relocatable buildings with lease terms in excess of one year. These agreements do not contain a purchase option. These agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessor, but it is unlikely that the District will cancel these agreements prior to the expiration date. Future minimum lease payments as of June 30, 2008 under these agreements, payable from the general funds of the District, are as follows:

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**WOODLAND JOINT UNIFIED SCHOOL DISTRICT**  
**Operating Leases**

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<u>Year Ending June 30.</u>	<u>Lease Payments</u>
2009	\$439,471
2010	456,592
2011	466,354
2012	493,384
2013	517,488
2014-2018	2,822,511
2019-2023	3,183,335
2024-2028	3,690,358
2029-2033	4,278,136
2034-2038	4,866,040
2039	594,083
Total	<u>\$21,807,752</u>

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### **Audit**

Basic Financial Statements for Year Ended June 30, 2008, with Management's Discussion and Analysis, Independent Auditor's Letter and certain other information for the District are included in **APPENDIX A**, herein. Each year the District is required to present its annual audit at a public meeting no later than January 31 of the following year. The District considers its audited financial statements to be documents of public record. The District has not requested its auditors to review this Official Statement, nor have they done so.

### **Availability of Documents**

Additional public documents will be made available upon request through the Business Office of the District. Such public documents include periodic financial reports such as interim reports, approved budget and audited financial statements. See **"INTRODUCTION - Other Information"** herein for contact information.

## DISTRICT TAX BASE INFORMATION

*Principal of and interest on the Bonds are to be paid from the proceeds of an ad valorem tax authorized to be levied by the County on taxable property within the District. This section presents certain information concerning the property tax base in the District. It should not be inferred from the inclusion of this information that any of these matters discussed affect or limit in any way the obligation of the County on behalf of the District to levy ad valorem taxes on taxable property within the District in an amount sufficient to pay all amounts due on the Bonds. For general information on how ad valorem property tax is assessed, levied and collected, see “AD VALOREM PROPERTY TAXATION” herein.*

### Assessed Valuation

The following table represents the five-year history of assessed valuation in the District. For further information on assessed valuation, see “AD VALOREM PROPERTY TAXATION — Assessed Valuation” herein.

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WOODLAND JOINT UNIFIED SCHOOL DISTRICT				
Assessed Valuation				
<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2005/06	\$4,447,406,389	\$2,669,510	\$289,228,779	\$4,739,304,678
2006/07	5,038,303,442	2,744,153	294,509,089	5,335,556,684
2007/08	5,446,294,786	1,889,230	336,320,272	5,784,504,288
2008/09	5,593,959,772	1,920,623	366,424,600	5,962,304,995
2009/10	5,565,229,689	2,424,100	371,401,281	5,939,055,070

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Source: California Municipal Statistics, Inc.

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## Assessed Valuation and Parcels by Land Use

The following table represents the assessed valuation and parcels by land use within the District:

WOODLAND JOINT UNIFIED SCHOOL DISTRICT Assessed Valuation and Parcels by Land use				
	2008/09 Assessed Valuation <sup>(a)</sup>	Percent of Total	Number of Parcels	Percent of Total
Non-Residential:				
Agricultural	\$808,087,599	14.45%	2,187	11.78%
Commercial	393,386,925	7.03	456	2.46
Vacant Commercial	57,107,271	1.02	102	0.55
Office/Professional	128,885,517	2.30	146	0.79
Industrial	837,499,702	14.97	345	1.86
Vacant Industrial	22,718,921	0.41	106	0.57
Recreational	16,633,490	0.30	36	0.19
Government/Social/Institutional	34,083,779	0.61	129	0.70
Miscellaneous	6,211,531	0.11	419	2.26
Subtotal Non-Residential	2,304,614,735	41.20	3,926	21.15
Residential:				
Single Family Residence	2,708,377,542	48.42	12,543	67.58
Condominium/Townhouse	47,826,500	0.85	294	1.58
Mobile Home	8,226,953	0.15	248	1.34
Mobile Home Park	22,433,589	0.40	12	0.06
Hotel/Motel	31,975,600	0.57	17	0.09
2-4 Residential Units	139,781,104	2.50	690	3.72
5+ Residential Units/Apartments	268,216,681	4.79	127	0.68
Miscellaneous Residential	314,358	0.01	4	0.02
Vacant	62,192,710	1.11	700	3.77
Subtotal Residential	3,289,345,037	58.80	14,635	78.85
Total	\$5,593,959,772	100.00%	18,561	100.00%

<sup>(a)</sup> Local Secured Assessed Valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

## Tax Levies, Collections and Delinquencies

The following table summarizes the historical tax charges and delinquencies of the District.

WOODLAND JOINT UNIFIED SCHOOL DISTRICT Secured Tax Charges and Delinquencies			
<u>Fiscal Year</u>	<u>Secured Tax Charge<sup>(a)</sup></u>	<u>Amount Delinquent June 30</u>	<u>Percent Delinquent June 30</u>
2003/04	\$41,040,929.92	\$320,248.82	0.78%
2004/05	44,280,615.08	98,343.38	0.22
2005/06	52,161,492.08	217,953.89	0.42
2006/07	57,079,105.09	314,059.05	0.55
2007/08		Not Available	

<sup>(a)</sup> All taxes collected by the County within the District.

Source: California Municipal Statistics, Inc.

Under the Teeter plan, the County funds the District its full tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments, when the late taxes are collected. The County presently includes the *ad valorem* secured, but not unsecured, tax levy for the District's general obligation bonds under the Teeter Plan. See "**AD VALOREM PROPERTY TAXATION — Teeter Plan**" herein.

## Tax Rates

The following is a summary of *ad valorem* tax rates for a representative tax rate area, TRA 03-000, within the District and the City. TRA 03-000 has a total 2008/09 secured assessed valuation of \$2,584,243,562, approximately 46.2% of the District's total local secured assessed valuation. See "**AD VALOREM PROPERTY TAXATION**" for further information on establishing tax rates.

WOODLAND JOINT UNIFIED SCHOOL DISTRICT Tax Rates - TRA 03-000					
	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>
County-wide Rate <sup>(a)</sup>	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Yuba Joint Community College District Bonds	0.000000	0.000000	0.014580	0.014978	0.017492
District General Obligation Bonds	<u>0.057500</u>	<u>0.050300</u>	<u>0.040000</u>	<u>0.040000</u>	<u>0.040000</u>
<b>TOTAL</b>	<u>1.057500%</u>	<u>1.050300%</u>	<u>1.054580%</u>	<u>1.054978%</u>	<u>1.057492%</u>

<sup>(a)</sup> Maximum rate for purposes other than paying debt service in accordance with Article XIII A of the State Constitution.

Source: Yolo County Treasurer-Tax Collector-Auditor-Controller's Office

## Largest Secured Taxpayers

The following table summarizes the largest taxpayers in the District in terms of their 2008/09 secured assessed valuations.

WOODLAND JOINT UNIFIED SCHOOL DISTRICT Largest Secured Taxpayers			
Property Owner	Land Use	2008/09 Assessed Valuation	Percent of Total <sup>(a)</sup>
Dayton Hudson Corporation	Industrial - Warehouse	\$ 78,802,484	1.41%
Walgreen Co.	Industrial - Warehouse	76,844,278	1.37
Industrial Tide CT Owner LLC	Industrial - Warehouse	67,112,133	1.20
Conaway Preservation Group	Agricultural	51,694,433	0.92
CLPF-Woodland Industrial LP	Industrial - Warehouse	43,752,209	0.78
Reynen & Bardis	Residential Land	37,432,651	0.67
County Fair Fashion Mall LLC	Shopping Center	30,538,791	0.55
Payless Drug Stores Northwest	Industrial - Warehouse	29,471,861	0.53
Centex Homes	Residential Land	29,465,429	0.53
Autumn Run Investors LP	Apartments	26,014,221	0.47
TRT-DCT Hanson Way LP DCT Industrial Trust	Industrial - Warehouse	25,751,523	0.46
Seminis Vegetable Seeds Inc.	Commercial - Nurseries	25,063,750	0.45
Russell Ranch Development Inc.	Agricultural	24,565,698	0.44
Eaglewood Apt. Assoc. LLC	Apartments	22,005,194	0.39
Prologis Trust	Industrial - Warehouse	19,675,000	0.35
Lurie San Francisco Inc.	Industrial - Warehouse	19,556,077	0.35
Costco Wholesale Corporation	Commercial	17,866,187	0.32
River Garden Farms Co.	Agricultural	17,541,549	0.31
Woodland Development Co. LLC	Commercial	17,049,338	0.30
CLF Yolo Co. Business Trust	Office Building	16,728,000	0.30
<b>TOTAL</b>		<u>\$676,930,806</u>	<u>12.10%</u>

<sup>(a)</sup> 2008/09 Local Secured Assessed Valuation: \$5,593,959,772.

Source: California Municipal Statistics, Inc.

## Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated as of November 1, 2009. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. The first column lists local agencies with territory overlapping, at least in part, that of the District. The second column of the Statement of Direct and Overlapping Debt shows the *pro rata* percentage portion of each overlapping entity's debt assignable within the boundaries of the District, and the third column shows the amount of that portion of the overlapping entity's existing debt. The total amount of debt for each overlapping entity is not given. *Ad valorem* tax levy rates for paying general obligation bonds are determined on the basis of gross

assessed valuation; allocation of the basic 1% *ad valorem* tax levy to taxing agencies within a county is determined on the basis of the net assessed valuation after deducting redevelopment agency tax increment.

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**WOODLAND JOINT UNIFIED SCHOOL DISTRICT**  
**Statement of Direct and Overlapping Debt**

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2009/10 Assessed Valuation: \$5,962,304,995  
 Redevelopment Incremental Valuation: (143,849,952)  
 Adjusted Assessed Valuation: \$5,818,455,043

	Percent Applicable <sup>(a)</sup>	Debt as of November 1, 2009
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Yuba Joint Community College District	\$22.404	\$20,906,589
Woodland Joint Unified School District	100.000	31,030,000 <sup>(a)</sup>
Knights Landing Services District	100.000	15,000
Cacheville Community Services District	100.000	69,000
City of Woodland Community Facilities Districts	100.000	45,000,000
City of Woodland 1915 Act Bonds (Estimate)	100.000	7,525,000
California Statewide Communities Development Authority 1915 Act Bonds	100.000	<u>4,195,425</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		108,741,014

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Yolo County Certificates of Participation	33.406	1,206,783
Yolo County Board of Education Certificates of Participation	33.406	2,519,161
Sutter County Certificates of Participation	0.687	13,293
Sutter County Board of Education Certificates of Participation	0.687	35,209
Woodland Joint Unified School District Certificates of Participation	100.000	5,155,000
City of Woodland General Fund Obligations	100.000	<u>49,010,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>57,939,446</u>

COMBINED TOTAL DEBT \$166,680,460<sup>(b)</sup>

<sup>(a)</sup> Excludes refunding general obligation bonds to be sold.

<sup>(b)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2008/09 Assessed Valuation:

Direct Debt (\$31,030,000)	0.52%
Total Direct and Overlapping Tax and Assessment Debt	1.82%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$36,185,000)	0.62%
Combined Total Debt	2.86%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09 \$0

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Source: California Municipal Statistics, Inc.

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## ECONOMIC PROFILE

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

### Introduction

Yolo County, located in California's northern Central Valley west of Sacramento County and the City of Sacramento, was one of the original 27 counties created when California became a state in 1850. The eastern two-thirds of the County consists of nearly level alluvial fans, flat plains, and basins, while the western third is largely composed of rolling terraces and steep uplands used for dry-farmed grain and range. The elevation ranges from slightly below sea level near the Sacramento River around Clarksburg to 3,000 feet along the ridge of the western mountains. Agriculture is Yolo County's primary industry.

The City of Woodland is located approximately twenty miles west of downtown Sacramento and eighty-five miles northeast of San Francisco. The City of Woodland was founded in 1861 and is the county seat of Yolo County as well as its industrial and commercial center. The town traces its roots back to a history of agriculture and architecture with rich farmlands and Victorian homes. The City of Woodland is served by Interstate 505, State route 16, Interstate 5 and railroad. Woodland Community College is located in City of Woodland. University of California at Davis, other colleges and universities, shopping malls and entertainment attractions, the City of Davis and Sacramento International Airport are only a short drive away. Lake Tahoe and the Sierra Nevada are a two hour drive away where camping, hiking, skiing, and backpacking can be found. The City of Woodland hosts several community events: The Scottish Games, The Original Hot August Nights, the Yolo County Fair, the Stroll through History, the Chili Cook Off, and the Chamber of Commerce Christmas Parade. The Woodland Opera House, built in the late 1800s, serves as center for visual and performing arts with activities and performances year round.

## Population

The following table summarizes population figures for the City of Woodland and the County.

<b>CITY OF WOODLAND AND YOLO COUNTY Population</b>		
<u>Year</u>	<u>City of Woodland</u>	<u>Yolo County</u>
1980	30,325	113,374
1990	39,500	141,210
2000	49,155	168,660
2004	52,570	184,660
2005	53,345	187,575
2006	52,972	190,344
2007	54,450	195,354
2008	55,657	198,326
2009	56,399	200,709

Source: The 1980, 1990 and 2000 totals are U.S. Census figures. The figures for the years 2004 through 2009 are based upon adjusted January 1 estimates provided by the State.

## Employment

The following table summarizes historical employment and unemployment in the Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area, which includes Yolo County.

<b>SACRAMENTO-ARDEN ARCADE-ROSEVILLE MSA Civilian Labor Force, Employment and Unemployment Annual Averages</b>					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Civilian Labor Force <sup>(a)</sup>					
Employment	947,000	967,500	984,700	991,200	983,600
Unemployment	55,200	50,000	48,400	55,800	74,900
Total	<u>1,002,200</u>	<u>1,017,600</u>	<u>1,033,100</u>	<u>1,047,000</u>	<u>1,058,500</u>
Unemployment Rate <sup>(b)</sup>	5.5%	4.9%	4.7%	5.3%	7.1%

<sup>(a)</sup> Based on place of residence; March 2008 Benchmark.

<sup>(b)</sup> The unemployment rate is calculated using unrounded data.

Source: California Employment Development Department, Labor Market Information Division.

The following table summarizes the historical numbers of workers by industry in Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area, which includes Yolo County.

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<b>YOLO COUNTY</b>					
<b>Annual Average Labor Force and Industry Employment<sup>(a)</sup></b>					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Agriculture	7,400	7,400	7,500	7,900	8,300
Natural Resources and Mining	700	700	700	700	700
Construction	70,800	73,400	70,700	66,900	56,100
Manufacturing	47,300	48,800	42,800	40,900	39,000
Trade, Transportation and Utilities	146,100	148,900	153,600	153,100	146,900
Information	20,900	19,900	20,000	20,100	19,100
Financial Activities	60,400	63,500	64,600	61,800	57,500
Professional and Business Services	98,400	102,800	112,500	112,100	109,900
Educational and Health Services	54,600	88,200	92,100	96,800	99,800
Leisure and Hospitality	79,900	82,100	85,300	86,800	85,800
Other Services	28,500	28,500	28,300	29,000	29,200
Government	<u>221,600</u>	<u>224,000</u>	<u>228,400</u>	<u>235,000</u>	<u>237,900</u>
Total All Industries	<u>866,400</u>	<u>888,300</u>	<u>906,600</u>	<u>911,000</u>	<u>890,100</u>

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<sup>(a)</sup> The industry employment data are now based upon the North American Industry Classification System (NAICS). Newly released data are not comparable to the data based on the Standard Industrial Classification (SIC). Items may not add to totals due to independent rounding. March 2008 Benchmark

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Source: California Employment Development Department

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## Major Employers

The following table summarizes the major employers in the City:

CITY OF WOODLAND Major Employers		
<u>Company</u>	<u>Product/Service</u>	<u>Employees</u>
Woodland Joint Unified School District	Elementary/secondary school	1,200
Pacific Coast Producers	Manufactures canned fruits/vegetables	524
Target Corp.	General warehouse/storage	400
City of Woodland	City government	390
Wal-Mart Stores Inc.	Department stores, discount	300
Walgreen Co.	Drug stores and proprietary stores	300
Nugget Market Inc.	General warehouse/storage retail groceries	230
Home Depot USA Inc.	Home centers	200
Skyline Homes Inc.	Manufactures mobile homes	200
Fleetwood Homes of California Inc.	Manufactures mobile homes	185
Butterfield Electric Inc.	Electrical contractors	165
United Health Systems Inc.	Skilled nursing care facility	154
Raley's	Supermarkets, chain	150
Woodland Healthcare	Medical doctor's office	150
Yuba College	Junior college	150
Coen Co. Inc.	Manufactures heating equipment & supplies	127
Truck Accessories Group LLC	Manufactures pickup covers, canopies or caps	115
California Pacific Rice Milling Ltd	Rice milling	102
ACH Food Co's Inc.	Rice milling	100

Source: 2009 Harris InfoSource; "Selectory Database, A D&B Product" March 2009.



The following table summarizes the major employers in the County:

<b>YOLO COUNTY</b>		
<b>Major Employers</b>		
<u>Company</u>	<u>Product/Service</u>	<u>Employees</u>
University of California, Davis	University	15,638
California Department of General Services	Other General Government Support	2,836
Rumsey Indian Rancheria	Hotel/Motel Operation	2,200
County of Yolo	County government	1,600
Woodland Joint Unified School District	Elementary/secondary school	1,200
Wal-Mart Stores Inc.	Discount Department Stores	950
Davis Joint Unified School District	Elementary/secondary school	800
Mts Inc.	Prerecorded Tape, Compact Disc & Record Stores	700
Washington Unified School District	Elementary/secondary school	560
Raley's	Supermarkets, Chain	538
Bayer Cropscience LP	Manufactures agricultural chemicals	500
City of West Sacramento	City government	500
City of Davis	City government	500
Castle Management Inc.	Pizzeria chain	460
Pacific Coast Producers	Fruit & vegetable canning	400
Target Corp.	Discount department stores	380
Occupational Urgent Care Health Systems Inc.	Provides managed health care programs	380
Rex Moore Electrical Contractors & Engineers	Electrical contractor	350
Sutter Health Sacramento Sierra Region	General hospital medical director's office	350
ABM Janitorial Services - Northern California	Building maintenance services	320

Source: 2009 Harris InfoSource; "Selectory Database, A D&B Product" March 2009.

## Construction Activity

The following table summarizes historical residential building permit valuation for the City and the County.

CITY OF WOODLAND AND YOLO COUNTY Privately-Owned Residential Building Permit Valuation (Dollars in Thousands)				
Year <sup>(a)</sup>	City of Woodland		Yolo County	
	Units <sup>(b)</sup>	Valuation	Units <sup>(b)</sup>	Valuation
2004	255	29,997	2,195	416,730
2005	169	28,102	1,703	338,997
2006	513	77,348	1,264	197,012
2007	357	65,493	922	153,751
2008	175	34,715	324	71,244

<sup>(a)</sup> As of January 1.

<sup>(b)</sup> Does not include alterations and additions.

Source: U.S. Bureau of the Census..

## Commercial Activity

The following table summarizes historical taxable transactions in the City and the County.

CITY OF WOODLAND AND YOLO COUNTY Taxable Transactions (Dollars in Thousands)				
Year	City of Woodland		Yolo County	
	Outlets	Taxable Transactions	Outlets	Taxable Transactions
2003	1,122	\$667,962	3,803	\$2,535,066
2004	1,194	771,300	3,981	2,810,318
2005	1,174	813,212	4,021	3,093,540
2006	1,196	823,492	4,059	3,189,863
2007	1,193	813,599	4,084	3,259,843

Source: State Board of Equalization.

## Median Household Income

Effective Buying Income (EBI) is defined as money income less personal income tax and non-tax payments, such as fines, fees or penalties. The following table summarizes Historical Median Household EBI for the City, the County, the State of California and the United States of America

<b>CITY OF WOODLAND, YOLO COUNTY, STATE OF CALIFORNIA, AND UNITED STATES OF AMERICA Median Household Effective Buying Income</b>				
<u>Year<sup>(a)</sup></u>	<u>City of Woodland</u>	<u>Yolo County</u>	<u>State of California</u>	<u>United States of America</u>
2004	\$40,183	\$37,400	\$42,924	\$38,201
2005	40,963	38,623	43,915	39,324
2006		Data Not Available		
2007		Data Not Available		
2008		43,737	48,203	41,792

Source: "Survey of Buying Power", *Sales and Marketing Management Magazine*.

## LEGAL MATTERS

### Tax Matters

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

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

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

## **Bank Qualification**

The District has not issued, and does not expect to issue, any tax-exempt obligations in the calendar year commencing January 1, 2009, that exceed the aggregate of \$30,000,000. On the basis of this expectation, the District has designated the Bonds as qualified tax-exempt obligations under and for the purposes of Section 265(b)(3) of the Code.

## **No Litigation**

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

## **Legality for Investment in California**

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

## **Legal Opinion**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Quint & Thimmig LLP, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement.

# **MISCELLANEOUS**

## **Rating**

Standard & Poor's has assigned its municipal bond rating of “A” to the Bonds. Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency at the following address: Standard & Poor's, 55 Water Street, 38th Floor, New York, New York 10041.

Generally, a rating agency bases its rating on the information and materials furnished to it (some of which may not be included in this Official Statement) and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgement of such rating agency,

circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **Underwriting**

Pursuant to the terms of a public bid dated \_\_\_\_\_, 2009, \_\_\_\_\_, as Underwriter, has agreed to purchase the Bonds from the District at the purchase price of \$\_\_\_\_\_ plus accrued interest, if any. The Underwriter has represented to the District that the Bonds were reoffered at the prices or yields set forth on the cover page of this Official Statement, at an aggregate reoffering price of \$\_\_\_\_\_. The Underwriter will be obligated to take and pay for all of the Bonds, if any Bond is purchased.

## **Verification of Mathematical Accuracy**

Causey Demgen & Moore Inc., Denver, Colorado, independent accountants, upon delivery of the Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to (a) the sufficiency of the anticipated amount of proceeds of the Bonds and other funds available to pay, when due, the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements of the Refunded Bonds and (b) the “yields” on the amount of proceeds held and invested prior to redemption of the Refunded Bonds and on the Bonds considered by Bond Counsel in connection with the opinion rendered by Bond Counsel that the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

The report of Causey Demgen & Moore Inc., will include the statement that the scope of their engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

## **Continuing Disclosure**

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District by not later than 270 days following the end of the District’s fiscal year (the “Annual Report”), commencing with the Annual Report for the 2008/09 Fiscal Year, and to provide notices of the occurrence of certain enumerated events, if material. Currently, the District’s Fiscal Year ends on June 30 of each year. The Annual Report will be filed by the District in readable PDF or other acceptable electronic form with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board (“EMMA”). Any notices of material events will be filed with EMMA in the same manner as an Annual Report. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth below under the caption **“APPENDIX C — Form of Continuing Disclosure Certificate.”** These covenants have been made to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

## **Financial Advisor**

The District has entered into an agreement with KNN Public Finance, A Division of Zions First National Bank (the “Financial Advisor”), whereunder the Financial Advisor provides financial recommendations and guidance to the District with respect to preparation and sale of the Bonds. The Financial Advisor has read and participated in the drafting of certain portions of this Official Statement and has supervised the completion and editing thereof. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the District, with respect to accuracy and completeness of disclosure of such information, and the Financial Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

## **Additional Information**

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolutions providing for issuance of the Bonds, and the documents, statutes and constitutional provisions referenced herein, do not purport to be complete, and reference is made to said documents, statutes, and constitutional provisions for full and complete statements of their provisions. This Official Statement has been approved by the District

**WOODLAND JOINT UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Assistant Superintendent, Business and Operations

**APPENDIX A**

**BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2008,  
WITH MANAGEMENT'S DISCUSSION AND ANALYSIS, INDEPENDENT  
AUDITOR'S LETTER AND CERTAIN SUPPLEMENTARY INFORMATION  
FOR WOODLAND JOINT UNIFIED SCHOOL DISTRICT**

**WOODLAND JOINT UNIFIED  
SCHOOL DISTRICT**

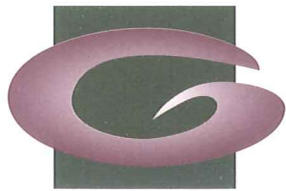
**COUNTY OF YOLO  
WOODLAND, CALIFORNIA**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED JUNE 30, 2008**



## **FINANCIAL SECTION**



**Gilbert Associates, Inc.**  
CPAs and Advisors

## **INDEPENDENT AUDITOR'S REPORT**

**Board of Trustees  
Woodland Joint Unified School District  
Woodland, California**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodland Joint Unified School District (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2007-08*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Board of Trustees**  
**Woodland Joint Unified School District**  
**Page 2**

The Management's Discussion and Analysis on pages 3 through 14 and the budgetary comparison information on page 43 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the District. The accompanying supplementary information is not a required part of the basic financial statements and is presented for purposes of additional analysis as required by the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2007-08*, published by the Education Audit Appeals Panel. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Gilbert Associates, Inc.*

**GILBERT ASSOCIATES, INC.**  
**Sacramento, California**

**December 15, 2008**

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008

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An overview of the Woodland Joint Unified School District's financial activities for the fiscal year ended June 30, 2008, is presented in this discussion and analysis of the District's financial position.

This Management Discussion and Analysis should be read in conjunction with the District's financial statements, including the notes and supplementary information, which immediately follow this section.

### Financial Highlights

- Total government-wide revenue for the 2007-08 fiscal year was \$100.9 million. Expenses totaled \$100.8 million.
- Capital assets, net of depreciation, total \$104.6 million.
- Modernization projects were completed at Zamora Elementary, Woodland Prairie Elementary, and Woodland High School. Total costs expended on project work in progress totaled \$2.1 million.
- Long term debt decreased by \$2.2 million comprised of reductions to General Obligation Bond Debt (\$1.5 million), Certificates of Participation debt (\$85,000), early retirement incentive program debt (\$401,398) and a net decrease in Capital Leases of (\$479,122).

### Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

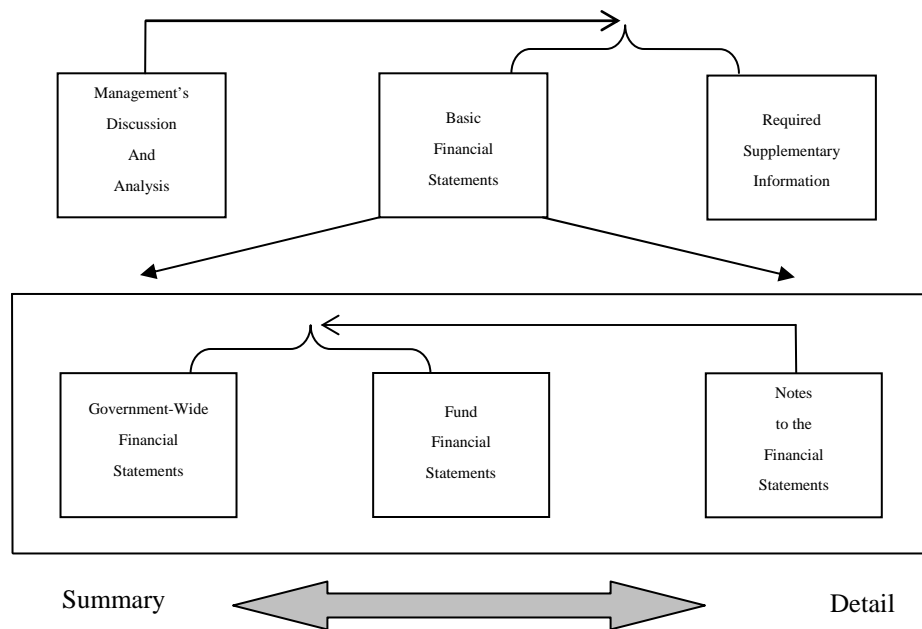
# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008

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The fund financial statements can be further broken down into three types:

- *Governmental funds statements*, which tell how basic services, such as regular and special education, were financed in the short-term, as well as what remains for future spending.
- *Fiduciary funds statements*, providing information about the financial relationships in which the District acts solely as trustee or agent for the benefit of others to whom the resources belong.
- *Notes to the financial statements* include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the fiscal year. The diagram presented below shows how the various parts of the annual financial report are arranged and relate to one another.



The chart on the next page summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008

### Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Government Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as student activities monies
Required financial statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance	Statement of Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities both short-term and long-term; Standard funds do not currently contain non-financial assets, though they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

### Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008

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The two government-wide statements report the District's net assets and how they have changed. Net assets (the difference between the District's assets and liabilities) are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating. To assess the overall health of the District, additional non-financial factors, including the condition of the District's school buildings and other facilities, must be considered.

In the government-wide financial statements, the District's activities are reported as Governmental activities. Most of the District's services are included here, such as regular and special education, transportation and administration. Funding received from the State of California through the revenue limit, along with categorical and special funding received from the federal and state governments, finance most of these activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used.

There are two types of funds that the District utilizes:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps in the determination of whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. This information does not encompass the additional long-term focus of the government-wide statements; therefore additional information at the bottom of the governmental funds statements is provided that explains the relationship (or differences) between them.
- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets in these funds are used only for their intended purposes and only by those to whom they belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. These activities are excluded from the government-wide financial statements because the District cannot use these assets to finance operations.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008

### Financial Analysis of the District as a Whole

The computation of District net assets is presented by category in the table below:

	Government-Wide Activities		
	2007/08	2006/07	% Variance
<b><u>Current and other assets:</u></b>			
Cash and Investments	\$25,845,693	\$26,238,619	
Receivables	12,232,807	12,232,805	
Inventories	284,077	338,279	
Prepaid expense	758,125	491,730	
Capital assets, net of depreciation	104,590,057	104,821,204	
<b>Total Assets</b>	<b>\$143,710,759</b>	<b>\$144,122,637</b>	<b>-0.3%</b>
<b><u>Liabilities:</u></b>			
Long-term debt outstanding	40,847,723	43,030,791	
Other liabilities	11,084,187	11,337,208	
<b>Total Liabilities:</b>	<b>\$51,931,910</b>	<b>\$54,367,999</b>	<b>-4.7%</b>
<b><u>Net Assets:</u></b>			
Invested in capital, net of related debt	64,979,549	65,172,142	
Restricted	19,894,321	17,340,194	
Unrestricted	6,904,979	7,242,302	
<b>Total Net Assets:</b>	<b>\$91,778,849</b>	<b>\$89,754,638</b>	<b>2.2%</b>

Total Assets decreased by \$.4 million during the 2007/08 fiscal year. Capital assets, net of depreciation, increased by a total of \$.5 million. Long term debt decreased by \$2.2 million. These areas are discussed in more detail later in this Management Discussion and Analysis report.

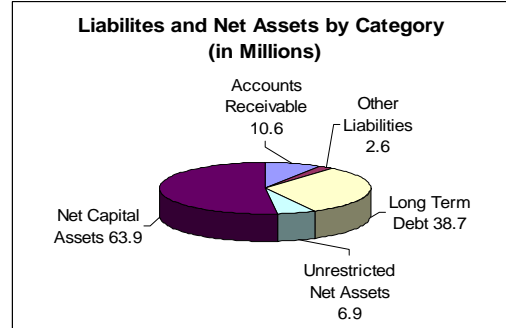
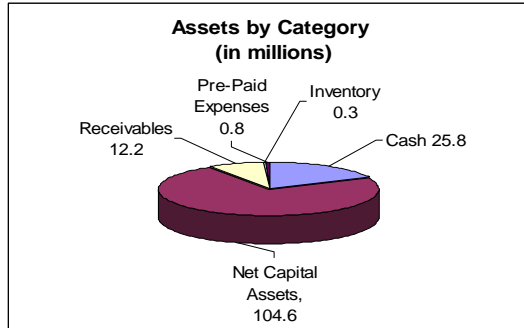
This table compares the District's net assets for the audit year with the most recent prior year. The change in net assets is due largely to large carryover balance from 2006/07.



# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008

Presented below are graphs displaying assets by category and liabilities and net assets by category for the 2007/08 fiscal year:



### Changes in Net Assets

A summary of total District revenues, expenses, and change in net assets is presented in the table below:

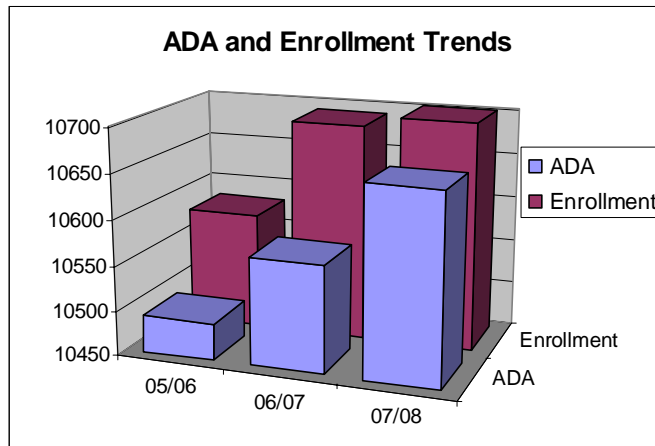
	Government-Wide Activities		
	2007/08	2006/07	Variance
<b>Revenues – Program:</b>			
Charges for Services	\$ 2,484,957	\$ 2,385,603	
Operating Grants and Contributions	26,243,490	25,983,869	
Other Grants & Contributions	230,873		
<b>Revenues – General:</b>			
Unrestricted Federal and State Aid	45,858,073	45,063,950	
Taxes Levied for General Purposes	18,994,409	18,598,272	
Taxes Levied for Debt Service	2,616,543	3,005,392	
Taxes Levied for Other Specific Purposes	144,534	276,314	
Developer fees	2,413,196	3,155,069	
Interest and Investment Earnings	1,469,244	1,309,787	
Other General Revenues	399,495	499,620	
<b>Total Revenues</b>	<b>\$ 100,854,814</b>	<b>\$ 100,277,876</b>	<b>\$576,938</b>
<b>Expenses:</b>			
Instruction	\$ 50,401,058	\$ 48,210,315	
Instruction Related Services	12,933,410	12,017,941	
Pupil Services	12,486,397	9,940,689	
General Administration	5,044,839	4,004,681	
Plant Services	11,051,564	10,768,206	
Other Expenses	6,913,335	9,855,267	
<b>Total Expenses</b>	<b>\$ 98,830,603</b>	<b>\$ 94,797,099</b>	<b>\$4,033,504</b>
<b>Increase in Net Assets</b>	<b>\$ 2,024,211</b>	<b>\$ 5,480,777</b>	
<b>Net Assets, Beginning of the Year</b>	<b>89,754,638</b>	<b>84,273,861</b>	
<b>Net Assets, End of the Year</b>	<b>\$ 91,778,849</b>	<b>\$ 89,754,638</b>	<b>\$2,024,211</b>

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008

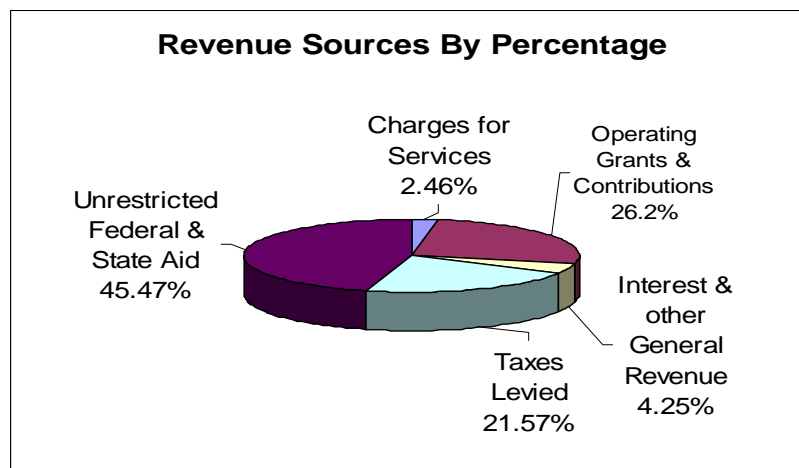
For the 2007/08 fiscal year, total District revenues were \$100.9 million, an increase of \$.6 million from the 2006/07 fiscal year. This variance is due largely to increases in State Aid, and recognition of interest and investment earnings. Total District expenses were \$98.8 million. The difference, \$2 million, is the increase in net assets, bringing the total net assets at June 30, 2008, to \$91.8 million.

A main source of revenue for the District is the State Aid portion of the Revenue Limit, which is included in the Unrestricted Federal and State Aid total. The Revenue Limit is based on Average Daily Attendance (ADA), the fractional proportion of the number of days a student attends school to the number of days the student is enrolled.



District enrollment increased during the fiscal year. The enrollment in grades K – 12 for the 2007/08 fiscal year was 10,701, an increase of 11 students from the prior year.

The following graph displays the District's revenue sources by percentage:

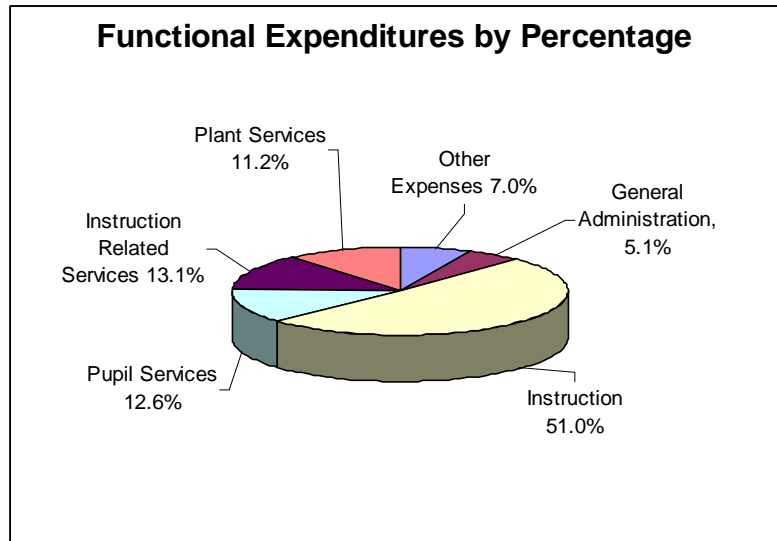


# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008

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The graph below displays the District's expenditures by function:



### Governmental Activities

#### Governmental Activities Expenditures

	Total Cost of Services		Net Cost of Services	
	2007/08	2006/07	2007/08	2006/07
Instruction	\$ 50,401,058	\$ 48,210,315	\$ 37,425,478	\$ 36,423,261
Support Services	48,429,545	46,586,784	32,445,805	30,004,366
Totals	\$ 98,830,603	\$ 94,797,099	\$ 69,871,283	\$ 66,427,627

This table displays by function, the total and net cost of services provided for the 2007/08 fiscal year. The net cost of services represents the total cost less operating and capital grants and contributions, and for revenue received where a charge is made for the service provided.

### Financial Analysis of the District's Funds

The financial health of the District as a whole is also reflected in its governmental funds. At June 30, 2008, the District's governmental funds reported a combined fund balance of \$28.1 million, an increase of \$.1 million over the prior year.

The General Fund reflected expenditures that exceeded revenues by \$.1 million. All funds showing deficits had adequate reserves to cover these shortfalls.

# **WOODLAND JOINT UNIFIED SCHOOL DISTRICT**

## **MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008**

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### **General Fund Budgetary Highlights**

The District's 2007/08 General Fund operating budget was adopted by the Governing Board in June of 2007. As adopted, projected expenditures and transfers-out totaled \$88.9 million. Budgeted revenues and transfers in from other funds totaled \$87.4 million.

There were six formal revisions made to the budget during the year. The items included in these revisions fell into three main categories:

- Increases to both estimated income and expenditures due to the receipt of new grant awards or donations.
- The budgeting of carryover balances from prior years. It is District practice not to budget carryover balances until after the end of the prior fiscal year.
- Increases in appropriations to prevent budget overruns.

Major grants received by the District during the fiscal year included School Community and Violence Prevention, English Language Learner Acquisition & Development Pilot, and Safe Schools/Healthy Students. These major grants total \$3.3 million. Also included as budgeted expenditures were \$4.1 million in restricted program balances and \$1.8 million in carryover balances. As revised, the final General Fund budget totaled \$96.4 million, with expenditures and transfers out projected to exceed revenues by \$1.3 million. District reserves were adequate to cover this projected shortfall.

The final budget projected a deficit of \$1.3 million, and the actual results reflect a decrease of \$1.3 million, with a resulting ending fund balance of \$9.6 million. Comparing the actual results to the final budget discloses the following information regarding this turnaround:

- Actual revenues and transfers in were \$4.4 million less than budget. This variance is due to unspent grant revenues that were deferred to the 2008/09 fiscal year and budgeted grant revenues that were not actually earned at year end.
- Actual expenditures and transfers out were \$10.3 million less than budget. The variance results from allocations made primarily to categorical programs and school sites that were not expended during the year. Many of these allocations can be carried over and have already been budgeted for expenditure in the 2008/09 fiscal year.

The District's financial condition is stable for 2008/09 but will be tested in future years due to the uncertain economic condition of the State of California. The District's plan for moving forward in these unsure times is discussed more fully in the economic factors section found later in this document.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008

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### Capital Asset and Debt Administration

#### Capital Assets at Year-End (Net of Depreciation)

	Government-Wide Activities	
	2007/08	2006/07
Land	\$ 7,141,581	\$ 7,054,645
Improvement of Sites	1,727,936	1,191,964
Buildings	90,969,979	81,333,660
Equipment	3,507,600	3,817,915
Construction in Progress	1,242,961	11,423,020
Totals	\$ 104,590,057	\$104,821,204

Capital assets in the table above are reflected at June 30, 2007, and 2008, net of depreciation. The District uses \$10,000 as its capitalization threshold. Depreciation on each capitalized asset has been calculated using the straight-line method over applicable useful lives. The amount shown for Construction in Progress represents expenditures for projects currently in the construction phase. Depreciation will not be taken on these assets until the projects are complete.

Capital assets, net of depreciation, decreased by \$.2 million during the year. Major capital asset additions include:

✓ Construction in Progress at 5 WJUSD Sites	\$12,297,001
✓ Portable Additions (Zamora, and Woodland Prairie)	631,934

A total of \$12.3 million was reclassified from Construction in Progress to Buildings for these sites where construction projects were complete. Construction in Progress retained a balance of \$1.2 million due to projects still in the construction phase at June 30, 2008. This includes completion of modernization of Woodland High School, the Woodland High practice gym, and continued planning of the new elementary school in the Spring Lake Area.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008

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### Outstanding Debt at Year-End

	Government-Wide Activities	
	2007/08	2006/07
General Obligation Bonds	\$ 33,025,746	\$ 34,243,199
Certificates of Participation	5,357,615	5,442,710
Capital Leases Payable	2,464,362	2,943,484
Other Long-Term Liabilities	0	401,398
Totals	\$ 40,847,723	\$ 43,030,791

Long term debt in the table above are reflected at June 30, 2007, and 2008, net of unamortized bond discounts, bond premiums, and the deferred amount on refunding. Outstanding debt decreased by a net amount of \$2.2 million during the fiscal year. During the year, the District incurred no new debt for the capital leases, and retired \$1.5 million in General Obligation Bonded Indebtedness, \$.08 million in Certificates of Participation indebtedness, \$.4 million for the early retirement incentive program and \$.5 million in capital lease debt.

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

### Economic Factors and Next Year's Budget

The District's budget outlook is still guarded. The District expects to be in a financial position to continue to offer most of the programs and services that are currently offered, but the status of the State's financial crisis will likely include the need for budget cuts in the next few years. If the District's goals included any new services or programs, categorical or grant funds would need to be obtained or some shift of unrestricted general fund dollars from an existing program or service would be required.

The District's 2008/09 budget was prepared using a state Cost of Living Adjustment (COLA) of 5.66%, a deficit factor of 4.71, and does not include any equalization aid. These factors have remained unchanged in subsequent budget revisions. The District's enrollment has nominally increased from 2006/07 to 2007/08, and the District is showing a decrease in enrollment in the fall of 2008/09. Adjustments have been made to revenues at this point in time to reflect the use of 2007/08 P-2 ADA figures due to the fact that they were higher than current enrollment figures. Factors impacting the 2008/09 District budget include the following:

- Enrollment reflects a decline from 2007/08
- Reserves for Economic Uncertainties have been set aside at the State recommended level of 3.0% at budget adoption.

# **WOODLAND JOINT UNIFIED SCHOOL DISTRICT**

## **MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2008**

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- Contracts with both District bargaining units and the management and confidential group have been settled for 2007/08, but have not been settled for 2008/09.
- Anticipated step and column movements have been budgeted at a cost of approximately \$1.0 million.

The 2008/09 budget reflects expenditures for capital projects scheduled for the fiscal year. Included are:

- ✓ Completion of Bleachers at Pioneer High School
- ✓ Continued planning for a new elementary school
- ✓ Construction phase beginning on the new CTE building at Woodland High School
- ✓ New District Office Building
- ✓ Portables at Zamora Elementary and Woodland High School
- ✓ Roofing at Freeman Elementary and Plainfield Elementary
- ✓ Paving at Woodland High School and Dingle

The 2008/09 budget continues to fund most of the programs from the prior year with the caveat that revenue sources are limited and highly subjective at this point. With the uncertainty of the State's intention for mid-year cuts, the budget has been planned based on the most current data available. Revisions to the budget will be made as warranted with the overriding goal being the ability to offer a quality education to all students in the District while maintaining a sound fiscal position.

### **Contacting the District's Financial Management**

This financial report is designed to provide our parents, citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact Dawn Nantz at (530) 662-0201, extension 4346.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## STATEMENT OF NET ASSETS JUNE 30, 2008

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	<b>Governmental Activities</b>
<hr/>	
<b>ASSETS</b>	
Cash and equivalents	\$ 24,754,589
Restricted cash and equivalents	759,952
Receivables	12,232,807
Inventories	284,077
Prepaid expenses	758,125
Restricted investments	331,152
Capital assets:	
Land	7,141,581
Improvement of sites	3,934,955
Buildings	113,039,216
Machinery and equipment	7,793,207
Construction in progress	1,242,961
Less: accumulated depreciation	<u>(28,561,863)</u>
Total capital assets	<u>104,590,057</u>
Total assets	<u>143,710,759</u>
<b>LIABILITIES</b>	
Accounts payable	10,605,866
Deferred revenues	478,321
Long-term liabilities, due within one year	1,878,422
Long-term liabilities, due in more than one year	<u>38,969,301</u>
Total liabilities	<u>51,931,910</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	64,979,549
Restricted for:	
Capital projects	10,142,667
Debt service	3,304,492
Educational programs	5,344,069
Other purposes (expendable)	1,103,093
Unrestricted	<u>6,904,979</u>
 Total net assets	 <u><u>\$ 91,778,849</u></u>



# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## STATEMENTS OF ACTIVITIES YEAR ENDED JUNE 30, 2008

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contri- butions	Governmental Activities
Governmental activities:					
Instruction:					
General	\$ 50,401,058	\$ 620,881	\$ 12,123,826	\$ 230,873	\$ (37,425,478)
Supervision of instruction	5,260,591	39,821	3,745,969		(1,474,801)
Instructional library, media, and technology	941,093		231,109		(709,984)
School site administration	6,731,726	82,631	784,431		(5,864,664)
Pupil services:					
Pupil transportation	2,790,386	467,358	1,223,824		(1,099,204)
Food services	3,557,620	1,061,721	2,432,793		(63,106)
Other pupil services	6,138,391	55,489	2,474,813		(3,608,089)
Ancillary services	761,321	172	5,920		(755,229)
Community services	787,282	3,665	622,218		(161,399)
General and administration:					
Data processing services	927,290				(927,290)
Other general administration	4,117,549	110,264	988,557		(3,018,728)
Plant services:					
Plant maintenance and operations	11,051,564	32,686	1,400,518		(9,618,360)
Interest on debt	1,864,543				(1,864,543)
Transfers to other agencies	431,999	10,269	209,512		(212,218)
Depreciation, unallocated	3,068,190				(3,068,190)
Totals	<u>\$ 98,830,603</u>	<u>\$ 2,484,957</u>	<u>\$ 26,243,490</u>	<u>\$ 230,873</u>	<u>(69,871,283)</u>
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					18,994,409
Taxes levied for debt service					2,616,543
Taxes levied for other specific purpose					144,534
Federal and state aid not restricted to specific purposes					45,858,073
Developer fees					2,413,196
Interest and investment earnings					1,469,244
Miscellaneous					399,495
Total general revenues					<u>71,895,494</u>
Change in net assets					2,024,211
Net assets – beginning					<u>89,754,638</u>
Net assets – ending					\$ 91,778,849

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

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## BALANCE SHEETS GOVERNMENTAL FUNDS JUNE 30, 2008

	General Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 8,044,167	\$ 9,815,860	\$ 6,894,562	\$ 24,754,589
Restricted cash and equivalents			759,952	759,952
Receivables	10,527,348	53,177	1,652,282	12,232,807
Due from other funds	905,118		388,196	1,293,314
Inventories	188,796		95,281	284,077
Restricted investments			331,152	331,152
Prepaid expenditures	37,083		250,000	287,083
Total assets	<u>\$ 19,702,512</u>	<u>\$ 9,869,037</u>	<u>\$ 10,371,425</u>	<u>\$ 39,942,974</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 9,324,155	\$ 137,656	\$ 459,347	\$ 9,921,158
Due to other funds	164,771	17,095	1,111,448	1,293,314
Deferred revenue	580,269		8,804	589,073
Total liabilities	<u>10,069,195</u>	<u>154,751</u>	<u>1,579,599</u>	<u>11,803,545</u>
Fund balances:				
Reserved for:				
Revolving cash	26,250			26,250
Inventories	188,796		95,281	284,077
Prepaid expenditures	37,083		250,000	287,083
Debt service			3,304,492	3,304,492
Legally restricted programs	4,737,118		7,243	4,744,361
Unreserved, designated	3,256,759		53,000	3,309,759
Unreserved, reported in:				
General fund	1,387,311			1,387,311
Special revenue funds			1,554,520	1,554,520
Capital projects funds		9,714,286	3,527,290	13,241,576
Total fund balances	<u>9,633,317</u>	<u>9,714,286</u>	<u>8,791,826</u>	<u>28,139,429</u>
Total liabilities and fund balances	<u>\$ 19,702,512</u>	<u>\$ 9,869,037</u>	<u>\$ 10,371,425</u>	<u>\$ 39,942,974</u>

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

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENTS OF NET ASSETS JUNE 30, 2008

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<b>Total fund balances, total governmental funds</b>	<b>\$ 28,139,429</b>
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Amounts reported for governmental activities in the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The historical cost of the capital assets is \$133,151,920 and the accumulated depreciation is \$28,561,863	104,590,057
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In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs are included in prepaid expense on the statement of net assets are:	471,042
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Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owing at the end of the period was:	(684,708)
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Deferred recognition of earned but unavailable revenues: In governmental funds, revenue is recognized only to the extent that it is "available," meaning it will be collected soon enough after the end of the period to finance expenditures of that period. Receivables for revenues that are earned but unavailable are deferred until the period in which the revenues become available. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of unavailable revenues that were deferred as a liability in governmental funds, but are recognized in the government-wide statements, is:	110,752
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities, including accrued interest, net deferred charges, are included in governmental activities in the statement of net assets.

General obligation bonds	\$ (33,655,000)
Certificates of participation	(5,355,000)
Capital leases	(2,464,362)
Deferred amount on refunding	606,227
Unamortized premiums and discounts	<u>20,412</u>
Total long-term liabilities	<u>(40,847,723)</u>

<b>Total net assets, governmental activities</b>	<b>\$ <u>91,778,849</u></b>
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# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2008

	General Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
State apportionment	\$ 40,474,506			\$ 40,474,506
Local sources	18,658,583			18,658,583
Total revenue limit	59,133,089			59,133,089
Federal revenues	6,457,718		\$ 2,450,284	8,908,002
Other state revenues	15,614,828		3,740,566	19,355,394
Other local revenues	6,201,702	\$ 2,987,424	4,312,054	13,501,180
Total revenues	87,407,337	2,987,424	10,502,904	100,897,665
<b>EXPENDITURES</b>				
Current:				
Instruction	49,118,025		1,326,920	50,444,945
Instruction-related services:				
Supervision of instruction	5,107,825		148,235	5,256,060
Instructional library, media, and technology	941,093			941,093
School site administration	6,064,398		667,328	6,731,726
Pupil services:				
Pupil transportation	2,765,633			2,765,633
Food services			3,552,870	3,552,870
Other pupil services	6,120,073		18,318	6,138,391
Ancillary services	761,321			761,321
Community services	197,573		589,709	787,282
General and administration:				
Board and superintendent	673,201			673,201
Fiscal services	1,536,408			1,536,408
Data processing services	927,290			927,290
All other general and administration	1,518,098	54,497	270,565	1,843,160
Plant services	10,280,903	225,729	515,705	11,022,337
Debt service:				
Principal	784,548	85,000	1,345,971	2,215,519
Interest and other charges	123,581	232,148	1,500,447	1,856,176
Capital outlay	191,894	739,284	1,969,331	2,900,509
Transfers to other agencies	431,999			431,999
Total expenditures	87,543,863	1,336,658	11,905,399	100,785,920
Excess (deficiency) of revenues over expenditures	(136,526)	1,650,766	(1,402,495)	111,745
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers out	(1,335,552)		(454,678)	(1,790,230)
Interfund transfers in			1,790,230	1,790,230
Total other financing sources (uses)	(1,335,552)		1,335,552	
Net increase in fund balances	(1,472,078)	1,650,766	(66,943)	111,745
Fund balances – beginning	11,105,395	8,063,520	8,858,769	28,027,684
Fund balances – ending	\$ 9,633,317	\$ 9,714,286	\$ 8,791,826	\$ 28,139,429

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

**WOODLAND JOINT UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2008**

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<b>Net increase in fund balances, total governmental funds</b>	<b>\$ 111,745</b>
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$3,328,375) exceeds capital outlay (\$3,118,007)	(210,368)
Repayment of the principal of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net assets.	
Payment to bondholders	\$ 1,335,000
Payment for capital leases	479,122
Payment for supplemental employee retirement plan	<u>401,398</u>
Net adjustment	2,215,520
Premiums, discounts, and other charges related to long-term debt are expended in the year of issuance by governmental funds. However, these costs are deferred and amortized in the statement of activities. This amount reflects the amortization of premiums, discounts, and deferred charges.	(53,140)
Revenues in the statement of activities that do not provide current financial resources, because they will not be collected within the District's availability period, are not reported as revenues in governmental funds.	(42,851)
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. However, in the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at year end less matured interest paid during the year but owing from the prior year was:	24,084
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is recognized.	<u>(20,779)</u>
<b>Increase in net assets, governmental activities</b>	<b><u>\$ 2,024,211</u></b>

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS JUNE 30, 2008

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	<b>Private Purpose Trust Fund</b>	<b>Student Body Fund</b>
<b>ASSETS</b>		
Cash and equivalents	\$ 17,670	\$ 800,355
Other receivables	101	
Inventory		17,079
Total assets	<u>\$ 17,771</u>	<u>\$ 817,434</u>
<b>LIABILITIES</b>		
Due to student groups		<u>\$ 817,434</u>
Total liabilities		<u>\$ 817,434</u>
<b>NET ASSETS</b>		
Held in trust for benefits and other purposes	<u>\$ 17,771</u>	

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS YEAR ENDED JUNE 30, 2008

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	<b>Private Purpose Trust Fund</b>
<b>ADDITIONS</b>	
Interest	\$ 918
Scholarship contributions	<u>1,620</u>
Total additions	<u>2,538</u>
<b>DEDUCTIONS</b>	
Scholarship awards	<u>5,000</u>
Total deductions	<u>5,000</u>
Change in net assets	(2,462)
Net assets - beginning	<u>20,233</u>
Net assets - ending	<u><u>\$ 17,771</u></u>

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A. ACCOUNTING POLICIES

The Woodland Joint Unified School District (the District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

#### B. REPORTING ENTITY

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

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

#### C. BASIS OF PRESENTATION

**Government-wide financial statements** – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.



# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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**Fund financial statements** – Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column as other governmental funds. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

### D. BASIS OF ACCOUNTING

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

**Revenues – Exchange and Non-exchange Transactions** – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 45, 60, or 90 days after year end depending on the revenue source. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state aid apportionments, the California Department of Education has defined available as collectible within one year.

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

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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**Deferred Revenue** – Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been offset with deferred revenue.

**Expenses/Expenditures** – Under the accrual basis of accounting, expenses are recognized at the time they are incurred. However, the measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental fund financial statements.

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

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

### E. FUND ACCOUNTING

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

#### Major Governmental Funds

The **General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Capital Facilities Fund** is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Non-Major Governmental Funds

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

The **Adult Education Fund** is used to account for resources committed to adult education programs maintained by the District.

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

The **Child Development Fund** is used to account for resources committed to child development programs maintained by the District.

The **Deferred Maintenance Fund** is used for the purpose of major repair or replacement of District property.

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

The **Bond Interest and Redemption Fund** is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and other debt related costs.

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

The **County School Facilities Fund** is used to account for state apportionment provided for construction and reconstruction of school facilities under SB50.

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

The **Special Reserve Fund** is used to account for various maintenance and capital outlay projects.

### Fiduciary Funds

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others.

**Agency Funds** are used to account for assets of others for which the District acts as an agent. The District maintains **student body funds**, which are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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**Private Purpose Trust Funds** are used to account for assets where both the principal and interest may be spent. The District maintains one private purpose trust fund, the Foundation Fund, which is used to provide financial assistance to students.

### F. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, with the exception of Debt Service Funds. By state law, the District's governing board must approve a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption.

These budgets are revised by the District's governing board and District superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as required supplementary information in these financial statements.

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

### G. CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

### H. INVENTORIES

Inventories are recorded using the consumption method, in that the cost is recorded as an expenditure at the time individual inventory items are withdrawn from inventory for consumption. Inventories in the applicable funds consist primarily of expendable supplies and food held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

### I. PREPAID EXPENSES

Prepaid expenses include debt issuance costs of \$522,832 with accumulated amortization of \$51,790. The debt issuance costs are amortized on the straight-line basis over the lives of the related debt. Amortization expense for the year ended June 30, 2008, was \$20,688.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### J. CAPITAL ASSETS

Capital assets are those purchased or acquired with an original cost of \$10,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

<u>Assets Class</u>	<u>Years</u>
Improvement of Sites	20
Buildings	20-50
Machinery and Equipment	5-30

### K. FUND BALANCE RESERVES AND DESIGNATIONS

In the governmental fund financial statements, reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. The reserves for revolving fund, stores inventory, and legally restricted programs reflects the portions of fund balance that are not available for appropriation and expenditure at the balance sheet date.

Designations of the ending fund balance indicate tentative plans for financial resource use in a future period.

### L. PROPERTY TAXES

Secured property taxes attach as an enforceable lien on property as of January 1, and are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Yolo bills and collects the taxes for the District.

### M. LONG-TERM OBLIGATIONS

The District reports long-term obligations of governmental funds net of related discounts, premiums, and deferred amount on refunding in the government-wide financial statements.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### N. FUTURE GASB STATEMENT IMPLEMENTATION

In July of 2004, the GASB issued GASB Statement 45 (GASB 45), *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, with required implementation for the District during the fiscal year end June 30, 2009. The new statement will significantly change the way state and local governments report their "other post employment benefits" to the public. As a result of GASB 45, state and local governments will be required to (1) recognize the cost of these benefits in periods when the related services were rendered to the employer, (2) provide information about the actuarial accrued liabilities for promised benefits associated with past services and to what extent those benefits have been funded, and (3) provide information useful in assessing potential demands on the employer's cash flow.

## 2. CASH AND INVESTMENTS

### Cash and Investments

Cash and investments as of June 30, 2008, are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and equivalents	\$ 24,754,589
Restricted cash and equivalents	759,952
Restricted investments	331,152
Fiduciary funds:	
Cash and equivalents	<u>818,025</u>
Total cash, equivalents, and investments	<u>\$ 26,663,718</u>

Cash and investments as of June 30, 2008, consist of the following:

Cash with financial institutions	\$ 826,905
Cash and Investments with County Treasury	24,599,598
Cash and Investments with fiscal agent	<u>1,237,215</u>
Total cash and investments	<u>\$ 26,663,718</u>

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

### Investments Authorized by the District's Investment Policy

#### Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the District by the California Government Code Section 53601. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Mortgage Pass through Securities	5 years	20%	None
Joint Power Agreements	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None

#### Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Yolo County Treasury (the Treasury). The Treasury pools these funds with those of other districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

#### Derivative Investments

The District did not directly enter into any derivative investments. Information regarding the amount of dollars invested in derivatives by the Yolo County Treasury was not available.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

### Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
Federal Securities	None	None	None
Federal Agencies	None	None	None
Bonds	None	None	None
Bankers Acceptances	360 Days	None	None
Commercial Paper	270 days	None	None
Certificates of Deposit	360 Days	None	None
Repurchase Agreements	None	None	None
Mutual / Money Market Funds	None	None	None
Municipal Obligations	None	None	None
California Asset Management Program	None	None	None
Local Agency Investment Funds (LAIF)	None	None	None

### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates. One of the ways to manage exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The interest rate risk inherent in a portfolio can be measured using the weighted average maturity of the portfolio.

	Weighted Average Maturity (in years)
Yolo County Treasury Investment Pool	.87
Cash - SunTrust	N/A
Money Market Funds – Wells Fargo	.07
Bonds	2.55



# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year end for each investment type.

		<u>Rating as of End of Year</u>
Yolo County Treasury Investment Pool	\$ 24,599,598	Not rated
Cash - SunTrust	146,111	N/A
Money Market Funds – Wells Fargo	759,952	Aaa
Bonds	<u>331,152</u>	A - Aaa
Total Investments	<u>\$ 25,836,813</u>	

### Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District does not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total District investments.

The District did not have any investments in any one issuer that represent 5% or more of total investments by reporting unit (primary government, governmental activities, major fund, nonmajor funds in the aggregate, etc.).

### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Education Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amounts deposited by the public agencies.

The District's deposits with financial institutions in excess of federal depository insurance limits held in uncollateralized accounts were \$339,243. The bonds and the investments in money market funds are uninsured and unregistered.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

### 3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2008:

	General Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
Federal government	\$ 6,470,451		\$ 451,088	\$ 6,921,539
State government	3,265,669		1,190,904	4,456,573
Local government	791,184	\$ 53,177	1,995	846,356
Miscellaneous	44		8,295	8,339
Totals	\$ 10,527,348	\$ 53,177	\$ 1,652,282	\$ 12,232,807

Included in state government receivables above is a receivable for a favorable settlement relating to special education programs and services in the amount of \$110,752. This receivable will be collected by the District over the next two years.

### 4. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

#### Due From/Due To Other Funds

Individual interfund receivables and payables as of June 30, 2008, as follows:

	Payable Fund			
Receivable Fund	General Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
General Fund		\$ 17,095	\$ 888,023	\$ 905,118
Other Governmental Funds	\$ 164,771		223,425	388,196
Totals	\$ 164,771	\$ 17,095	\$ 1,111,448	\$ 1,293,314

Interfund receivables and payables are paid and cleared in the subsequent period.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

### Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

Interfund transfers for the year ended June 30, 2008, were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	
	<u>Other Governmental Funds</u>	<u>Total</u>
General Fund	\$ 1,335,552	\$ 1,335,552
Other Governmental Funds	<u>454,678</u>	<u>454,678</u>
Total	<u>\$ 1,790,230</u>	<u>\$ 1,790,230</u>

### 5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
Capital assets, not being depreciated:				
Land	\$ 7,054,645	\$ 86,936		\$ 7,141,581
Construction in progress	<u>11,423,020</u>	<u>2,116,942</u>	<u>\$ (12,297,001)</u>	<u>1,242,961</u>
Total capital assets, not being depreciated	<u>18,477,665</u>	<u>2,203,878</u>	<u>(12,297,001)</u>	<u>8,384,542</u>
Capital assets, being depreciated:				
Improvement of sites	3,303,021	631,934		3,934,955
Buildings	100,742,215	12,297,001		113,039,216
Machinery and equipment	<u>7,533,177</u>	<u>282,195</u>	<u>(22,165)</u>	<u>7,793,207</u>
Total capital assets, being depreciated	<u>111,578,413</u>	<u>13,211,130</u>	<u>(22,165)</u>	<u>124,767,378</u>
Less accumulated depreciation for:				
Improvement of sites	(2,111,057)	(95,962)		(2,207,019)
Buildings	(19,408,555)	(2,660,682)		(22,069,237)
Machinery and equipment	<u>(3,715,262)</u>	<u>(571,731)</u>	<u>1,386</u>	<u>(4,285,607)</u>
Total accumulated depreciation	<u>(25,234,874)</u>	<u>(3,328,375)</u>	<u>1,386</u>	<u>(28,561,863)</u>
Total capital assets, being depreciated, net	<u>86,343,539</u>	<u>9,882,755</u>	<u>(20,779)</u>	<u>96,205,515</u>
Governmental activities capital assets, net	<u>\$ 104,821,204</u>	<u>\$ 12,086,633</u>	<u>\$ (12,317,780)</u>	<u>\$ 104,590,057</u>

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

For the year ended June 30, 2008, depreciation expense was charged to functions as follows:

Governmental activities:

Instruction	\$	19,691
Supervision of instruction		4,531
Pupil transportation		167,992
Food services		4,750
Other general administration		15,555
Plant services		47,666
Depreciation (unallocated portion)		<u>3,068,190</u>
Total depreciation expense	\$	<u>3,328,375</u>

### 6. LONG-TERM LIABILITIES

#### General Obligation Bonds

In 2000, the District issued General Obligation Bonds in the amount of \$9,500,000, with interest rates ranging from 5.375% to 5.85%. As of June 30, 2008, the principal balance outstanding was \$0.

In 2001, the District issued General Obligation Bonds in the amount of \$10,500,000, with interest rates ranging from 4.25% to 8.0%. As of June 30, 2008, the principal balance outstanding was \$325,000.

In 2002, the District issued General Obligation Bonds in the amount of \$20,000,000, with interest rates ranging from 4.0% to 5.75%. As of June 30, 2008, the principal balance outstanding was \$17,765,000.

In 2005, the District issued General Obligation Refunding Bonds in the amount of \$15,970,000, with interest rates ranging from 3.0% to 4.50%. As of June 30, 2008, the principal balance outstanding was \$15,565,000.

The bonds mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,290,000	\$ 1,433,356	\$ 2,723,356
2010	1,335,000	1,384,012	2,719,012
2011	1,380,000	1,334,650	2,714,650
2012	1,420,000	1,283,663	2,703,663
2013	1,475,000	1,228,481	2,703,481
2014-2018	8,290,000	5,185,760	13,475,760
2019-2023	10,275,000	3,175,564	13,450,564
2024-2027	<u>8,190,000</u>	<u>710,844</u>	<u>8,900,844</u>
Totals	<u>\$ 33,655,000</u>	<u>\$ 15,736,330</u>	<u>\$ 49,391,330</u>

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

### Defeased Bonds

As a result of the advance refunding, the 2000 and a portion of the 2001 bonds are considered in-substance defeased and the liability for those bonds has been removed from the District's financial statements. The balance outstanding of the defeased bonds on June 30, 2008, was \$12,180,439.

### Certificates of Participation

In 2005, the District issued Certificates of Participation in the amount of \$5,580,000, with interest rates ranging from 3.0% to 4.625%. As of June 30, 2008, the principal balance outstanding was \$5,355,000.

The certificates mature as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 100,000	\$ 229,257	\$ 329,257
2010	100,000	226,069	326,069
2011	105,000	222,712	327,712
2012	110,000	219,124	329,124
2013	115,000	215,255	330,255
2014-2018	650,000	1,005,235	1,655,235
2019-2023	785,000	858,731	1,643,731
2024-2028	980,000	667,714	1,647,714
2029-2033	1,215,000	421,197	1,636,197
2034-2037	1,195,000	113,658	1,308,658
Totals	<u>\$ 5,355,000</u>	<u>\$ 4,178,952</u>	<u>\$ 9,533,952</u>

### Post-Employment Benefits

In addition to the CalPERS/STRS pension benefits described in Note 11, the District provides postretirement health care benefits to age 65 for certain groups of employees who retire from the District after attaining age 55 with at least 15 years of service. These postretirement health care benefit provisions are established per contractual agreement with employee groups. On June 30, 2008, 73 retirees met these eligibility requirements. For certificated employees who retired prior to July 1, 1989, and for all retired classified employees, who retired prior to July 1, 2001, the same plan of benefits provided to active employees is provided. For certificated employees retiring after July 1, 1989, the District funds benefits up to a maximum of \$433 per month. For classified employees who retired after July 1, 2001, the District funds benefits up to a maximum of \$818 per month on a pay-as-you-go basis. During the year, expenditures of \$422,243 were recognized for postretirement health care benefits. In addition, the District has estimated that the liability for post-employment benefits for currently retired beneficiaries at June 30, 2008, is \$1,381,889.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Capital Leases

The District has entered into various leases for equipment that have been capitalized and recorded as long-term debt. Future minimum lease payments as of June 30, 2008, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 488,422	\$ 93,859	\$ 582,281
2010	496,648	74,417	571,065
2011	445,234	55,208	500,442
2012	427,178	37,952	465,130
2013	235,421	22,383	257,804
2014-2015	<u>371,459</u>	<u>15,257</u>	<u>386,716</u>
Totals	<u>\$ 2,464,362</u>	<u>\$ 299,076</u>	<u>\$ 2,763,438</u>

### Supplemental Retirement Plan

The District adopted a Supplemental Employee Retirement Plan (SERP) in 2002/2003, which was financed through United of Omaha Life Insurance Company. The SERP was a voluntary plan for all Certificated employees who retired and met the following eligibility requirements:

1. Eligibility Requirement - Age 55 or greater as of August 15, 2003, **and** eligible to retire under the State Teachers' Retirement System
2. Eligibility Requirement - 15 or more years of service with continuous service during the last five years of employment

A total of 28 employees decided to participate. Each participating employee received 7% of their ending salary for life. However, each employee had the option of selecting an alternative annuity option. The total cost to the District was \$2,107,350. The total cost of \$2,107,350 was discounted by five percent to arrive at a present value of \$1,915,720. The SERP liability was satisfied during the fiscal year, and thus at June 30, 2008, the remaining balance is \$0.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

### Changes In Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008, is shown below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 34,905,000		\$ (1,250,000)	\$ 33,655,000	\$ 1,290,000
Deferred Amount on					
Refunding	(637,583)		31,356	(606,227)	
Unamortized Discount	(24,218)		1,191	(23,027)	
Certificates of Participation	5,440,000		(85,000)	5,355,000	100,000
Unamortized Premium	2,710		(95)	2,615	
Capital Leases	2,943,484		(479,122)	2,464,362	488,422
Supplemental Employee					
Retirement Plan	<u>401,398</u>	<u>          </u>	<u>(401,398)</u>	<u>0</u>	<u>0</u>
Governmental Activities Long-					
term Liabilities	<u>\$ 43,030,791</u>	<u>\$           </u>	<u>\$ (2,183,068)</u>	<u>\$ 40,847,723</u>	<u>\$ 1,878,422</u>

The deferred amount on refunding, bond discount and bond premium are amortized on the straight-line method, which approximates the effective interest method, over the life of the related debt.

### 7. OPERATING LEASES

The District has entered into various operating leases for portable classrooms, with lease terms in excess of one year. All the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors. It is unlikely that the District will cancel any of the agreements prior to the expiration dates. Future minimum lease payments under these agreements are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2009	\$ 439,471
2010	456,592
2011	466,354
2012	493,384
2013	517,488
2014-2018	2,822,511
2019-2023	3,183,335
2024-2028	3,690,358
2029-2033	4,278,136
2034-2038	4,866,040
2039	<u>594,083</u>
Total	<u>\$ 21,807,752</u>

Total rent expense incurred during the year ended June 30, 2008, under these leases was \$488,916.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2008, the District participated in one joint powers authorities (JPA) for purposes of pooling of risk related to property, liability, and worker's compensation claims. See "Joint Venture" footnote for nature of participation.

### 9. JOINT VENTURE

The District participates in one joint venture under a JPA with the Schools Insurance Authority (SIA). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

SIA arranges for and provides workers' compensation, property, liability, dental, and vision insurance coverage for its members. SIA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district is obligated to pay an amount commensurate with the level of coverage requested and may be subject to assessments and receipts of dividends.

#### NATURE OF PARTICIPATION

##### 1. Workers' Compensation

JPA's SIA:	\$0 - \$1,000,000
Insurance:	AIG - \$1,000,000 to Statutory limits

##### 2. Property

District Deductible:	\$5,000
JPA's SIA:	\$5,000 - \$100,000
Reinsurance:	Public Entity Property Insurance Program: Layer 1- Excess of \$100,000 to \$1,000,000,000

##### 3. Liability

JPA's SIA:	\$0 - \$500,000
Reinsurance:	Genesis: Layer 1 – Excess of \$500,000 to \$5,000,000
Excess Insurance:	Schools Excess Liability Fund: Excess of \$5,000,000 to \$20,000,000



# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### 4. Fidelity Bond

District Deductible: \$5,000

Insurance: Fidelity and Deposit Co. of Maryland - \$3,000,000

Complete separate financial statements for the JPA may be obtained from the District at 630 Cottonwood Street, Woodland, CA 95695.

Condensed financial information of SIA for the year ended June 30, 2007, (most recent available) is as follows:

Total Assets	\$ <u>65,040,619</u>
Total Liabilities	\$ 37,236,334
Retained Earnings	<u>27,804,285</u>
	\$ <u>65,040,619</u>
Total Revenues	\$ 44,861,160
Total Expenses	<u>21,559,000</u>
Net Increase in Retained Earnings	\$ <u>23,302,160</u>

SIA does not account for members' equity on an individual basis. Therefore the District's share of the above balances is not determinable.

### 10. COMMITMENTS AND CONTINGENCIES

#### State and Federal Allowances, Awards, and Grants

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

#### Litigation

Various claims and litigation involving the District are currently outstanding. However, based on consultation with legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

### 11. EMPLOYEE RETIREMENT SYSTEMS

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

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### CalPERS:

#### Plan Description

The District contributes to the School Employee Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

#### Funding Policy

Active plan members are required to contribute 7% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2007-08 was 9.306% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2008, 2007, and 2006 were \$512,914, \$1,184,476, and \$1,041,586, respectively, and equal 100% of the required contributions for each year.

### STRS:

#### Plan Description

The District contributes to STRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

#### Funding Policy

Active plan members are required to contribute 8% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-08 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2008, 2007, and 2006 were \$3,611,656, \$3,415,378, and \$3,123,241, respectively, and equal 100% of the required contributions for each year.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Other Information

Under STRS law, certain early retirement incentives require the employer to pay the present value of the additional benefit which may be paid on either a current or deferred basis. The District has no obligations to STRS for early retirement incentives granted to terminated employees.

### **12. ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA**

The District was the recipient of on-behalf payments made by STRS for K-12 education. These payments consisted of state general fund contributions to STRS in the amount of \$2,732,506. The contribution consisted of 4.517% of fiscal year 2007-08 salaries subject to STRS and an additional 2.237% of fiscal year 2003-04 salaries subject to STRS. The additional funding in the current fiscal year was a result of the reduction to the 2003-04 state contribution to the Supplemental Benefit Maintenance Account (SBMA) of \$500 million. Subsequent litigation contended this reduction, and ultimately the funds were ordered to be transferred to the SBMA. The transfer occurred during 2007-08. 2.237% is the difference between the normal SBMA contribution rate that would have applied, 2.5%, and the rate calculated for 2003-04, .263%, based on the reduced state contribution.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>				
State apportionment	\$ 41,045,518	\$ 41,255,809	\$ 40,474,506	\$ (781,303)
Local sources	<u>18,556,527</u>	<u>17,861,257</u>	<u>18,658,583</u>	<u>797,326</u>
Total revenue limit	59,602,045	59,117,066	59,133,089	16,023
Federal Sources	6,571,509	9,646,641	6,457,718	(3,188,923)
Other state revenues	12,453,273	16,697,588	15,614,828	(1,082,760)
Other local revenues	<u>5,200,119</u>	<u>6,345,830</u>	<u>6,201,702</u>	<u>(144,128)</u>
Total revenues	<u>83,826,946</u>	<u>91,807,125</u>	<u>87,407,337</u>	<u>(4,399,788)</u>
<b>EXPENDITURES</b>				
Certificated personnel salaries	42,726,507	44,002,261	43,291,506	710,755
Classified personnel salaries	13,726,200	14,520,150	14,575,555	(55,405)
Employee benefits	12,977,832	13,327,205	13,050,866	276,339
Books and supplies	4,797,828	13,181,842	5,124,971	8,056,871
Services and other operating expenditures	8,608,881	11,267,145	10,049,951	1,217,194
Capital outlay	169,770	474,918	398,546	76,372
Other outgo	1,350,833	456,024	431,999	24,025
Allocation of indirect costs	(301,814)	(250,851)	(287,660)	36,809
Debt service		<u>908,130</u>	<u>908,129</u>	<u>1</u>
Total expenditures	<u>84,056,037</u>	<u>97,886,824</u>	<u>87,543,863</u>	<u>10,342,961</u>
Deficiency of revenues under expenditures	<u>(229,091)</u>	<u>(6,079,699)</u>	<u>(136,526)</u>	<u>5,943,173</u>
<b>OTHER FINANCING USES</b>				
Interfund transfers out	<u>(388,662)</u>	<u>(1,291,041)</u>	<u>(1,335,552)</u>	<u>(44,511)</u>
Total other financing uses	<u>(388,662)</u>	<u>(1,291,041)</u>	<u>(1,335,552)</u>	<u>(44,511)</u>
Net decrease in fund balance	(617,753)	(7,370,740)	(1,472,078)	5,898,662
Fund balance – beginning	<u>11,105,395</u>	<u>11,105,395</u>	<u>11,105,395</u>	
Fund balance – ending	<u>\$ 10,487,642</u>	<u>\$ 3,734,655</u>	<u>\$ 9,633,317</u>	<u>\$ 5,898,662</u>

## **SUPPLEMENTARY INFORMATION SECTION**

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2008

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## ORGANIZATION

The Woodland Joint Unified School District is comprised of an area of approximately 282 square miles in Yolo County. The District is a political subdivision of the State of California. The District currently operates twelve elementary schools, two middle schools, and two high schools, as well as one continuation education high school, two community day schools and one adult education program.

## BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Carol Souza Cole	President	December 2011
Bill Beerman	Vice-President	December 2009
Rosario Ruiz-Dark	Clerk	December 2011
Warren Berg	Member	December 2011
Frank Glover	Member	December 2009
Elaine Lytle	Member	December 2009
Rogelio Villagrana	Member	December 2009

## ADMINISTRATION

Carmella Franco, Ph.D.  
Interim Superintendent

Kelly Morgan  
Assistant Superintendent, Business Services

Kathleen Bond  
Associate Superintendent, Educational Services

Mike Stevens  
Assistant Superintendent, Human Resources

Dawn Nantz  
Director of Fiscal Services

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## SCHEDULE OF AVERAGE DAILY ATTENDANCE YEAR ENDED JUNE 30, 2008

	<u>Second Period Report</u>	<u>Annual Report</u>
Elementary:		
Kindergarten	758	762
First through Third	2,280	2,280
Fourth through Sixth	2,237	2,239
Seventh and Eighth	1,620	1,617
Special Education	108	108
Special Education – Extended Year	14	13
Home and Hospital	1	3
Community Day School	<u>23</u>	<u>23</u>
Elementary Totals	<u>7,041</u>	<u>7,045</u>
High School:		
Regular Classes	2,795	2,764
Special Education	88	87
Special Education – Extended Year	5	5
Continuation Education	141	135
Home and Hospital	<u>3</u>	<u>4</u>
High School Totals	<u>3,032</u>	<u>2,995</u>
Classes for Adults:		
Not Concurrently Enrolled	<u>585</u>	<u>560</u>
Classes for Adults Totals	<u>585</u>	<u>560</u>
ADA Totals	<u><u>10,658</u></u>	<u><u>10,600</u></u>

	<u>Hours of Attendance</u>
Summer School:	
Elementary	135,488
Secondary	88,638



# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## SCHEDULE OF CHARTER SCHOOLS YEAR ENDED JUNE 30, 2008

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<u>Charter School</u>	<u>Included/Not Included</u>
NONE	

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## SCHEDULE OF INSTRUCTIONAL TIME YEAR ENDED JUNE 30, 2008

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	<u>1982-83 Actual Minutes</u>	<u>1986-87 Minutes Requirements</u>	<u>2007-08 Actual Minutes</u>	<u>Number of Days Calendar</u>	<u>Status</u>
Kindergarten	31,500	36,000	36,000	180	In Compliance
Grade 1	41,125	50,400	51,392	180	In Compliance
Grade 2	41,125	50,400	51,392	180	In Compliance
Grade 3	41,125	50,400	51,392	180	In Compliance
Grade 4	47,510	54,000	54,870	180	In Compliance
Grade 5	47,510	54,000	54,870	180	In Compliance
Grade 6	47,510	54,000	54,870	180	In Compliance
Grade 7	47,510	54,000	60,310	180	In Compliance
Grade 8	47,510	54,000	60,310	180	In Compliance
Grade 9	56,577	64,800	65,248	180	In Compliance
Grade 10	56,577	64,800	65,248	180	In Compliance
Grade 11	56,577	64,800	65,248	180	In Compliance
Grade 12	56,577	64,800	65,248	180	In Compliance

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by Education Code Section 46201.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS YEAR ENDED JUNE 30, 2008

<b>GENERAL FUND</b>				
	Adopted Budget 2009	2008	2007	2006
Revenues and Other Financial Sources	\$ 83,740,673	\$ 87,407,337	\$ 88,689,539	\$ 77,895,045
Expenditures	84,496,815	87,543,863	84,160,464	78,090,526
Other Uses and Transfers Out	<u>313,607</u>	<u>1,335,552</u>	<u>1,726,441</u>	<u>53,978</u>
Total Outgo	84,810,422	88,879,415	85,886,905	78,144,504
Change in Fund Balance	<u>(1,069,749)</u>	<u>(1,472,078)</u>	<u>2,802,634</u>	<u>(249,459)</u>
Ending Fund Balance	\$ <u>8,563,568</u>	\$ <u>9,633,317</u>	\$ <u>11,105,395</u>	\$ <u>8,302,761</u>
Available Reserves <sup>1</sup>	\$ <u>2,867,562</u>	\$ <u>3,937,311</u>	\$ <u>4,830,151</u>	\$ <u>4,565,435</u>
Designated for Economic Uncertainty	\$ <u>2,550,000</u>	\$ <u>2,550,000</u>	\$ <u>2,344,000</u>	\$ <u>2,250,000</u>
Undesignated Fund Balance	\$ <u>317,562</u>	\$ <u>1,387,311</u>	\$ <u>2,486,151</u>	\$ <u>2,315,435</u>
Available Reserves as a Percentage of Total Outgo	3.39%	4.43%	5.62%	5.84%
Total Long-Term Debt	\$ 38,734,301	\$ 40,847,723	\$ 43,030,791	\$ 44,328,221
Average Daily Attendance at P-2 <sup>2</sup>	10,238	10,073	10,048	9,947

<sup>1</sup> Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the general fund and any special reserve fund (other than capital projects).

<sup>2</sup> Excludes Adult Education ADA.

The general fund balance has increased by \$1,330,556 over the past two years. The fiscal year 2008-09 budget projects a decrease of \$1,069,749. For a district this size, the state recommends available reserves of at least three percent of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the last three years, and anticipates incurring an operating deficit during the 2008-09 fiscal year. Total long-term debt has decreased by \$3,480,498 over the past two years.

Actual average daily attendance has increased by 126 over the past two years. Projected ADA for 2008-09 is 10,238, an increase of 165 over 2007-08.

See the accompanying notes to supplementary information.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
U.S. Department of Education:			
Direct:			
Safe Schools/Healthy Students	84.184L	n/a	\$ 1,677,610
FLAP AR	84.293	n/a	171,632
Counseling Demonstration Program	84.215E	n/a	112,038
Partnerships in Character Education	84.215S	n/a	<u>539,344</u>
Passed Through California Department of Education:			
Title I – Basic School Support	84.010	13064	1,103,168
Title I – Even Start Family Literacy	84.010	13001	130,501
Title I, Part A, Program Improvement District Intervention	84.010	14581	28,934
Title I, Part A, Non-Program Improvement LEAs with Program	84.010	14880	<u>105,000</u>
Subtotal Title I 84.010			<u>1,367,603</u>
Adult Basic Education	84.002	13973	44,633
English Literacy & Civics Education	84.002	14109	28,869
GED Services / Adult Secondary	84.002	13978	<u>11,631</u>
Subtotal Adult Education Cluster 84.002			<u>85,133</u>
Vocational Education Title II - Part C	84.048	13924	58,579
Title IV – Safe and Drug-Free Schools	84.186	13453	15,881
Title V – Innovative Education Strategies	84.298	13340	4,395
Title II – Enhancing Education Through Technology	84.318	14335	159,439
Title III – Immigrant Education	84.365	14346	37,259
Title III – Limited English Proficiency	84.365	10084	243,239
Title II – Improvement Teacher Quality	84.367	14341	<u>474,790</u>
IDEA Part B (Special Education Cluster):			
IDEA Basic Local Entitlement, Part B, Sec 611	84.027	13379	1,600,726
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027	13682	142,994
IDEA Preschool Grants, Part B, Sec 619	84.173	13430	62,497
Preschool Staff Development, Part B, Section 619	84.173	13431	<u>645</u>
Subtotal Special Education Cluster			<u>1,806,862</u>
Total U.S. Department of Education			<u>6,753,804</u>
U.S. Department of Health and Human Services:			
Passed Through California Department of Health Services:			
Medi-Cal Option Billing	93.778	10013	57,890
Passed Through California Department of Education:			
Quality Improvement	93.575	13979	<u>23,176</u>
Total U.S. Department of Health and Human Services			<u>81,066</u>
U.S. Department of Agriculture:			
Passed Through California Department of Education:			
National School Lunch	10.555	13391	<u>2,344,371</u>
Total Expenditures of Federal Awards			<u>\$ 9,179,241</u>

**NOTE 1 -** Non-cash assistance in the form of donated commodities was received from the California Department of Education as a pass-through grant from the U.S. Department of Agriculture. The total market value of the commodities received during 2007-08 was \$212,277

# **WOODLAND UNIFIED SCHOOL DISTRICT**

## **RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH AUDITED FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008**

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### **AUDITOR'S COMMENTS**

All fund balances agreed to the unaudited actuals.

WOODLAND JOINT UNIFIED SCHOOL DISTRICT

SCHOOL COMMUNITY VIOLENCE PREVENTION PROGRAM  
SUPPLEMENTAL SCHEDULES  
YEAR ENDED JUNE 30, 2008

**STATEMENT OF GRANT REVENUES AND EXPENDITURES**

**REVENUES**

State revenues	\$ 185,340
Total revenues	<u>185,340</u>

**EXPENDITURES**

Salaries and benefits	94,024
Services and supplies	83,707
Indirect costs	<u>7,609</u>
Total Expenditures	<u>185,340</u>

Excess of revenues over expenditures	<u>\$ -</u>
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**SCHEDULE OF ELIGIBLE PROJECT COSTS**

Budget Line Item	State Costs Claimed	Cash Match	In-Kind Match	Other Costs	Total
Salaries and benefits	\$ 94,024				\$ 94,024
Services and supplies	83,707				83,707
Indirect costs	<u>7,609</u>				<u>7,609</u>
Total	<u>\$ 185,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,340</u>

**SCHEDULE OF RECOMMENDED  
DISALLOWED COSTS (STATE FUNDS)**

Budget Line Item	Total Costs Claimed	Costs Accepted	Disallow- ances
NONE			

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2008

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### 1. PURPOSE OF SCHEDULES

#### A. SCHEDULE OF AVERAGE DAILY ATTENDANCE

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

#### B. SCHEDULE OF CHARTER SCHOOLS

This schedule lists all charter schools chartered by the District and displays information for each charter school on whether or not it is included in the District's financial statements.

#### C. SCHEDULE OF INSTRUCTIONAL TIME

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

#### D. SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

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

#### E. SCHEDULE OF EXPENDITURES OF FEDERAL AWARD

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### F. RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the fund equity of all funds as reported on the unaudited actuals to the audited fund financial statements.

### 2. EARLY RETIREMENT INCENTIVE PROGRAM

The District has not adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, during the year ended June 30, 2008.

# WOODLAND JOINT UNIFIED SCHOOL DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2008

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### 3. EXCESS SICK LEAVE

#### Section 19833.5 (a)(3)(c) disclosure

The District provides more than 12 sick leave days in a school year to the following group of employees who are CalSTRS members:

1. Superintendent

### 4. SCHOOL COMMUNITY VIOLENCE PREVENTION PROGRAM

The District receives money from the State of California, California Department of Education for the purpose of school violence reduction, including bullying prevention, gang violence prevention, improvements in students' feelings of safety at school, and general violence prevention. The enclosed schedules have been presented to comply with the requirements of the grant agreement.



**APPENDIX B**  
**FORM OF LEGAL OPINION**

**APPENDIX B**  
**FORM OF FINAL OPINION OF BOND COUNSEL**

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Trustees of the  
Woodland Joint Unified School District  
630 Cottonwood Street  
Woodland, CA 95695

OPINION:       \$17,380,000\* Woodland Joint Unified School District (Yolo County, California) 2009  
General Obligation Refunding Bonds

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Members of the Board of Trustees:

We have acted as bond counsel to the Woodland Joint Unified School District (the "District") in connection with the issuance by the District of \$17,380,000\* principal amount of Woodland Joint Unified School District (Yolo County, California) 2009 General Obligation Refunding Bonds, dated December 3, 2009 (the "Bonds"), pursuant to Title 5, Division 2, Chapter 3, Article 9 of the California Government Code, commencing with section 53550 (the "Act") and Resolution No. \_\_\_\_ of the Board of Trustees of the District (the "Board"), adopted on October 22, 2009 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1.       The District is duly created and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Resolution and the Bonds.
2.       The Resolution has been duly adopted by the Board and creates a valid first lien on the funds pledged under the Resolution for the security of the Bonds.
3.       The Bonds have been duly authorized, executed and delivered by, are valid and binding general obligations of, the District. The Board of Supervisors of Yolo County is required to levy a tax upon all taxable property in the District for the interest and redemption of all outstanding bonds of the District, including the Bonds. The Bonds are payable from an *ad valorem* tax levied without limitation as to rate or amount.
4.       Subject to the District's compliance with certain covenants, interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, and (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended. Failure to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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\* Preliminary, subject to change.

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

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

The rights of the owners of the Bonds and the enforceability of the Bonds and the 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.

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

Respectfully submitted,

**APPENDIX C**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## APPENDIX C

### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the WOODLAND JOINT UNIFIED SCHOOL DISTRICT (the "District") in connection with the issuance by the District of \$17,380,000\* Woodland Joint Unified School District (Yolo County, California) 2009 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on October 22, 2009 (the "Resolution"). The District covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

*"Annual Report"* shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

*"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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

*"Dissemination Agent"* shall mean KNN Public Finance., 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 for documents filed with the MSRB, 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 5(a) 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 any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

**Section 3. Provision of Annual Reports.**

(a) *Delivery of Annual Report to MSRB.* The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which currently ends on June 30), commencing with the report for the 2008-2009 Fiscal Year, which is due not later than April 1, 2010, provide to the Participating Underwriter and to file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this

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\* Preliminary, subject to change.

Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to EMMA, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District.

(d) *Report of Non-Compliance.* If the District is unable to provide an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

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

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

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State and including all statements and information prescribed for inclusion therein by the Controller of the State. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited final statement of the District, the Annual Report shall also include operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the official statement for the Bonds, as follows:

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

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

If the document included by reference is a final official statement, it must be available from EMMA.

(d) In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

## Section 5. Reporting of Significant Events.

(a) *Listed Events.* Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults.
- (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 or events affecting the tax-exempt status of the security.
- (vii) Modifications to rights of security holders.
- (viii) Contingent or unscheduled bond calls.
- (ix) Defeasances.
- (x) Release, substitution, or sale of property securing repayment of the securities.
- (xi) Rating changes.

(b) *Determination of Materiality of Listed Events.* Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) *Notice to Dissemination Agent.* If the District has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly notify the Dissemination Agent (if other than the District) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d).

(d) *Notice of Listed Events.* The District shall file, or cause the Dissemination Agent to file, a notice of the occurrence of a Listed Event, if material, with EMMA, in a readable PDF or other electronic format as prescribed by EMMA, with a copy to the Participating Underwriter. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) (defeasances) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds.

Section 6. 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 7. 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 Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5.

## Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The initial Dissemination Agent shall be KNN Public Finance. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, Holders or Beneficial Owners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the District or an opinion of nationally recognized bond

counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) *Change in Circumstances*. 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 the type of business conducted;

(b) *Compliance as of Issue Date*. The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) *Consent of Holders; Non-impairment Opinion*. The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the District shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder 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 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the



Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Date: [Closing Date]

WOODLAND JOINT UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Authorized Officer

AGREED:

KNN PUBLIC FINANCE, as Dissemination  
Agent

By \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Woodland Joint Unified School District

Name of Issue: Woodland Joint Unified School District (Yolo County, California) 2009 General  
Obligation Refunding Bonds

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Woodland Joint Unified School District (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.07 of the resolution adopted by the Board of Trustees of the District on October 22, 2009. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

KNN PUBLIC FINANCE, as Dissemination  
Agent

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_