**NEW ISSUE -- FULL BOOK-ENTRY**

**INSURED RATING: S&P: "AA"**
**UNDERLYING RATING: S&P: "A+"**
**See "RATINGS" herein**

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series 2019B Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.*

# $7,000,000
# SELMA UNIFIED SCHOOL DISTRICT
## (Fresno County, California)
## General Obligation Bonds
## Election of 2016, Series 2019B

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

***Authority and Purpose****.* The captioned bonds (the "Series 2019B Bonds") are being issued by the Selma Unified School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on December 11, 2018 (the "Bond Resolution"). The Series 2019B Bonds were authorized at an election of the registered voters of the District held on November 8, 2016, (the "Authorization") which authorized the issuance of $30,800,000 principal amount of general obligation bonds to finance the renovation, construction and improvement of school facilities. The Series 2019B Bonds are the second series of bonds to be issued under the Authorization. See "THE SERIES 2019B BONDS – Authority for Issuance" and "– Purpose of Issue; Financing Plan."

***Security****.* The Series 2019B Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes. The Board of Supervisors of Fresno County has the power and is obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Series 2019B Bonds. See "SECURITY FOR THE SERIES 2019B BONDS."

***Redemption***. The Series 2019B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE SERIES 2019B BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

***Book-Entry Only***. The Series 2019B Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interests in the Series 2019B Bonds. See "THE SERIES 2019B BONDS – Book-Entry Only System."

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

***Bond Insurance***. The scheduled payment of principal of and interest on the Series 2019B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2019B Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

BAM
BUILD AMERICA MUTUAL

**MATURITY SCHEDULE**
**(see inside front cover)**

This cover page contains information for general reference only. It is not a summary of all the provisions of the Series 2019B Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

*The Series 2019B Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall, A Professional Law Corporation is also serving as Disclosure Counsel to the District. Kutak Rock LLP, Irvine, California, is serving as Underwriter's Counsel. It is anticipated that the Series 2019B Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about January 29, 2019.*

STIFEL

The date of this Official Statement is January 16, 2019.

# MATURITY SCHEDULE

## SELMA UNIFIED SCHOOL DISTRICT
## (Fresno County, California)
## General Obligation Bonds
## Election of 2016, Series 2019B

**Base CUSIP†: 816547**

**$1,150,000 Serial Bonds**

| Maturity Date (August 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP† |
|---|---|---|---|---|---|
| 2020 | $470,000 | 3.000% | 1.620% | 102.044 | GB3 |
| 2021 | 400,000 | 3.000 | 1.700 | 103.175 | GC1 |
| 2037 | 125,000 | 3.250 | 3.510 | 96.483 | GU1 |
| 2038 | 155,000 | 3.375 | 3.570 | 97.276 | GV9 |

$300,000 3.250% Term Bond due August 1, 2036; Yield 3.450%; Price 97.388; CUSIP† GT4

$1,265,000 3.625% Term Bond due August 1, 2043; Yield 3.770%; Price 97.693; CUSIP† GW7

$4,285,000 5.250% Term Bond due August 1, 2048; Yield 3.350%; Price 112.516[C]; CUSIP† GX5

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[C] Priced to the par call date of August 1, 2026.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

***Use of Official Statement****.* This Official Statement is submitted in connection with the sale of the Series 2019B Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any Series 2019B Bond owner and the District or the Underwriter.

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

***No Unlawful Offers or Solicitations****.* This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series 2019B Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

***Municipal Bond Insurance.*** Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2019B Bonds or the advisability of investing in the Series 2019B Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix H - Specimen Municipal Bond Insurance Policy".

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

***Stabilization of and Changes to Offering Prices****.* In connection with the offering of the Series 2019B Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such Series 2019B Bonds at a level above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2019B Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

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

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

***No Securities Laws Registration****.* The Series 2019B Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Series 2019B Bonds have not been registered or qualified under the securities laws of any state.

***Effective Date****.* This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Series 2019B Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

***Website***. The District maintains a website. However, the information presented on the website is not a part of this Official Statement, is not incorporated herein by reference, and should not be relied upon in making an investment decision with respect to the Series 2019B Bonds.

# SELMA UNIFIED SCHOOL DISTRICT
**(Fresno County, California)**

## BOARD OF TRUSTEES OF THE DISTRICT

Jennifer Winter, *President*
Paul Green, *Vice President*
Diane S. Jensen, *Clerk*
Roger Orosco, *Trustee*
Vacant[*], *Trustee*

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## DISTRICT ADMINISTRATION

Dr. Tanya A. Fisher, *Superintendent*
Larry Teixeira, *Assistant Superintendent, Business Services*

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## PROFESSIONAL SERVICES

**FINANCIAL ADVISOR**
Caldwell Flores Winters, Inc.
*Emeryville, California*

**BOND AND DISCLOSURE COUNSEL**
Jones Hall, A Professional Law Corporation
*San Francisco, California*

**UNDERWRITER'S COUNSEL**
Kutak Rock LLP
*Irvine, California*

**BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT**
U.S. Bank National Association
*Los Angeles, California*

[*] Trustee Mark Falcon recently passed away. The District is taking applications from interested candidates and will appoint a new Trustee to serve out the remainder of Mr. Falcon's term.

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**$7,000,000**
**SELMA UNIFIED SCHOOL DISTRICT**
**(Fresno County, California)**
**General Obligation Bonds**
**Election of 2016, Series 2019B**

## INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale and delivery by the Selma Unified School District (the "**District**") of the Selma Unified School District (Fresno County, California) General Obligation Bonds, Election of 2016, Series 2019B, in the principal amount of $7,000,000 (the "**Series 2019B Bonds**").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2019B Bonds to potential investors is made only by means of the entire Official Statement.

***Changes Since Preliminary Official Statement.*** In addition to pricing-related information, this Official Statement contains certain additional changes from the Preliminary Official Statement dated December 31, 2018, as supplemented by a Supplement to Preliminary Official Statement dated January 14, 2019. On January 22, 2019, the District's Board of Trustees accepted the District's audited financial statements for fiscal year ended June 30, 2018 (the "**2018 Audit**"). This Official Statement updates certain financial information in Appendix A and the replaces the District's most recent audit in Appendix B with the 2018 Audit. See "APPENDIX A – DISTRICT GENERAL AND FINANCIAL INFORMATION" and "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2018."

***The District***. The District was established on July 1, 1966 and is located in the southeast portion of Fresno County (the "**County**"). The District serves the City of Selma and surrounding rural area. The District operates seven elementary schools, one K-1st grade school, one middle school, one high school, one adult high school and one alternative school. Total enrollment in the District for the 2018-19 school year is approximately 6,451 students.

See "APPENDIX A – General and Financial Information About the District" and "APPENDIX C- General Information about the City of Selma and Fresno County."

***Authority and Purpose of Issue; Financing Plan***. The Series 2019B Bonds will be issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506) (the "**Bond Law**") and pursuant to a resolution adopted by the Board of Trustees of the District on December 11, 2018 (the "**Bond Resolution**"). The Series 2019B Bonds are the second series of bonds issued by the District pursuant to an election held by the District on November 8, 2016 (the "**Bond Election**") in which more than 55% of the qualified electors of the District authorized the District to issue general obligation bonds in a principal amount of $30,800,000 (the "**Authorization**"). The net proceeds of the Series 2019B Bonds will be used to finance school facilities of the District as approved by

District voters at the Bond Election. See "THE SERIES 2019B BONDS – Authority for Issuance" and "– Purpose of Issue; Financing Plan," and "SOURCES AND USES OF FUNDS" herein.

***Sources of Payment for the Series 2019B Bonds***. The Series 2019B Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes levied and collected by the County. The Board of Supervisors of the County has the power and is obligated to annually levy an *ad valorem* tax for the payment of the Series 2019B Bonds and the interest thereon upon all property within the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY FOR THE SERIES 2019B BONDS" herein.

***Form of Bonds***. The Series 2019B Bonds are being issued as current interest bonds which will bear current interest, and will mature in the years and in the amounts as set forth on the inside cover page hereof. The Series 2019B Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for the Depository Trust Company, New York, New York ("**DTC**"). Purchasers will not receive physical certificates representing their interest in the Series 2019B Bonds. See "THE SERIES 2019B BONDS – General Description of the Series 2019B Bonds" and "– Book-Entry Only System," and "APPENDIX F – DTC and the Book-Entry System."

***Redemption***. The Series 2019B Bonds are subject to redemption prior to maturity as described in "THE SERIES 2019B BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

***Legal Matters***. Issuance of the Series 2019B Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel ("**Bond Counsel**"), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District ("**Disclosure Counsel**"). Kutak Rock LLP, Irvine, California, is serving as counsel to the Underwriter ("**Underwriter's Counsel**"). Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon issuance of the Series 2019B Bonds.

***Tax Matters***. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Series 2019B Bonds is excluded from gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also, in the opinion of Bond Counsel, interest on the Series 2019B Bonds will be exempt from State of California personal income taxes. See "TAX MATTERS."

***Bond Insurance***. Concurrently with the issuance of the Series 2019B Bonds, Build America Mutual Assurance Company ("**BAM**") will issue its Municipal Bond Insurance Policy (the "**Policy**") for the Series 2019B Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series 2019B Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement. See "BOND INSURANCE" and "APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

***Continuing Disclosure***. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of the Series 2019B Bonds and executed by the District (the "**Continuing Disclosure Certificate**"). The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See "CONTINUING DISCLOSURE."

***Other Information***. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Series 2019B Bonds are available from the District from the Superintendent's Office at 3036 Thompson Avenue, Selma, California 93662, Telephone: (559) 898-6500. The District may impose a charge for copying, mailing and handling.

*[END OF INTRODUCTION]*

# THE SERIES 2019B BONDS

## Authority for Issuance

The Series 2019B Bonds will be issued under the provisions of the Bond Law and the Bond Resolution. The District received authorization at the Bond Election, by more than the requisite fifty-five percent vote of the qualified electors to issue general obligation bonds in a principal amount of $30,800,000. On February 23, 2017, the District issued its General Obligation Bonds, Election of 2016, Series 2017A in the aggregate principal amount of $10,100,000 (the "**Series 2017A Bonds**"). The Series 2019B Bonds are the second series of bonds issued by the District pursuant to the Authorization.

## Purpose of Issue; Financing Plan

The proceeds of bonds issued pursuant to the Authorization, including the Series 2019B Bonds, will be used to finance projects approved by the District's voters at the Bond Election. The abbreviated summary of the ballot measure is as follows:

> *"To modernize and construct additional classrooms and support facilities, replace portable classrooms with new permanent facilities, increase student access to computers and modern classroom technology, improve security and student safety, provide the local match for State grants, and reduce operating costs, shall the Selma Unified School District be authorized to issue up to $30.8 million in bonds at legal interest rates, with an independent Citizens' Oversight Committee, annual audits, and no money for administrator salaries?*

After the Series 2019B Bonds are issued, there will be $13,700,000 of the Authorization remaining.

## General Description of the Series 2019B Bonds

The Series 2019B Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Series 2019B Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Series 2019B Bonds. See "– Book-Entry Only System" and "APPENDIX F – DTC and the Book-Entry System."

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

**Paying Agent**

U.S. Bank National Association, Los Angeles, California, will act as the registrar, transfer agent, and paying agent for the Series 2019B Bonds (the "**Paying Agent**"). As long as DTC is the registered owner of the Series 2019B Bonds and DTC's book-entry method is used for the Series 2019B Bonds, the Paying Agent will send all payments with respect to principal and interest on the Series 2019B Bonds, and any notice of redemption or other notices to owners of the Series 2019B Bonds, only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any ultimate purchaser of the Series 2019B Bonds (each a "Beneficial Owner"), of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Series 2019B Bonds called for redemption or of any other action covered by such notice.

The Paying Agent, the District, the County and the Underwriter of the Series 2019B Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Series 2019B Bonds.

**Optional Redemption**

The Series 2019B Bonds maturing on or before August 1, 2021 are not subject to redemption prior to maturity. The Series 2019B Bonds maturing on or after August 1, 2036, are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2026, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

**Mandatory Sinking Fund Redemption**

The Series 2019B Bonds maturing on August 1, 2036, August 1, 2043 and August 1, 2048 (collectively, the **"Term Bonds"**), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

**$300,000 Principal Amount Term Bond Maturing August 1, 2036**

| Redemption Date (August 1) | Sinking Fund Redemption |
|---|---|
| 2032 | $20,000 |
| 2033 | 40,000 |
| 2034 | 55,000 |
| 2035 | 80,000 |
| 2036 (maturity) | 105,000 |

**$1,265,000 Principal Amount Term Bond Maturing August 1, 2043**

| Redemption Date (August 1) | Sinking Fund Redemption |
|---|---|
| 2039 | $185,000 |
| 2040 | 215,000 |
| 2041 | 250,000 |
| 2042 | 290,000 |
| 2043 (maturity) | 325,000 |

**$4,285,000 Principal Amount Term Bond Maturing August 1, 2048**

| Redemption Date (August 1) | Sinking Fund Redemption |
|---|---|
| 2044 | $365,000 |
| 2045 | 420,000 |
| 2046 | 480,000 |
| 2047 | 1,440,000 |
| 2048 (maturity) | 1,580,000 |

If any Term Bonds are optionally redeemed as described above, the total amount of all future sinking fund payments with respect to such Term Bonds will be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 (or such other basis as the District may determine).

**Notice of Redemption**

The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Series 2019B Bonds designated for redemption, at their addresses appearing on the records maintained by the Paying Agent for the registration of ownership and registration of transfers of the Series 2019B Bonds under the Bond Resolution. Such mailing is not a condition precedent to such redemption and the failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Series 2019B Bonds. In addition, the Paying Agent will give notice of redemption by telecopy or certified, registered or overnight mail to the Municipal Securities Rulemaking Board and each of the Securities Depositories at least two days prior to such mailing to the Series 2019B Bond Owners.

Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Series 2019B Bonds are to be called for redemption, shall designate the serial numbers of the Series 2019B Bonds to be redeemed by giving the individual number of each Series 2019B Bond or by stating that all Series 2019B Bonds between two stated numbers, both inclusive, or by stating that all of the Series 2019B Bonds of one or more maturities have been called for redemption, and shall require that such Series 2019B Bonds be then surrendered at the office of the Paying Agent for the payment of the Series 2019B Bonds and the administration of its duties under the Bond Resolution as designated therein ("**Office of the Paying Agent**") for redemption at the said redemption price, giving notice also that further interest on such Series 2019B Bonds will not accrue from and after the redemption date.

**Partial Redemption**

Upon the surrender of any Series 2019B Bond redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the Owner thereof, at the expense of the District, a new Series 2019B Bond or Series 2019B Bonds of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series 2019B Bond or Series 2019B Bonds.

**Right to Rescind Notice of Redemption**

The District has the right to rescind any notice of the optional redemption of Series 2019B Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2019B Bonds then called for redemption. The District and the Paying Agent will have no liability to the Series 2019B Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolution.

**Book-Entry Only System**

The Series 2019B Bonds will be registered initially in the name of "Cede & Co.," as nominee of DTC, which has been appointed as securities depository for the Series 2019B Bonds, and registered ownership may not be transferred thereafter except as provided in the Bond Resolution. Purchasers will not receive certificates representing their interests in the Series 2019B Bonds. Principal of the Series 2019B Bonds will be paid by the Paying Agent to DTC, which in turn is obligated to remit such principal to its participants for subsequent disbursement to beneficial owners of the Series 2019B Bonds as described herein. See "APPENDIX F – DTC and the Book-Entry System."

In the event that the securities depository (either DTC or its successor depository) determines not to continue to act as securities depository for the Series 2019B Bonds, or the District determines to terminate the depository as such, then the District will thereupon discontinue the book-entry system with such securities depository. In such event, the securities depository will cooperate with the District and the Paying Agent in the issuance of replacement Series 2019B Bonds by providing the Paying Agent with a list showing the interests of the Depository System Participants in the Series 2019B Bonds, and by surrendering the Series 2019B Bonds, registered in the name of the nominee of the securities depository, to the Paying Agent on or before the date such replacement Series 2019B Bonds are to be issued.

**Registration, Transfer and Exchange of Bonds**

***Registration***. The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Series 2019B Bonds, which will at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Series 2019B Bonds as provided in the Bond Resolution.

***Transfers of Series 2019B Bonds***. Any Series 2019B Bond may, in accordance with its terms, be transferred, upon the registration books required to be kept pursuant to the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2019B Bond for cancellation at the Office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The District may charge a reasonable sum for each new Series 2019B Bond issued upon any transfer.

Whenever any Series 2019B Bond or Bonds is surrendered for transfer, the District will execute and the Paying Agent will authenticate and deliver a new Series 2019B Bond or Bonds, for like aggregate principal amount. No transfers of Series 2019B Bonds will be required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Series 2019B Bonds for redemption or (b) with respect to a Series 2019B Bond which has been selected for redemption.

***Exchange of Series 2019B Bonds***. Series 2019B Bonds may be exchanged at the principal Office of the Paying Agent for a like aggregate principal amount of Series 2019B Bonds of authorized denominations and of the same maturity, together with a request for exchange signed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. The District may charge a reasonable sum for each new Series 2019B Bond issued upon any exchange (except in the cases of any exchange of temporary Series 2019B Bonds for definitive Series 2019B Bonds). No exchange of Series 2019B Bonds is required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Series 2019B Bonds for redemption or (b) with respect to a Series 2019B Bond after it has been selected for redemption.

**Defeasance**

Any or all of the Series 2019B Bonds may be paid by the District in any of the following ways, provided the District also pays or causes to be paid any other sums payable under the Bond Resolution by the District:

(a) by paying or causing to be paid the principal or redemption price of and interest on such Series 2019B Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Series 2019B Bonds; or

(c) by delivering such Series 2019B Bonds to the Paying Agent for cancellation by it.

If the District pays all the Series 2019B Bonds that are outstanding and also pays or causes to be paid all other sums payable under the Bond Resolution by the District, then and in that case, at the election of the District (evidenced by a certificate of a District Representative filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and the Bond Resolution), and notwithstanding that any Series 2019B Bonds have not been surrendered for payment, the Bond Resolution and other assets made under the Bond Resolution and all covenants, agreements and other obligations of the District under the Bond Resolution will cease, terminate, become void and be completely discharged and satisfied, except only as provided and described in the following paragraph.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described below) to pay or redeem any Series 2019B Bond that is outstanding (whether upon or prior to its maturity date or the redemption date of such Series 2019B Bond), provided that, if such Series 2019B Bond is to be redeemed prior to maturity, notice of such redemption has been given or proven satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the District in respect of such Series 2019B Bond will cease and be completely discharged, except only that thereafter the Owner thereof will be entitled only to payment of the principal of and interest on such Series 2019B Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment.

Whenever in the Bond Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Series 2019B Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to the Bond Resolution and will be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Series 2019B Bonds and all unpaid interest thereon to maturity, except that, in the case of Series 2019B Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided the Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Series 2019B Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Series 2019B Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Series 2019B Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice.

The Bond Resolution defines the term "**Federal Securities**" to mean United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

## SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2019B Bonds are as follows:

| | |
|---|---|
| **Sources of Funds** | |
| Principal Amount of Series 2019B Bonds | $7,000,000.00 |
| Net Original Issue Premium | 512,979.40 |
| **Total Sources** | **$7,512,979.40** |
| | |
| **Uses of Funds** | |
| Deposit to Building Fund | $7,000,000.00 |
| Deposit to Debt Service Fund | 308,338.95 |
| Costs of Issuance (1) | 204,640.45 |
| **Total Uses** | **$7,512,979.40** |

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

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## APPLICATION OF PROCEEDS OF SERIES 2019B BONDS

### Building Fund

The proceeds from the sale of the Series 2019B Bonds, to the extent of the principal amount thereof, will be paid to the County Treasurer to the credit of the fund created and established in the Bond Resolution and known as the "Selma Unified School District, Election of 2016, Series 2019B Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The County Treasurer will maintain separate accounting for the proceeds of the Series 2019B Bonds, including all earnings received form the investment thereof. Amounts credited to the Building Fund will be expended by the District solely for the financing of projects for which the Series 2019B Bonds proceeds are authorized to be expended under the Bond Measure (which includes costs of issuance). All interest and other gain arising from the investment of proceeds of the Series 2019B Bonds shall be retained in the Building Fund and used for the purposes thereof. At the written request of the District filed with the County Treasurer, any amounts remaining on deposit in the Building Fund and not needed for the purposes thereof will be withdrawn from the Building Fund and transferred to the Debt Service Fund established for the Series 2019B Bonds, to be applied to pay the principal of and interest on the Series 2019B Bonds. If excess amounts remain on deposit in the Building Fund after payment in full of the Series 2019B Bonds, any such excess amounts shall be transferred to the general fund of the District, to be applied for the purposes for which the Series 2019B Bonds have been authorized or otherwise in accordance with the Bond Law.

### Debt Service Fund

As described herein under the heading "SECURITY FOR THE SERIES 2019B BONDS – Debt Service Fund," the County Treasurer will establish, hold and maintain a debt service fund for the Series 2019B Bonds to be designated the "Selma Unified School District Election of 2016, Series 2019B General Obligation Bonds Debt Service Fund" (the "**Debt Service Fund**"), which the County will maintain as a separate account distinct from all other funds of the County and the District. The County Treasurer will administer the Debt Service Fund and make disbursements therefrom in the manner set forth in the Bond Resolution. Accrued interest and premium, if any, received by the County Office of Education from the sale of the Series 2019B Bonds will be deposited in the Debt Service Fund which, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the Series 2019B Bonds. Interest earnings on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund and used to pay the principal of and interest on the Series 2019B Bonds when due. Any moneys remaining in the Debt Service Fund after the Series 2019B Bonds and the interest thereon have been paid, or provision for such payment has been made, will be transferred to any other interest and sinking fund for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, will be transferred to the District's general fund upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

### Investment of Proceeds of Series 2019B Bonds

Under California law, the District is generally required to pay all monies received from any source into the County Treasury to be held on behalf of the District. All amounts deposited into the Debt Service Fund, as well as proceeds of taxes held therein for payment of the Series 2019B Bonds, shall be invested in the County Investment Pool, the Local Agency Investment Fund of the California State Treasurer, any investments authorized pursuant to Sections 53601 and 53635 of the California Government Code, and investment agreements, including guaranteed investment contracts, float contracts or other investment products (provided that such agreements comply with the requirements of Section 148 of the Tax Code) in accordance with the investment policy of the County.

## DEBT SERVICE SCHEDULES

***Series 2019B Bonds.*** The following table shows the annual debt service schedule with respect to the Series 2019B Bonds (assuming no optional redemptions).

**SELMA UNIFIED SCHOOL DISTRICT**
**Annual Debt Service Schedule**
**Series 2019B Bonds**

| Period Ending August 1 | Principal | Interest | Total Debt Service |
|---|---|---|---|
| 2019 | -- | $159,736.60 | $159,736.60 |
| 2020 | $470,000 | 315,962.50 | 785,962.50 |
| 2021 | 400,000 | 301,862.50 | 701,862.50 |
| 2022 | -- | 289,862.50 | 289,862.50 |
| 2023 | -- | 289,862.50 | 289,862.50 |
| 2024 | -- | 289,862.50 | 289,862.50 |
| 2025 | -- | 289,862.50 | 289,862.50 |
| 2026 | -- | 289,862.50 | 289,862.50 |
| 2027 | -- | 289,862.50 | 289,862.50 |
| 2028 | -- | 289,862.50 | 289,862.50 |
| 2029 | -- | 289,862.50 | 289,862.50 |
| 2030 | -- | 289,862.50 | 289,862.50 |
| 2031 | -- | 289,862.50 | 289,862.50 |
| 2032 | 20,000 | 289,862.50 | 309,862.50 |
| 2033 | 40,000 | 289,212.50 | 329,212.50 |
| 2034 | 55,000 | 287,912.50 | 342,912.50 |
| 2035 | 80,000 | 286,125.00 | 366,125.00 |
| 2036 | 105,000 | 283,525.00 | 388,525.00 |
| 2037 | 125,000 | 280,112.50 | 405,112.50 |
| 2038 | 155,000 | 276,050.00 | 431,050.00 |
| 2039 | 185,000 | 270,818.76 | 455,818.76 |
| 2040 | 215,000 | 264,112.50 | 479,112.50 |
| 2041 | 250,000 | 256,318.76 | 506,318.76 |
| 2042 | 290,000 | 247,256.26 | 537,256.26 |
| 2043 | 325,000 | 236,743.76 | 561,743.76 |
| 2044 | 365,000 | 224,962.50 | 589,962.50 |
| 2045 | 420,000 | 205,800.00 | 625,800.00 |
| 2046 | 480,000 | 183,750.00 | 663,750.00 |
| 2047 | 1,440,000 | 158,550.00 | 1,598,550.00 |
| 2048 | 1,580,000 | 82,950.00 | 1,662,950.00 |
| Total | $7,000,000 | $7,800,249.14 | $14,800,249.14 |

***Combined Debt Service Table.*** The following table shows the combined annual debt service schedule with respect to obligations of the District secured by *ad valorem* taxes, assuming no optional redemptions. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – General Obligation Debt" for additional information.

**SELMA UNIFIED SCHOOL DISTRICT**
**Combined Annual Debt Service Schedule**
**All Outstanding General Obligation Debt**

| Bond Year Ending August 1 | Election of 2006, Series 2007B Bonds | Election of 2006, Series 2009C Bonds | 2014 Refunding Bonds | Election of 2016, Series 2017A Bonds | Election of 2016, Series 2019B Bonds | Total Debt Service |
|---|---|---|---|---|---|---|
| 2019 | $352,756.26 | $60,000.00 | $725,431.26 | $990,243.76 | $159,736.60 | $2,288,167.88 |
| 2020 | 364,350.00 | 60,000.00 | 765,031.26 | 406,843.76 | 785,962.50 | 2,382,187.52 |
| 2021 | 350,000.00 | 60,000.00 | 832,943.76 | 421,343.76 | 701,862.50 | 2,366,150.02 |
| 2022 | 375,000.00 | 60,000.00 | 863,343.76 | 430,543.76 | 289,862.50 | 2,018,750.02 |
| 2023 | 375,000.00 | 65,000.00 | 917,543.76 | 444,543.76 | 289,862.50 | 2,091,950.02 |
| 2024 | 350,000.00 | 75,000.00 | 993,743.76 | 458,243.76 | 289,862.50 | 2,166,850.02 |
| 2025 | 375,000.00 | 70,000.00 | 1,035,943.76 | 470,843.76 | 289,862.50 | 2,241,650.02 |
| 2026 | 375,000.00 | 70,000.00 | 1,102,693.76 | 487,993.76 | 289,862.50 | 2,325,550.02 |
| 2027 | 375,000.00 | 75,000.00 | 1,164,193.76 | 499,543.76 | 289,862.50 | 2,403,600.02 |
| 2028 | 375,000.00 | 75,000.00 | 1,240,443.76 | 514,343.76 | 289,862.50 | 2,494,650.02 |
| 2029 | 375,000.00 | 75,000.00 | 1,315,443.76 | 533,343.76 | 289,862.50 | 2,588,650.02 |
| 2030 | 400,000.00 | 65,000.00 | 1,383,543.76 | 548,093.76 | 289,862.50 | 2,686,500.02 |
| 2031 | 400,000.00 | 60,000.00 | 216,825.00 | 562,243.76 | 289,862.50 | 1,528,931.26 |
| 2032 | 1,950,000.00 | 65,000.00 | - | 580,525.00 | 309,862.50 | 2,905,387.50 |
| 2033 | - | 2,000,000.00 | - | 597,425.00 | 329,212.50 | 2,926,637.50 |
| 2034 | - | 2,200,000.00 | - | 618,481.26 | 342,912.50 | 3,161,393.76 |
| 2035 | - | 2,300,000.00 | - | 633,156.26 | 366,125.00 | 3,299,281.26 |
| 2036 | - | 2,400,000.00 | - | 651,956.26 | 388,525.00 | 3,440,481.26 |
| 2037 | - | 2,500,000.00 | - | 674,706.26 | 405,112.50 | 3,579,818.76 |
| 2038 | - | 2,500,000.00 | - | 695,750.00 | 431,050.00 | 3,626,800.00 |
| 2039 | - | 1,000,000.00 | - | 714,750.00 | 455,818.76 | 2,170,568.76 |
| 2040 | - | - | - | 736,750.00 | 479,112.50 | 1,215,862.50 |
| 2041 | - | - | - | 756,500.00 | 506,318.76 | 1,262,818.76 |
| 2042 | - | - | - | 779,000.00 | 537,256.26 | 1,316,256.26 |
| 2043 | - | - | - | 804,000.00 | 561,743.76 | 1,365,743.76 |
| 2044 | - | - | - | 831,250.00 | 589,962.50 | 1,421,212.50 |
| 2045 | - | - | - | 855,500.00 | 625,800.00 | 1,481,300.00 |
| 2046 | - | - | - | 876,750.00 | 663,750.00 | 1,540,500.00 |
| 2047 | - | - | - | - | 1,598,550.00 | 1,598,550.00 |
| 2048 | - | - | - | - | 1,662,950.00 | 1,662,950.00 |
| Total | $6,792,106.26 | $15,835,000.00 | $12,557,125.12 | $17,574,668.92 | $14,800,249.14 | $67,559,149.44 |

*[Remainder of page intentionally left blank]*

## SECURITY FOR THE SERIES 2019B BONDS

### *Ad Valorem* Taxes

***Series 2019B Bonds Payable from Ad Valorem Property Taxes***. The Series 2019B Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Series 2019B Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). In no event is the District obligated to pay principal of and interest and redemption premium, if any, on the Series 2019B Bonds out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

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

***Levy and Collection***. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into the Debt Service Fund, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the Series 2019B Bonds when due.

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

***Statutory Lien on Ad Valorem Tax Revenues***. Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Series 2019B Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

***Annual Tax Rates***. The amount of the annual *ad valorem* tax levied by the County to repay the Series 2019B Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Series 2019B Bonds. Fluctuations in the annual debt service on the Series 2019B Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate.

**Debt Service Fund**

The County will establish the Debt Service Fund for the Series 2019B Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County, at the request of the District, for the payment of the principal of and interest and premium (if any) on the Series 2019B Bonds will be deposited in the Debt Service Fund by the County promptly upon apportionment of said levy. The Debt Service Fund is pledged for the payment of the principal of and interest on the Series 2019B Bonds when and as the same become due, including the principal of any Series 2019B Bonds required to be paid upon the mandatory sinking fund redemption thereof. The County Treasurer shall administer the Debt Service Fund and make disbursements therefrom in accordance with the Bond Resolution. Amounts in the Debt Service Fund will be transferred by the County Treasurer to the Paying Agent to the extent necessary to pay the principal of and interest and redemption premium (if any) on the Series 2019B Bonds when due. In addition, amounts on deposit in the Debt Service Fund will be applied to pay the fees and expenses of the Paying Agent insofar as permitted by law, including specifically by Section 15232 of the Education Code.

If, after payment in full of the Series 2019B Bonds and any other general obligation bond indebtedness of the District, any amounts remain on deposit in the Debt Service Fund, the County will transfer such amounts to the general fund of the District, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

**Not a County Obligation**

The Series 2019B Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Series 2019B Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Series 2019B Bonds, the Series 2019B Bonds are not a debt of the County.

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# PROPERTY TAXATION

## Property Tax Collection Procedures

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

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

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

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

**Taxation of State-Assessed Utility Property**

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

**Assessed Valuations**

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

**SELMA UNIFIED SCHOOL DISTRICT**
**Assessed Valuation**
**Fiscal Years 2006-07 through 2018-19**

| Fiscal Year | Local Secured | Utility | Unsecured | Total | % Change |
|---|---|---|---|---|---|
| 2006-07 | $1,207,713,507 | $1,192,325 | $44,087,765 | $1,252,993,597 | -- |
| 2007-08 | 1,344,291,186 | 976,511 | 49,671,611 | 1,394,939,308 | 11.3% |
| 2008-09 | 1,381,503,579 | 976,511 | 43,930,073 | 1,426,410,163 | 2.3 |
| 2009-10 | 1,325,406,412 | 976,511 | 50,130,212 | 1,376,513,135 | (3.5) |
| 2010-11 | 1,307,350,215 | 976,511 | 47,871,755 | 1,356,198,481 | (1.5) |
| 2011-12 | 1,313,515,699 | 1,042,008 | 43,478,990 | 1,358,036,697 | 0.1 |
| 2012-13 | 1,309,287,974 | 1,042,008 | 52,506,699 | 1,362,836,681 | 0.4 |
| 2013-14 | 1,369,347,314 | 1,042,008 | 44,441,684 | 1,414,831,006 | 3.8 |
| 2014-15 | 1,405,828,960 | 1,042,008 | 43,152,345 | 1,450,023,313 | 2.5 |
| 2015-16 | 1,473,289,259 | 806,979 | 46,587,782 | 1,520,684,020 | 4.9 |
| 2016-17 | 1,562,753,746 | 806,979 | 56,811,736 | 1,620,372,461 | 6.6 |
| 2017-18 | 1,632,125,813 | 806,979 | 59,384,000 | 1,692,316,792 | 4.4 |
| 2018-19 | 1,717,668,191 | 806,979 | 52,092,652 | 1,770,567,822 | 4.6 |

*Source: California Municipal Statistics, Inc.*

As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation may result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts. With respect to droughts specifically, the State of California is currently facing water shortfalls, and on January 17, 2014, the Governor declared a state of drought emergency, calling on Californians to conserve water. As part of his declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Thereafter, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. On April 1, 2015, the Governor issued an executive order mandating certain conservation, which were implemented by an emergency regulation adopted by the Water Board on May 5, 2015. The temporary conservation measures were extended and amended by subsequent executive orders of the Governor and related Water Board regulations, most recently with implementation of a "stress test" approach of water conservation, which requires local urban water agencies to ensure a three-year supply of water assuming three years of drought conditions. On April 7, 2017, the Governor issued an executive order directing the Water Board to lift the specific conservation provisions of its drought emergency regulations. On May 31, 2018, the Governor signed SB 606 and AB 1668 into law, which establishes guidelines for efficient water use and a framework for the implementation and oversight of the new standards that must be in place by 2022. The District cannot predict or make any representations regarding the effects that the current drought has had, or, if it should continue, may have on the value of taxable property within the District, or to what extent the drought could cause disruptions to economic activity within the boundaries of the District.

***Assessed Valuation by Land Use***. The property in the District is largely residential, with approximately 56.83% of secured assessed valuation of property in the District used for residential purposes, and almost 81.63% of all parcels used for residential purposes. The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2018-19.

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

| Non-Residential: | 2018-19 Assessed Valuation (1) | % of Total | No. of Parcels | % of Total |
|---|---|---|---|---|
| Agricultural | $284,106,910 | 16.54% | 861 | 10.56% |
| Commercial | 247,645,288 | 14.42 | 354 | 4.34 |
| Vacant Commercial | 38,587,949 | 2.25 | 70 | 0.86 |
| Industrial | 152,554,853 | 8.88 | 89 | 1.09 |
| Vacant Industrial | 9,436,080 | 0.55 | 78 | 0.96 |
| Government/Social/Institutional | 9,170,525 | 0.53 | 45 | 0.55 |
| Subtotal Non-Residential | $741,501,605 | 43.17% | 1,497 | 18.37% |
| | | | | |
| Residential: | | | | |
| Single Family Residence | $825,613,125 | 48.07% | 5,418 | 66.48% |
| Mobile Home | 25,781,659 | 1.50 | 380 | 4.66 |
| 2-4 Residential Units | 22,918,184 | 1.33 | 175 | 2.15 |
| 5+ Residential Units/Apartments | 58,344,118 | 3.40 | 280 | 3.44 |
| Vacant Residential | 43,509,500 | 2.53 | 400 | 4.91 |
| Subtotal Residential | $976,166,586 | 56.83% | 6,653 | 81.63% |
| | | | | |
| Total | $1,717,668,191 | 100.00% | 8,150 | 100.00% |

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

*[Remainder of page intentionally left blank]*

**Reassessments and Appeals of Assessed Value**

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

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

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

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

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

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Series 2019B Bonds to increase accordingly, so that the fixed debt service on the Series 2019B Bonds (and other outstanding general obligation debt of the District) may be paid.

*[Remainder of page intentionally left blank]*

## Typical Tax Rates

Below are historical typical tax rates in a typical tax rate area (TRA 11-1) within the District for fiscal years 2015-16 through 2018-19.

**SELMA UNIFIED SCHOOL DISTRICT**
**Typical Tax Rates per $100 of Assessed Valuation**
**(TRA 11-1 - 2018-19 Assessed Valuation: $399,322,576)**
**Fiscal Years 2015-16 through 2018-19**

| | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 |
|---|---|---|---|---|
| General | $1.000000 | $1.000000 | $1.000000 | $1.000000 |
| City of Selma | - | - | .021600 | .021600 |
| Selma Unified School District | .099128 | .057970 | .118814 | .109658 |
| State Center Community College District | .008064 | .008480 | .025934 | .022966 |
| Total | $1.107192 | $1.066450 | 1.166348 | 1.154224 |

*Source: California Municipal Statistics, Inc.*

## Tax Levies and Delinquencies; Teeter Plan

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, the County includes the District's general obligation bond levies in its Teeter Plan.

So long as the Teeter Plan remains in effect and the County continues to include the District in the Teeter Plan, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. On July 8, 2008, the County adopted Resolution No. 08-322, which determined that, because the "…County of Fresno Supplemental Secured Property Tax Roll is now severely delinquent and, by such delinquency, impairs, impedes and disrupts the County of Fresno's general fund cash flow…", the County discontinues the use of the Teeter Plan as it applies to the supplemental secured property tax rolls. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

*[Remainder of page intentionally left blank]*

The table below shows the secured tax charge and delinquency rate for fiscal years 2009-10 through 2017-18.

**SELMA UNIFIED SCHOOL DISTRICT**
**Secured Tax Charges and Delinquency Rates**
**Fiscal Years 2009-10 through 2017-18**

| Fiscal Year | Secured Tax Charge (1) | Amount Delinquent (June 30) | % Delinquent (June 30) |
|---|---|---|---|
| 2009-10 | $14,528,015.30 | $537,130.08 | 3.70% |
| 2010-11 | 14,351,499.06 | 411,350.82 | 2.87 |
| 2011-12 | 14,393,672.70 | 329,530.95 | 2.29 |
| 2012-13 | 14,315,026.46 | 312,112.85 | 2.18 |
| 2013-14 | 19,784,395.02 | 427,528.25 | 2.16 |
| 2014-15 | 20,208,199.32 | 429,352.13 | 2.12 |
| 2015-16 | 21,817,902.16 | 530,330.29 | 2.43 |
| 2016-17 | 22,525,263.68 | 408,747.46 | 1.81 |
| 2017-18 | 25,214,091.60 | 499,583.89 | 1.98 |

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects county-wide delinquency rate.
*Source: California Municipal Statistics, Inc.*

*[Remainder of page intentionally left blank]*

## Major Taxpayers

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

**SELMA UNIFIED SCHOOL DISTRICT**
**Largest Fiscal Year 2018-19 Local Secured Taxpayers**

| | Property Owner | Primary Land Use | 2018-19 Assessed Valuation | % of Total (1) |
|---|---|---|---|---|
| 1. | Guardian Industries Corporation | Industrial | $ 73,565,769 | 4.28% |
| 2. | Hanford Community Hospital | Hospital | 16,961,699 | 0.99 |
| 3. | California Water Service Company | Water Company | 15,214,400 | 0.89 |
| 4. | Dwight Grant Nelson, Trustee | Commercial | 14,690,532 | 0.86 |
| 5. | Wal-Mart Real Estate Business Trust | Commercial | 14,398,339 | 0.84 |
| 6. | Selma-Veto LLC | Commercial | 13,812,002 | 0.80 |
| 7. | Daniel L. Serimian | Residential Properties | 11,592,925 | 0.67 |
| 8. | Home Depot USA Inc. | Commercial | 11,032,600 | 0.64 |
| 9. | George J. & Louise N.L. Alves, Trustees | Industrial | 11,014,966 | 0.64 |
| 10. | Fahrney Land Management LLC | Commercial | 11,000,000 | 0.64 |
| 11. | Magellan Central Valley LLC | Industrial | 9,479,456 | 0.55 |
| 12. | Quinn Company | Industrial | 8,841,252 | 0.51 |
| 13. | Shockley Terrace LP | Apartments | 8,728,280 | 0.51 |
| 14. | Selma Crossings LLC | Commercial | 8,330,186 | 0.48 |
| 15. | Sun Valley Packing LP | Agricultural | 7,718,100 | 0.45 |
| 16. | Clarence & Mary Jo Uhruh, Trustees | Agricultural | 7,550,046 | 0.44 |
| 17. | Roger D. & Larinda L. Van Groningen, Trustees | Industrial | 6,618,413 | 0.39 |
| 18. | Kaiser Foundation Health Plan Inc. | Office Building | 6,229,746 | 0.36 |
| 19. | VK Nijjar Farms LLC | Agricultural | 6,198,024 | 0.36 |
| 20. | Swan Court Hotel Inc. | Hotel/Motel | 6,106,400 | 0.36 |
| | | | $269,083,135 | 15.67% |

(1) Fiscal year 2018-19 local secured assessed valuation: $1,717,668,191.
*Source: California Municipal Statistics, Inc.*

*[Remainder of page intentionally left blank]*

## Direct and Overlapping Debt

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

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

**SELMA UNIFIED SCHOOL DISTRICT**
**Statement of Direct and Overlapping Bonded Debt**
**Dated as of December 1, 2018**

2018-19 Assessed Valuation: $1,770,567,822

| | % Applicable | Debt 12/1/18 | |
|---|---|---|---|
| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT: | | | |
| State Center Community College District | 2.070% | $ 2,990,840 | |
| **Selma Unified School District** | **100.000** | **24,358,904** | (1) |
| City of Selma | 99.998 | 3,924,922 | |
| City of Selma 1915 Act Bonds | 100.000 | 485,000 | |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | $31,759,666 | |
| | | | |
| DIRECT AND OVERLAPPING GENERAL FUND DEBT: | | | |
| Fresno County General Fund Obligations | 2.225% | $ 885,539 | |
| Fresno County Pension Obligations | 2.225 | 5,756,513 | |
| **Selma Unified School District Certificates of Participation** | **100.000** | **3,263,948** | |
| **Selma Unified School District Qualified Zone Academy Bonds (QZABs)** | **100.000** | **10,607,142** | |
| City of Kingsburg General Fund Obligations | 8.801 | 195,822 | |
| City of Selma General Fund Obligations | 99.998 | 3,797,407 | |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | $24,506,371 | |
| | | | |
| OVERLAPPING TAX INCREMENT DEBT (Successor Agency): | | $2,055,000 | |
| | | | |
| COMBINED TOTAL DEBT | | $58,321,037 | (2) |

Ratios to 2018-19 Assessed Valuation:
**Direct Debt ($24,358,904)........................................................ 1.38%**
Total Direct and Overlapping Tax and Assessment Debt............. 1.79%
**Combined Direct Debt ($38,229,994) ..................................... 2.16%**
Combined Total Debt ................................................................ 3.29%

Ratios to Redevelopment Incremental Valuation ($176,776,867):
Total Overlapping Tax Increment Debt....................................... 1.16%

(1) Excludes Series 2019B Bonds to be issued.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

*Source: California Municipal Statistics, Inc.*

## BOND INSURANCE

*The following information has been furnished by Build America Mutual Assurance Company ("**BAM**") for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to Appendix H for a specimen of BAM's policy.*

### Bond Insurance Policy

Concurrently with the issuance of the Series 2019B Bonds, BAM will issue its Municipal Bond Insurance Policy (the "**Policy**") for the Series 2019B Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series 2019B Bonds when due as set forth in the form of the Policy included as Appendix H to this Official Statement.

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

### Build America Mutual Assurance Company

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

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

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2019B Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2019B Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2019B Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2019B Bonds, nor does it guarantee that the rating on the Series 2019B Bonds will not be revised or withdrawn.

*Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $524 million, $104.1 million and $419.9 million, respectively.

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

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

BAM makes no representation regarding the Series 2019B Bonds or the advisability of investing in the Series 2019B Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

*Additional Information Available from BAM*

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

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

***Disclaimers.*** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit

Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2019B Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2019B Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2019B Bonds, whether at the initial offering or otherwise.

## TAX MATTERS

### Tax Exemption

***Federal Tax Status.*** In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series 2019B Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Series 2019B Bonds. 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 Series 2019B Bonds.

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

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Series 2019B Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Series 2019B Bonds who purchase the Series 2019B Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Series 2019B Bond (said term being the shorter of the Series 2019B Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Series 2019B Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Series 2019B Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

***California Tax Status****.* In the further opinion of Bond Counsel, interest on the Series 2019B Bonds is exempt from California personal income taxes.

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

***Other Tax Considerations***. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Series 2019B Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Series 2019B Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Series 2019B Bonds, or as to the consequences of owning or receiving interest on the Series 2019B Bonds, as of any future date. Prospective purchasers of the Series 2019B Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Series 2019B Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series 2019B Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Series 2019B Bonds, the ownership, sale or disposition of the Series 2019B Bonds, or the amount, accrual or receipt of interest on the Series 2019B Bonds.

*[Remainder of page intentionally left blank]*

## CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and beneficial owners of the Series 2019B Bonds to provide certain financial information and operating data relating to the District by not later than nine (9) months following the end of the District's fiscal year (which currently is June 30), commencing March 31, 2019 with the report for the 2017-18 fiscal year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events pursuant to the Continuing Disclosure Certificate in the form attached to this Official Statement in "APPENDIX E – Form of Continuing Disclosure Certificate." The Annual Report and any event notices will be filed by the District with the Municipal Securities Rulemaking Board (the "**MSRB**"). The specific nature of the information to be contained in each Annual Report or other notices is summarized in "APPENDIX E – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "**Rule**").

The District has existing disclosure undertakings made pursuant to the Rule in connection with the issuance of prior obligations of the District. In the previous five years, the District failed to include certain information in its 2015-16 Annual Report filed on March 6, 2017. An amended Annual Report was filed on March 27, 2018 which corrected information relating to total assessed valuation in the District. Additionally, in connection with the advance refunding of the District's General Obligation Bonds Election of 2006, Series 2007 (the "**2007 Bonds**") in December 2014, the District posted the Escrow Agreement to EMMA, but failed to provide a notice of defeasance for the 2007 Bonds.

To assist the District to comply with its continuing disclosure undertakings with respect to the Series 2019B Bonds pursuant to the Continuing Disclosure Certificate, the District has engaged Government Financial Strategies, Inc. to serve as its dissemination agent with respect to its prior undertaking, including the Continuing Disclosure Certificate to be executed in connection with the Series 2019B Bonds. To further ensure such compliance, the District has adopted policies and procedures related thereto.

## RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is expected to assign a rating of "AA" to the Bonds, based on the understanding that BAM will deliver its Policy with respect to the Bonds. See "BOND INSURANCE."

In addition, S&P has assigned an underlying rating of "A+" to the Series 2019B Bonds. Such ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained only from S&P. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2019B Bonds.

## UNDERWRITING

The Series 2019B Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"), pursuant to a bond purchase agreement for the Series 2019B Bonds (the "**Bond Purchase Agreement**"). The Underwriter has agreed to purchase the Series 2019B Bonds at a price of $7,308,338.95, representing the principal amount of the Series 2019B Bonds, plus net original issue premium of $512,979.40, less an Underwriter's discount of $28,000.00, less $176,640.45 to be applied to the payment of costs of issuance.

The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2019B Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Underwriter may offer and sell Series 2019B Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

## MISCELLANEOUS

### Legality for Investment

Under provisions of the California Financial Code, the Series 2019B Bonds are legal investments for commercial banks in California to the extent that the Series 2019B Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, the Series 2019B Bonds are eligible to secure deposits of public moneys in California.

### Litigation

No litigation is pending or threatened concerning the validity of the Series 2019B Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Series 2019B Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and sell the Series 2019B Bonds.

The District may be or may become a party to lawsuits and claims which are unrelated to the Series 2019B Bonds or actions taken with respect to the Series 2019B Bonds and which have arisen in the normal course of operating the District. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. In the opinion of the District, there currently are no claims or actions pending which could have a material adverse effect on the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

### Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Kutak Rock LLP, as counsel to the Underwriter, and Caldwell Flores Winters, Inc., as financial advisor to the District, is contingent upon issuance of the Series 2019B Bonds.

## Information Relating to Potential Community Reinvestment Act Credit

The National School Lunch Program (the "**NSLP**") provides free or reduced price school meals to eligible students who participate in certain federal assistance programs (including the Supplemental Nutrition Assistance Program) or whose median household income falls below certain federal poverty thresholds. The table below indicates schools at which Series 2019B Bond proceeds are being expended with a majority of students who receive free and reduced-priced meals. The District makes no representation as to the status of any investment in the Series 2019B Bonds under the Community Reinvestment Act.

**Selma Unified School District**
**Participation of District Students in**
**National School Lunch Program**

| Facility | Eligibility Percentage |
|---|---|
| Andrew Jackson Elementary School | 81.5% |
| Eric White Elementary School | 94.8 |
| George Washington Elementary School | 98.9 |
| Indianola Elementary School | 80.7 |
| James Garfield Elementary School | 90.6 |
| Theodore Roosevelt Elementary School | 90.3 |
| Terry Elementary School | 93.6 |
| Woodrow Wilson Elementary School | 85.9 |
| Abraham Lincoln Middle School | 85.0 |
| Selma High School | 76.6 |
| Selma Independent School | 84.2 |
| Heartland High School | 73.2 |

## Additional Information

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents are available from the Underwriter and following delivery of the Series 2019B Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

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

*[Remainder of page intentionally left blank]*

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Series 2019B Bonds. The execution and delivery of this Official Statement have been duly authorized by the District.

**SELMA UNIFIED SCHOOL DISTRICT**

By: /s/ Tanya A. Fisher
Superintendent

## APPENDIX A

## DISTRICT GENERAL AND FINANCIAL INFORMATION

*The information in this section concerning the operations of the District, its operating budget and the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Series 2019B Bonds is payable from the general fund of the District. The Series 2019B Bonds are payable solely from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE SERIES 2019B BONDS" in the main body of the Official Statement.*

## DISTRICT GENERAL INFORMATION

### General Information

The District was established on July 1, 1966 and is located in the southeast portion of Fresno County (the "**County**"). The District serves the City of Selma and surrounding rural area. The District operates seven elementary schools, one K-1st grade school, one middle school, one high school, one adult high school and one alternative school. Total enrollment for the 2018-19 school year is 6,451 students.

### Administration

***Board of Trustees**.* The District is governed by a five-member Board of Trustees, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years. Current members of the Board of Trustees, together with their office and the date their term expires, are listed below:

| Name | Office | Term Expires |
|---|---|---|
| Jennifer Winter | President | December 2022 |
| Paul Green | Vice President | December 2020 |
| Diane S. Jensen | Clerk | December 2022 |
| Roger Orosco | Trustee | December 2022 |
| Vacant* | Trustee | December 2020 |

***Superintendent and Administrative Personnel***. The Superintendent of the District is appointed by the Board and is responsible for management of the day-to-day operations and supervises the work of other District administrators. Dr. Tanya A. Fisher and Larry Teixeira currently serve as the Superintendent and Assistant Superintendent, Business Services, respectively, of the District.

* Trustee Mark Falcon recently passed away. The District is taking applications from interested candidates and will appoint a new Trustee to serve out the remainder of his term.

## Recent Enrollment Trends

The following table shows enrollment and average daily attendance history for the District for fiscal years 2009-10 though 2017-18, together with estimates for fiscal year 2018-19.

**ANNUAL ENROLLMENT and AVERAGE DAILY ATTENDANCE**
**Fiscal Years 2009-10 through 2018-19**
**Selma Unified School District**

| School Year | Enrollment | Percent Change | ADA | Percent Change |
|---|---|---|---|---|
| 2009-10 | 6,369 | -- | 6,042 | -- |
| 2010-11 | 6,420 | 0.8% | 6,124 | 1.4% |
| 2011-12 | 6,415 | (0.1) | 6,147 | 0.4 |
| 2012-13 | 6,453 | 0.6 | 6,134 | (0.2) |
| 2013-14 | 6,485 | 0.5 | 6,156 | 0.4 |
| 2014-15 | 6,447 | (0.6) | 6,190 | 0.6 |
| 2015-16 | 6,541 | 1.5 | 6,246 | 0.9 |
| 2016-17 | 6,459 | (1.3) | 6,208 | 0.6 |
| 2017-18 | 6,451 | (0.1) | 6,194 | 0.2 |
| 2018-19* | 6,451 | 0.0 | 6,194 | 0.0 |

** Budgeted.*
*Source: Selma Unified School District.*

## Employee Relations

The District currently has 366 certificated, 374 classified and 55 management full-time equivalent positions. The certificated and classified employees of the District are represented by their respective bargaining units, as set forth in the following table.

**BARGAINING UNITS**
**Selma Unified School District**

| Employee Group | Number of Employees Represented | Contract Expiration Date |
|---|---|---|
| Selma Unified Teachers Association (CTA/NEA) | 366.0 | June 30, 2019 |
| California Schools Employees Association | 374.0 | June 30, 2021 |

*Source: Selma Unified School District.*

*[Remainder of page intentionally left blank]*

# DISTRICT FINANCIAL INFORMATION

## Education Funding Generally

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

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues. Districts which had local property tax revenues which exceeded its revenue limit entitlement were deemed "Basic Aid District" and received full funding from local property tax revenues, and were entitled to keep those tax revenues which exceeded its revenue limit funding entitlement.

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

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

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

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

The LCFF was implemented for fiscal year 2013-14 and has been phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts have had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap. Full implementation occurred in fiscal year 2018-19 in connection with the adoption of the 2018-19 State Budget.

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

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

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

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

The new legislation included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, including an 8.92% fair share reduction in categorical funding, adjusted for changes in ADA.

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

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. The County Superintendent is independent from, and is not an officer, the County. In addition, the Budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an

Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

## District Accounting Practices

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

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

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

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

## Financial Statements

***General***. The District's Audited Financial Statements for the fiscal year ending June 30, 2018, were prepared by Linger, Peterson & Shrum, Certified Public Accountants, Fresno, California (the "**Auditor**"). Audited financial statements for the District for the fiscal year ended June 30, 2018 and prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office. See Appendix B hereto for the Audited Financial Statements for fiscal year 2017-18. The District has not requested, and the auditor has not provided, any additional review of such financial statements in connection with their inclusion in the Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District.

***General Fund Revenues, Expenditures and Changes in Fund Balance***. The following table shows the audited income and expense statements for the District for the fiscal years 2013-14 through 2017-18.

**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**
**Fiscal Years 2012-13 through 2017-18 (Audited)**
**Selma Unified School District**

| Revenues | Audited 2013-14 | Audited 2014-15 | Audited 2015-16 | Audited 2016-17 | Audited 2017-18 |
|---|---|---|---|---|---|
| LCFF(1) | $43,145,447 | $49,699,945 | $57,893,454 | $62,489,762 | $63,511,148 |
| Federal Revenue | 5,545,500 | 5,040,845 | 5,369,176 | 5,162,418 | 5,665,084 |
| Other State Revenue | 5,690,117 | 5,017,676 | 8,414,424 | 8,068,670 | 7,673,075 |
| Other Local Revenue | 2,833,239 | 2,587,477 | 3,124,955 | 3,539,281 | 2,889,704 |
| Total Revenues | 57,214,303 | 62,345,943 | 74,802,009 | 79,260,131 | 79,739,011 |
| | | | | | |
| Expenditures | | | | | |
| Instruction | 37,753,018 | 39,087,188 | 43,815,982 | 48,917,902 | 49,994,738 |
| Instruction-Related Services | 5,876,276 | 6,614,514 | 7,834,524 | 8,885,101 | 8,765,992 |
| Pupil Services | 3,729,184 | 4,642,048 | 5,070,616 | 5,421,442 | 5,415,794 |
| Ancillary services | 414,894 | 454,860 | 600,177 | 658,850 | 688,793 |
| General Administration | 3,628,765 | 4,188,776 | 4,557,748 | 4,675,111 | 4,472,332 |
| Plant services | 6,308,020 | 7,466,535 | 7,243,431 | 7,819,899 | 7,756,046 |
| Other Outgo | 683,421 | 649,474 | 791,183 | 1,131,852 | 1,118,377 |
| Capital Outlay | -- | -- | 639,382 | 622,413 | 445,991 |
| Debt Service: | | | | | |
| Principal | 544,255 | 521,578 | 1,520,745 | 1,412,419 | 1,763,122 |
| Interest | 141,658 | 107,065 | 739,073 | 782,886 | 712,105 |
| Total Expenditures | 59,079,491 | 63,732,038 | 72,812,861 | 80,327,875 | 81,133,290 |
| | | | | | |
| Excess of Revenues Over/(Under) Expenditures | (1,865,188) | (1,386,095) | 1,989,148 | (1,067,744) | (1,394,279) |
| | | | | | |
| Other Financing Sources (Uses) | | | | | |
| Transfer In | -- | -- | -- | -- | -- |
| Transfers Out | (397,693) | (150,262) | (169,193) | (262,042) | (277,252) |
| Other sources | 1,890,440 | 236,733 | 886,321 | 543,857 | 544,000 |
| Total Other Financing Sources (Uses) | 1,492,747 | 86,471 | 417,128 | 281,815 | 266,748 |
| | | | | | |
| Net Change in Fund Balance | (372,441) | (1,299,624) | 2,406,276 | (785,929) | (1,127,531) |
| | | | | | |
| Fund Balances, beginning of fiscal year (July 1) | 7,095,465 | 6,723,024 | 5,423,400 | 7,920,787 | 7,043,747 |
| Fund Balance, end of fiscal year (June 30) | $6,723,024 | $5,423,400 | $7,829,676 | $7,043,747 | $5,916,216 |

(1) LCFF commenced in fiscal year 2013-14.
*Source: District Audited Financial Statements for fiscal years 2013-14 through 2017-18.*

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**District Budget and Interim Financial Reporting**

***Budgeting – Education Code Requirements***. The District is required under the Education Code of the State to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("**AB 1200**"), which became State law on October 14, 1991. Portions of AB 1200 are summarized in "– Interim Certifications Regarding Ability to Meet Financial Obligations."

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. In 2014, Assembly Bill 2585 was enacted, which repealed provisions authorizing school districts to use a dual budget adoption option. Instead, all school districts must be on a single budget cycle. A budget is only readopted if it is disapproved by the county office of education, or as needed.

The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Trustees and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, will determine if the budget includes the expenditures necessary to implement the local control and accountability plan and determine if the budget includes a combined assigned and unassigned ending fund balance that exceeds the minimum recommended reserve for economic uncertainties. On or before August 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than August 20, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget has been disapproved.

For a district whose budget has been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

***Interim Certifications Regarding Ability to Meet Financial Obligations***. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

***District's Budget Approval/Disapproval and Certification History****.* During the past five years, the District received positive certifications on all interim reports.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent's Office at 3036 Thompson Avenue, Selma, California 93662; telephone (559) 898-6500. The District may impose charges for copying, mailing and handling.

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***District's Fiscal Year 2018-19 Budget and First Interim Projections***. The following table shows the income and expense statements for the District for fiscal year 2018-19 (adopted budget and first interim projections).

**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE(1)**
**Fiscal Year 2018-19 (Adopted Budget and First Interim Report)**
**Selma Unified School District**

| Revenues | Adopted Budget 2018-19 | First Interim Projections Fiscal Year 2018-19 |
|---|---|---|
| LCFF | $69,079,974 | $69,079,974 |
| Federal Revenues | 6,005,070 | 6,154,756 |
| Other State Revenues | 6,979,922 | 6,960,554 |
| Other Local Revenues | 2,513,329 | 3,003,728 |
| Total Revenues | 84,578,295 | 85,199,012 |
| Expenditures | | |
| Certificated Salaries | 34,946,816 | 35,293,779 |
| Classified Salaries | 11,126,129 | 11,254,481 |
| Employee Benefits | 20,744,175 | 20,779,774 |
| Books and Supplies | 7,021,799 | 7,166,072 |
| Contract Services & Operating Exp. | 6,049,980 | 6,525,583 |
| Capital Outlay | 192,980 | 163,455 |
| Other Outgo (excluding indirect costs) | 3,432,823 | 3,448,752 |
| Other Outgo – Transfers of Indirect Costs | (158,574) | (140,351) |
| Total Expenditures | 83,356,128 | 84,491,544 |
| Excess of Revenues Over/(Under) Expenditures | 1,222,167 | 707,468 |
| Other Financing Sources (Uses) | | |
| Operating transfers in | 0 | 0 |
| Operating transfers out | 0 | 0 |
| Sources | 494,293 | 494,293 |
| Contributions | 0 | 0 |
| Total Other Financing Sources/(Uses) | 494,293 | 494,293 |
| **Net change in fund balance** | 1,716,460 | 1,201,761 |
| **Fund Balance, July 1** | 5,916,217 | 5,916,217 |
| **Fund Balance, June 30** | 7,632,677 | $7,117,978 |

(1) Totals may not foot due to rounding.
*Source: Selma Unified School District.*

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

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

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

**Attendance - LCFF Funding**

As previously described, prior to fiscal year 2013-14, school districts in the State derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth LCFF funding per ADA for the District for fiscal years 2013-14 through 2018-19 (Budgeted).

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**ADA AND LCFF FUNDING**
**Fiscal Years 2013-14 through 2018-19 (Budgeted)**
**Selma Unified School District**

| Fiscal Year | ADA[1] | Total LCFF Revenue |
|---|---|---|
| 2013-14 | 6,156 | $43,145,447 |
| 2014-15 | 6,190 | 49,699,945 |
| 2015-16 | 6,246 | 57,893,454 |
| 2016-17 | 6,208 | 62,489,762 |
| 2017-18 | 6,194 | 63,511,150 |
| 2018-19[2] | 6,194 | 69,740,906 |

(1) P-2 for Fiscal Year 2013-14 through 2017-18; Budgeted for Fiscal Year 2018-19.
(2) Budgeted.
*Source: Selma Unified School District.*

The District's unduplicated pupil count for fiscal year 2018-19 for purposes of calculating entitlement under the LCFF for supplemental funding and concentration grant funding is 85.5%.

**Revenue Sources**

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

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

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

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Section 42238(h) of the Education Code of the State itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

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

***Other State Revenues***. Other State Revenues consist primarily of apportionments for mandated costs reimbursements, special education master plan, and State lottery apportionments.

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

**District Retirement Systems**

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

***Implementation of GASB Nos. 68 and 71***. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the financial statements for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the net pension liability of STRS and PERS of $58,109,964 and $20,533,335, respectively. See "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2018 - Note J" for further information.

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

**STRS Contributions**
**Selma Unified School District**

| Fiscal Year | Amount |
|---|---|
| 2011-12 | $2,044,317 |
| 2012-13 | 2,198,701 |
| 2013-14 | 2,216,157 |
| 2014-15 | 2,518,932 |
| 2015-16 | 3,399,458 |
| 2016-17(1) | 5,197,730 |
| 2017-18(1) | 6,661,379 |
| 2018-19(1)(2) | 8,384,615 |

(1) Figures includes State on-behalf payments of $1.9 million, $2.4 million and $2.5 million in fiscal years 2016-17, 2017-18 and 2018-19, respectively.
(2) Budgeted.
*Source: Selma Unified School District.*

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $107.3 billion as of June 30, 2017 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 ("**AB 1469**"), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.25% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

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

**PROJECTED EMPLOYER CONTRIBUTION RATES (STRS)**
**Fiscal Years 2018-19 through 2022-23**

| Fiscal Year | Projected Employer Contribution Rate(1) |
|---|---|
| 2018-19 | 16.28% |
| 2019-20 | 18.13 |
| 2020-21 | 19.10 |
| 2021-22(2) | 18.60 |
| 2022-23(2) | 18.10 |

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

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

*[Remainder of page intentionally left blank]*

**PERS Contributions**
**Selma Unified School District**

| Fiscal Year | Amount |
|---|---|
| 2011-12 | $780,407 |
| 2012-13 | 842,740 |
| 2013-14 | 880,363 |
| 2014-15 | 1,060,592 |
| 2015-16 | 1,202,342 |
| 2016-17 | 1,207,323 |
| 2017-18 | 1,534,221 |
| 2018-19(1) | 1,505,742 |

(1) Projected.
*Source: Selma Unified School District.*

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

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

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

*Source: PERS.*

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

*[Remainder of page intentionally left blank]*

**PROJECTED EMPLOYER CONTRIBUTION RATES (PERS)**
**Fiscal Years 2018-19 through 2022-23[1]**

| Fiscal Year | Projected Employer Contribution Rate[2] |
|---|---|
| 2018-19 | 18.100% |
| 2019-20 | 20.800 |
| 2020-21 | 23.500 |
| 2021-22 | 24.600 |
| 2022-23 | 25.300 |

(1) Rates were estimated by PERS in 2017. The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
*Source: PERS*

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

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

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

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

***Additional Information***. Additional information regarding the District's retirement programs is available in Note 9 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

**Other Post-Employment Benefit Obligation**

***Plan Description***. The District provides a self-funded, single employer, defined benefit plan (the "**Plan**") to provide health insurance to retirees. All coverages are self-insured on a pooled basis through Self Insured Schools of California. The amount and duration of District-paid contributions for retiree health insurance vary by employment classification, age and date of hire. As of June 30, 2018, there are 31 retirees currently receiving benefits, and approximately 522 active employees who may become eligible to receive benefits.

***Total OPEB Liability***. A summary of the changes to the District's OPEB liability, as shown in the District's audited financial statements as of June 30, 2018, is as follows:

**OPEB LIABILITY AS OF JUNE 30, 2018**
**Selma Unified School District**

| | |
|---|---|
| Balance at June 30, 2017 | $3,218,271 |
| Amortization, adjusted for payroll increases | 9,487,434 |
| Balance at June 30, 2017, restated | 12,705,705 |
| Changes for the year: | |
| Service cost | 455,124 |
| Interest | 495,522 |
| Benefit payments | (530,726) |
| Net changes | 419,920 |
| Balance at June 30, 2018 | $13,125,625 |

*Source: District 2017-18 Audited Financial Statements.*

For fiscal year 2017-18, the District recognized OPEB expense of $950,646.

See "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2018 - Note K" for further information.

## Insurance – Joint Powers Agreement

The District participates in four public entity risk pools under JPAs; the Self Insured Schools of California III ("**S.I.S.C. III**"), the Organization of Self-Insured Schools ("**OSS**"), Fresno County Self-Insurance Group ("**FCSIG**") and Valley Regional Occupational Program ("**Valley ROP**"). The relationship between the District and the JPAs is such that note of the JPAs are a component unit of the District for financial reporting purposes.

## Existing Debt Obligations

***General Obligation Bonds***. The District has four series of general bonds currently outstanding, as summarized in the following table and as described in more detail below.

**GENERAL OBLIGATION BONDS**
**Selma Unified School District**

| Dated Date | Series | Original Principal Amount | Principal Outstanding January 1, 2019 |
|---|---|---|---|
| | **2006 Authorization** | | |
| 11/20/2007 | General Obligation Bonds, Election of 2006, Series 2007B | $3,772,060.75 | $2,622,060.75 |
| 09/29/2009 | General Obligation Bonds, Election of 2006, Series 2009C | 3,000,008.05 | 2,906,843.70 |
| | **2016 Authorization** | | |
| 02/23/2017 | General Obligation Bonds, Election of 2016, Series 2017A | 10,100,000.00 | 9,290,000.00 |
| | **Refunding Bonds** | | |
| 12/18/2014 | 2014 General Obligation Refunding Bonds | 10,460,000.00 | 9,540,000.00 |
| **Total** | | $27,332,068.80 | $24,358,904.45 |

*Source: District's Audits; the Financial Advisor.*

2006 GO Bond Authorization. On November 7, 2006, the District's voters approved an authorization of $23,800,000 principal amount of general obligation bonds (the "**2006 Authorization**"). The District has issued three series of bonds pursuant to the 2006 Authorization as shown above. The first series of bonds under the 2006 Authorization (the "**2006 Series 2007 Bonds**") was refunded by the 2014 Refunding Bonds described below.

On November 20, 2007, the District issued its $3,772,060.75 original principal amount of General Obligation Bonds, Election of 2006, Series 2007B (the "**2006 Series 2007B Bonds**") as the second series of bonds issued pursuant to the 2006 Authorization. The 2006 Series 2007B Bonds are currently outstanding in the aggregate principal amount of $2,622,060.75.

On September 29, 2009, the District issued its $3,000,008.05 General Obligation Bonds, Election of 2006, Series 2009C (the "**2006 Series 2009C Bonds**") as the third series of bonds issued pursuant to the 2006 Authorization. The 2006 Series 2009C Bonds are currently outstanding in the aggregate principal amount of $2,906,843.70.

2016 GO Bond Authorization. On November 8, 2016, the District's voters approved an authorization of $30,800,000 principal amount of general obligation bonds (the "**2016 Authorization**").

On February 23, 2017, the District issued its $10,100,000 General Obligation Bonds, Election of 2016, Series 2017A (the "**Series 2017A Bonds**") as the first series of bonds issued pursuant to the 2016 Authorization. The Series 2017A Bonds are currently outstanding in the aggregate principal amount of $9,290,000.

Refunding Bonds. On December 18, 2014, the District issued its $10,460,000 2014 General Obligation Refunding Bonds (the "**2014 Refunding Bonds**"). The 2014 Refunding Bonds refunded $9,880,000 of the 2006 Series 2007 Bonds and are currently outstanding in the aggregate principal amount of $9,540,000.

See "DEBT SERVICE SCHEDULES" in the body of this Official Statement for the debt service due on all outstanding general obligation bonds and the Series 2019B Bonds.

***Certificates of Participation.*** In August 2001, the Selma Schools Financing Corporation issued Certificates of Participation ("**COPS**") on behalf of the District in the amount of $6,235,000. In September 2012, the Selma Schools Financing Corporation refinanced this debt by entering into a lease financing in the amount of $4,488,379 with a fixed interest rate of 3.2%. The principal balance outstanding as of January 1, 2019 is $2,937,056.

In October 2013, the 2012 lease financing was supplemented to provide for an additional stream of payments in the aggregate principal amount of $1,062,125 with an interest rate of 3.1%. The supplement to lease was issued at a premium, net of related discounts, of $21,243 and amortized over the life of the financing. The principal balance outstanding as of January 1, 2019 is $405,521.58.

***Qualified Zone Academy Bond.*** In April 2012, the District entered into a $13,500,000 agreement with the Public Property Financing Corporation of California under a Qualified Zone Academy Bond program for the purchase and installation of solar equipment at various school sites of the District (the "**QZAB**"). The contract is to be repaid over a period of 17 years, at a 4.66% interest rate. Annually the District receives a lease subsidy from the federal government for an amount equal to the annual interest payment. For the fiscal year ended June 30, 2018, the principal amount outstanding of the Qualified Zone Academy Bond was $10,607,142. In 2015, the QZAB was the subject of an IRS examination. On December 9, 2015, the IRS notified the District that it had made a determination to close the examination with no-change to the position that the issuer is allowed a refundable credit with respect to each interest payment for the QZABs.

***Energy Conservation Project.*** In September 2008, the District entered into a $1,916,873 agreement with the Municipal Finance Corporation of California for the purchase and installation of a mechanical retrofit and energy management project at various school sites of the District. The contract is to be repaid over a period of 15 years, at 4.4% interest. Principal and interest payments total approximately $175,920 annually through 2024.

***Capital Leases.*** Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2018, as follows:

**SELMA UNIFIED SCHOOL DISTRICT**
**Schedule of Capital Lease Payments**

| Year Ending June 30 | Total Lease Payment |
|---|---|
| 2019 | $51,977 |
| 2020 | 51,979 |
| Total minimum lease payments | $103,956 |

### Investment of District Funds

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

### Effect of State Budget on Revenues

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

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

## STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

### State Funding of Education

***General.*** The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. The primary source of funding for school districts is funding under the LCFF, which is a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). State funds typically make up the majority of a district's LCFF entitlement.

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

*The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District, the County, nor the Underwriter are responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.*

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

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

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

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

**Recent State Budgets**

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

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

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

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

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

***Prior Years' Budgeting Techniques.*** Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2018-19 State Budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 and Proposition 55, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State Budget again be stressed and if projections included in such budget do not materialize.

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

***2019-20 Proposed State Budget.*** On January 10, 2019, the Governor released his proposed State budget for Fiscal Year 2019-20 (the "**2019-20 Proposed Budget**").

*As indicated above, the information in the Official Statement concerning the State budget and State finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an* ad valorem *tax required to be levied by the County in an amount sufficient for the payment of the Bonds.*

*Overview.* The 2019-20 Proposed Budget estimates revenues and transfers of $146.1 billion ($142.6 billion after deducting certain transfers, including transfers to the Budget Stabilization Account (the "**BSA**")), with $88.8 billion of Non-Proposition 98 expenditures, and $55.3 billion of Proposition 98 expenditures (as defined below in "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 98"). The 2019-20 Proposed Budget allocates $13.6 billion (including debt payments and reserve deposits required by Proposition 2) to building budgetary resiliency and paying down the State's unfunded pension liabilities. This includes $4 billion to eliminate debts and reverse deferrals, $4.8 billion to build reserves, and an additional $4.8 billion to pay down unfunded retirement liabilities.

The 2019-20 Proposed Budget assumes an additional $1.8 billion transfer in the Fiscal Year 2018-19 budget year and an additional $4.1 billion over the remainder of the forecast period, bringing the BSA to $19.4 billion by Fiscal Year 2022-23. In addition, the 2019-20 Proposed Budget adds $700 million to the Safety Net Reserve created in the 2018-19 State Budget, bringing the total in this reserve to $900 million. This reserve sets aside funds specifically to protect safety net services during the next recession.

*School District Funding.* The 2019-20 Proposed Budget proposes $80.7 billion with respect to the Proposition 98 minimum funding guarantee for Fiscal Year 2019-20 for K-12 schools and community colleges. The 2019-20 Proposed Budget indicates that Proposition 98 funding level for Fiscal Year 2019-20 represents an increase of $2.8 billion over Fiscal Year 2018-19. The Proposition 98 funding levels from Fiscal Years 2017-18 and 2018-19 were lower than the 2018-19 State Budget levels by $120.1 million and $525.7 million, respectively, due largely to lower-than-anticipated ADA and a year-over-year decline in general fund revenue growth from Fiscal Years 2017-18 to 2018-19. The Budget maintains level funding for K-14 education despite the decline in the Proposition 98 minimum guarantee by: (1) maintaining a $44 million over-appropriation to the Proposition 98 minimum guarantee in Fiscal Year 2017-18, and (2) using settle-up payments to offset otherwise unfunded Fiscal Year 2018-19 obligations.

Reflecting the changes to Proposition 98 funding noted above, total K-12 per-pupil expenditures from all sources are projected to be $16,857 in Fiscal Year 2018-19 and $17,160 in Fiscal Year 2019-20 – the highest level ever. Ongoing K-12 per-pupil expenditures of Proposition 98 funds are $12,003 in Fiscal Year 2019-20, an increase of $435 per-pupil over the level provided in Fiscal Year 2018-19.

The 2019-20 Proposed Budget notes that statewide K-12 enrollment continues to decline, which has the effect of reducing Proposition 98 funding growth and making it much more sensitive to changes in general fund revenue and property taxes. Enrollment changes are not consistent throughout the State and some local educational agencies are experiencing significant year-over-year declines in ADA. In some urban districts the declines are more significant because of decades of suburban flight and increased charter school enrollment.

The 2019-20 Proposed Budget notes that the cost of services for many local educational agencies is increasing. Recent policy changes to address unfunded liabilities in STRS and PERS have increased employer contribution rates, which are scheduled to grow through Fiscal Year 2020-21. Salary increases and rising health care costs are also expected to generate cost pressures for many local educational agencies. Further, special education expenditures are growing in many areas of the State, due both to increases in the cost of the services and, for some local education agencies, a greater concentration of students with exceptional needs.

To provide relief to local educational agencies and community colleges for the rising costs of STRS pension now and in the future, the 2019-20 Proposed Budget proposes a $3 billion one-time non-Proposition 98 General Fund payment to STRS to reduce long-term liabilities for employers. Of this amount, a total of $700 million would be provided to buy down the employer contribution rates in Fiscal Years 2019-20 and 2020-21. Based on current assumptions, employer contributions would decrease from 18.13% to 17.1% in Fiscal Year 2019-20 and from 19.1% to 18.1% in Fiscal Year 2020-21. The remaining $2.3 billion would be paid toward the employers' long-term unfunded liability. Overall, the payment is expected to save employers $6.9 billion over the next three decades, with an estimated reduction in the out-year contribution rate of approximately half a percentage point. This investment will free up local dollars for investment in education, or to match the State's commitment to pay down pension liabilities.

Significant proposals of the 2019-20 Proposed Budget affecting K-12 school districts include:

- *School District Local Control Funding Formula* – $2 billion Proposition 98 General Fund increase for the LCFF, which reflects a 3.46% cost-of-living adjustment (COLA), and brings total LCFF funding to $63 billion.

- *County Office of Education Support* – The 2019-20 Proposed Budget provides an increase of $20.2 million Proposition 98 General Fund for school district assistance, consistent with the formula adopted in the 2018-19 State Budget.

- *Special Education Services and School Readiness Supports* – The 2019-20 Proposed Budget includes $576 million Proposition 98 General Fund (of which $186 million is one-time) to support expanded special education services and school readiness supports at local educational agencies with high percentages of both students with disabilities and unduplicated students who are low-income, youth in foster care, and English language learners.

- *State Preschool* – The 2019-20 Proposed Budget includes $125 million non-Proposition 98 General Fund to increase access to subsidized full-day, full-year State preschool for four-year-old children in 2019-20 (for a total of approximately 180,000 State preschool slots), with additional increases proposed in the succeeding fiscal years to provide access for all low-income four-year olds by Fiscal Year 2021-22.

- *Full-Day Kindergarten Programs* – The 2019-20 Proposed Budget includes $750 million one-time non-Proposition 98 General Fund to construct new or retrofit existing facilities for full-day kindergarten programs. In addition, participating school districts will have the ability to use project savings to fund other activities that reduce barriers to providing full-day kindergarten.

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

In addition to the foregoing, the 2019-20 Proposed Budget includes changes in statutes to specify that the State may not adjust Proposition 98 funding levels for any non-certified year outside of the fiscal years commonly referred to as "current year" and "budget year" (for the 2019-20 Proposed Budget, this refers to Fiscal Years 2018-19 and 2019-20). The result of this revised process is that prior-year Proposition 98 levels will not change, protecting local educational agencies from unanticipated revenue drops in past fiscal years.

The 2018-19 State Budget amended the process for finalizing the Proposition 98 funding level for a given fiscal year, commonly referred to as the Proposition 98 certification process. Specifically, these changes: (1) provided a new mechanism for annual certifications; (2) increased certainty around the payment of future certification settlements; (3) provided the State with additional budgeting flexibility through a new cost allocation schedule; (4) provided a continuous appropriation of LCFF COLA; and (5) certified the guarantee for the prior Fiscal Years 2009-10 through 2016-17. All of these changes may be repealed if recently-filed litigation is ultimately successful.

To provide more certainty, the 2019-20 Proposed Budget also includes changes to the Proposition 98 certification process to:

- Eliminate the cost allocation schedule;
- Prohibit the State from adjusting Proposition 98 funding levels for a prior fiscal year; and
- Create a cap on increases to LCFF related to the continuous appropriation of LCFF COLA.

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

Other K-12 Budget Adjustments include the following:

- S*chool District Average Daily Attendance* – A decrease of $388 million Proposition 98 General Fund in Fiscal Year 2018-19 for school districts resulting from a decrease in projected average daily attendance from the 2018-19 State Budget, and a decrease of $187 million Proposition 98 General Fund in Fiscal Year 2019-20 for school districts resulting from a further projected decline in average daily attendance for Fiscal Year 2019-20.
- *Local Property Tax Adjustments* – A decrease of $283 million Proposition 98 General Fund for school districts and county offices of education in Fiscal Year 2018-19 as a result of higher offsetting property tax revenues, and a decrease of $1.25 billion Proposition 98 General Fund for school district and county offices of education in Fiscal Year 2019-20 as a result of increased offsetting property taxes.
- *Cost-of-Living Adjustments* – An increase of $187 million Proposition 98 General Fund to support a 3.46% COLA for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, American Indian Education Centers, and the American Indian Early Childhood Education Program.
- *CalWORKS Stages 2 and 3 Child Care* – A net increase of $119.4 million non-Proposition 98 General Fund in Fiscal Year 2019-20 to reflect increases in the number of CalWORKS child care cases. Total costs for Stage 2 and 3 are $597 million and $482.23 million, respectively.

***Legislative Analyst's Office Report***. The Legislative Analyst's Office (the "**LAO**"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its Overview of the Governor's Budget on January 14, 2019. The LAO reports that the 2019-20 Proposed Budget reflects a budget situation in better shape than its previous estimates, with nearly $20.6 billion in available discretionary spending, due primarily to lower than expected health and human services spending. The LAO report described the Governor's proposal to allocate nearly half of the discretionary funds to pay down state liabilities, including unfunded retirement liabilities and budgetary debts, as prudent. With respect to schools, the LAO report notes that there has been no deposit to date in the school stabilization account, which could result in BSA withdrawals for schools. Additionally, the 2019 Proposed Budget does not include any one-time spending proposals inside the Proposition 98 minimum guarantee to mitigate the effects of a future drop in the guarantee, as had been provided in the previous six years. The LAO's Overview Report is available from the LAO at www.lao.ca.gov.

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

The State has not entered into any contractual commitments with the District, the County, the Underwriter or the owners of the Series 2019B Bonds to provide State budget information to the District or the owners of the Series 2019B Bonds. Although they believe the sources of information listed below are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of State budget information set forth or referred to or incorporated in this Official Statement.

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

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

## Legal Challenges to State Funding of Education

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

# CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Series 2019B Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Series 2019B Bonds. The tax levied by the County for payment of the Series 2019B Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

## Constitutionally Required Funding of Education

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

## Article XIIIA of the California Constitution

***Basic Property Tax Levy.*** On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Series 2019B Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

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

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

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

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

**Article XIIIB of the California Constitution**

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

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

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

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

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

**Unitary Property**

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

**Articles XIIIC and XIIID of the California Constitution**

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

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

Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Series 2019B Bonds.

**Proposition 98**

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

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

**Proposition 111**

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

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

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

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

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

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

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

**Proposition 39**

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

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

**Proposition 30 and Proposition 55**

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as **"Proposition 30"**, temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases for such period the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for head of household filers and over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for head of household filers and over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $680,000 for head of household filers and over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the end of 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

**Proposition 1A and Proposition 22**

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

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

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

**California Senate Bill 222**

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

## Future Initiatives

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

# APPENDIX B

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

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**SELMA UNIFIED SCHOOL DISTRICT**
**COUNTY OF FRESNO**
**SELMA, CALIFORNIA**
**AUDIT REPORT**
**JUNE 30, 2018**

**Linger, Peterson & Shrum**
**Certified Public Accountants**
**575 E. Locust Ave., Suite 308**
**Fresno, California 93720**

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Financial Section

**Linger, Peterson & Shrum**
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928
(559) 438-8740

**Independent Auditor's Report**

To the Board of Trustees
Selma Unified School District
Selma, California 93662

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Selma Unified School District ("the District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**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 Selma Unified School District as of June 30, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and Schedule of Changes in the District's Total OPEB Liability And Related Ratios identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Selma Unified School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements**.** Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of Selma Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Selma Unified School District's internal control over financial reporting and compliance.

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 10, 2018

# Management's Discussion and Analysis

SELMA UNIFIED SCHOOL DISTRICT
3036 THOMPSON AVE., SELMA, CA 93662
(559) 898-6500 FAX (559) 896-7147

SELMA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2018

## INTRODUCTION

Our discussion and analysis of Selma Unified School District's (District) financial performance provides an overview of the District's financial activities for the year ended June 30, 2018. It should be read in conjunction with the District's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued June 1999; and GASB Statement No. 37, Basic Financial Statement - and Management Discussion and Analysis - for the State and Local Governments: Omnibus, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001.

## FINANCIAL HIGHLIGHTS

- Total net position was ($38,536,605) at June 30, 2018. This was a decrease of $19,753,877 from the prior year.
- The District's overall revenues were $91,729,108 which was less than expenses of $101,995,553 by $10,266,445 .
- Long-term debt, excluding net pension and postemployment benefit liabilities, was $40,777,281 at June 30, 2018.
- Net Pension Liability has increased by $11,895,903 .

## OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

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

- Fund financial statements focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.

    - Governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

    - Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

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

**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 position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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.

The two government-wide statements report the District's net position and how they have changed. Net position, assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the District include government activities. Most of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local Control Funding Formula (LCFF) and Federal and State grants 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 that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by State law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has two kinds of funds:

- *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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in the reconciliations following each governmental funds statement that explains the relationship (or differences) between them.

- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others; for the District, the student body activities fund is an agency fund. The District is responsible for ensuring that assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use the assets to finance its operations.

## FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

### Net Position

The District's combined net position was ($38,536,605) at June 30, 2018. See Table 1.

**Table 1:**
**Net Position**

| | Governmental Activities | | Percentage |
|---|---|---|---|
| | 2018 | 2017 | Change |
| **ASSETS:** | | | |
| Cash | $ 20,793,498 | $ 24,150,185 | -13.90% |
| Accounts Receivable | 4,444,029 | 4,243,960 | 4.71% |
| Stores Inventories | 50,770 | 68,425 | -25.80% |
| Prepaid Expense | - | 125,851 | -100.00% |
| Unamortized Issuance Costs | 112,463 | - | 0.00% |
| Capital Assets, Net of Accum. Depreciation | 67,059,138 | 66,321,808 | 1.11% |
| TOTAL ASSETS | $ 92,459,898 | $ 94,910,229 | -2.58% |
| **Deferred Outflows of Resources:** | | | |
| Deferred Outflows | $ 22,428,640 | $ 14,887,393 | 50.66% |
| **LIABILITIES** | | | |
| Accounts Payable | 7,069,048 | 8,993,881 | -21.40% |
| Unearned Revenue | 193,436 | 3,233 | 5883.76% |
| Noncurrent Liabilities: | | | |
| Net Pension Liabilities | 78,643,299 | 66,747,396 | 17.82% |
| Other Postemployment Benefit Obligation | 12,573,958 | 2,581,999 | 386.99% |
| Due within one year | 3,496,675 | 3,073,768 | 13.76% |
| Due in more than one year | 41,379,987 | 44,373,137 | -6.75% |
| TOTAL LIABILITIES | $ 143,356,403 | $ 125,773,414 | 13.98% |
| **Deferred Inflows of Resources:** | | | |
| Deferred Inflows - Pensions | $ 10,068,740 | $ 2,806,936 | 258.71% |
| **NET POSITION** | | | |
| Net Investment in Capital Assets | 37,662,916 | 35,479,641 | 6.15% |
| Restricted | 10,421,752 | 12,006,271 | -13.20% |
| Unrestricted | (86,621,273) | (66,268,640) | 30.71% |
| TOTAL NET POSITION | $ (38,536,605) | $ (18,782,728) | 105.17% |

**Changes in Net Position**

The District's total revenues were $91,729,108 . A majority of the revenue comes from General Revenues, which is made up of LCFF and property taxes (69.2%). Federal and State aid for specific programs accounted for another 6.0% of total revenues. Local revenues account for 4.9% of the total revenues. The remaining was received through program revenues made up of charges for services, and operating grants and contributions.

The total cost of all programs and services was $101,995,553 . The District's expenses are predominately related to educating and caring for students (80.6%). Administrative activities accounted for just 5.6% of total costs. The remaining expenses were for plant services (maintenance and operations), ancillary services, other outgo and interest on long-term obligations.

**Table 2:**
**Changes in Net Position**

| | Governmental Activities | | Percentage |
|---|---|---|---|
| | 2018 | 2017 | Change |
| **Revenues** | | | |
| Program Revenues | | | |
| Charges for Services | $ 409,632 | $ 862,091 | -52.48% |
| Operating Grants and Contributions | 17,874,855 | 17,307,606 | 3.28% |
| General Revenue | | | |
| LCFF Sources | 63,511,148 | 62,489,762 | 1.63% |
| Federal Revenue | 2,165 | - | 0.00% |
| Other State Revenue | 5,464,822 | 7,103,332 | -23.07% |
| Other Local Revenue | 4,466,486 | 4,730,903 | -5.59% |
| **TOTAL REVENUES** | 91,729,108 | 92,493,694 | -0.83% |
| **Program Expenses:** | | | |
| Program Expenses | | | |
| Instruction | 58,931,686 | 56,970,337 | 3.44% |
| Instruction-Related Services | 11,158,224 | 10,274,489 | 8.60% |
| Pupil services | 12,153,634 | 10,663,776 | 13.97% |
| Ancillary Services | 772,075 | 737,675 | 4.66% |
| General Administration | 5,748,332 | 5,032,151 | 14.23% |
| Plant Services | 9,997,309 | 10,827,572 | -7.67% |
| Other Outgo | 1,131,765 | 1,006,001 | 12.50% |
| Interest on Long-Term Obligations | 2,102,528 | 2,221,781 | -5.37% |
| **TOTAL EXPENSES** | 101,995,553 | 97,733,782 | 4.36% |
| **Changes in Net Position** | (10,266,445) | (5,240,088) | 95.92% |

**Governmental Activities**

The cost of all governmental activities this year was $101,995,553 .

Table 3 presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

**Table 3:**
**Net Cost of Governmental Activities**

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Program Expenses | | | | |
| Instruction | $ 58,931,686 | $ 50,020,815 | $ 56,970,337 | $ 48,100,956 |
| Instruction-related services | 11,158,224 | 9,480,137 | 10,274,489 | 8,569,263 |
| Pupil services | 12,153,634 | 6,709,227 | 10,663,776 | 5,344,359 |
| Administration | 5,748,332 | 4,899,833 | 5,032,151 | 4,167,509 |
| Plant services | 9,997,309 | 8,703,565 | 10,827,572 | 9,521,346 |
| Ancillary services | 772,075 | 663,196 | 737,675 | 632,870 |
| Interest on long-term debt | 2,102,528 | 2,102,528 | 2,221,781 | 2,221,781 |
| Other outgo | 1,131,765 | 1,131,765 | 1,006,001 | 1,006,001 |
| Total Expenses | $ 101,995,553 | $ 83,711,066 | $ 97,733,782 | $ 79,564,085 |

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its government funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $18,406,536 compared to last year's ending fund balance of $19,838,438 .

**General Fund Budgetary Highlights**

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. A schedule of the District's original and final budget amounts compared with actual revenues and expenditures is provided in the supplemental section of the audited financial report.

## CAPTIAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2018, the District had invested $67,059,138 in a broad range of capital assets, including land, land improvements, buildings and equipment. See Table 4. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Table 4:**
**Capital Assets**

| | Governmental Activities | | Total Percentage |
|---|---|---|---|
| | 2018 | 2017 | Change |
| Land | $ 1,843,632 | $ 1,843,632 | 0.00% |
| Work in progress | 3,277,908 | 2,136,484 | 53.43% |
| Land Improvements | 6,503,453 | 6,433,996 | 1.08% |
| Buildings | 81,684,655 | 79,027,587 | 3.36% |
| Equipment | 19,589,677 | 19,508,868 | 0.41% |
| Totals at Historical Cost | 112,899,325 | 108,950,567 | 3.62% |
| Total Accumulated Depreciation | 45,840,187 | 42,628,759 | 7.53% |
| **NET CAPITAL ASSETS** | $ 67,059,138 | $ 66,321,808 | 1.11% |

### Long-Term Debt

At year-end, the District had $40,777,281 in debt as shown in Table 5. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table 5:**
**Long-Term Debt**

| | Governmental Activities | | Total Percentage |
|---|---|---|---|
| | 2018 | 2017 | Change 2017-16 |
| Compensated Absences | $ 303,502 | $ 286,299 | 6.01% |
| Capital Leases | 99,180 | 225,662 | -56.05% |
| General Obligation Bonds: | 25,830,804 | 26,434,541 | -2.28% |
| Certificates of Participation | 3,085,515 | 3,934,833 | -21.58% |
| Qualified Zone Academy Bond Program | 10,607,142 | 11,571,428 | -8.33% |
| Energy Conservation Project | 851,138 | 985,168 | -13.60% |
| PARS Supplementary Retirement Plan | - | 317,802 | -100.00% |
| **TOTAL LONG-TERM DEBT** | $ 40,777,281 | $ 43,755,733 | -6.81% |

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

1. The continuing increases in premiums for health care insurance and CalPERS Employer Rate could have a significant effect on the future financial health of the District. The CalPERS Employer Rate increased from 15.531% in 2017-18 to 18.062%. CalSTRS Employer Rate increased from 14.43% in 2017-18 to 16.28%. Health care premiums are predicted to continue to increase into the foreseeable future, however, the District's contribution toward the cost of employee and retiree health insurance is capped by our collective bargaining agreements. The employee pays any amount above the cap, and any change in the cap must be negotiated.

2. The budget assumptions used to prepare the budget for 2018-19 included a 4% cost of living allowance (COLA), no growth factor, and salary step and column increase of 1.5%.

3. The District's students continue to improve but less than half are meeting standards as measured by the statewide test. During the 2018-19 school year, the school staff will continue to focus on providing training to our teaching staff and looking for opportunities to meet in grade-level teams.

4. On November 8, 2016, the voters of the District approved a maximum of $30.8 million in bonds to provide financing to modernize and construct additional classrooms and support facilities, replace portable classrooms with new permanent facilities, increase student access to computers and modern classroom technology, improve security and student safety, provide the local match for State grants, and reduce operating costs. The District sold $10.1 million of the authorized bonds in January 2017 to begin upgrading the existing facilities and/or build new facilities in accordance with the bond measure. We intend to sell another $8 million in January of 2019 to begin the next phase.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Assistant Superintendent of Business Services, Mr. Larry Teixeira, at (559) 898-6500 Ext. 46510.

* * *

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Basic Financial Statements

EXHIBIT A-1

# SELMA UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

| | Governmental Activities |
|---|---|
| **ASSETS:** | |
| Cash in County Treasury | $ 20,707,531 |
| Cash in Revolving Fund | 5,000 |
| Cash with a Fiscal Agent/Trustee | 80,967 |
| Accounts Receivable | 4,444,029 |
| Stores Inventories | 50,770 |
| Unamortized Issuance Costs | 112,463 |
| Capital Assets: | |
| Land | 1,843,632 |
| Land Improvements, Net | 2,191,982 |
| Buildings, Net | 49,876,855 |
| Equipment, Net | 9,868,761 |
| Work in Progress | 903,197 |
| Total Assets | 90,085,187 |
| **DEFERRED OUTFLOWS OF RESOURCES:** | |
| Deferred Outflows of Resources - Pensions | 21,300,942 |
| Total Deferred Outflows of Resources | 21,300,942 |
| **LIABILITIES:** | |
| Accounts Payable | 6,688,325 |
| Accrued Interest Payable | 380,723 |
| Unearned Revenue | 193,436 |
| Long-term Liabilities | |
| Due Within One Year: | |
| Bonds Payable | 2,459,286 |
| Certificates of Participation Payable | 296,919 |
| Other Post-employment Benefits Payable | 551,667 |
| Capital Leases Payable | 48,810 |
| Early Retirement Incentives Payable | 19,670 |
| Other | 139,993 |
| Due After One Year: | |
| Net Pension Liability | 78,643,299 |
| Bonds Payable | 37,526,374 |
| Certificates of Participation Payable | 2,788,596 |
| Other Post-employment Benefits Payable | 12,573,958 |
| Capital Leases Payable | 50,370 |
| Early Retirement Incentives Payable | 78,680 |
| Compensated Absences Payable | 303,502 |
| Other | 711,145 |
| Total Liabilities | 143,454,753 |
| **DEFERRED INFLOWS OF RESOURCES:** | |
| Deferred Inflows of Resources - Pensions | 10,068,740 |
| Total Deferred Inflows of Resources | 10,068,740 |
| **NET POSITION:** | |
| Net Investment in Capital Assets | 35,288,205 |
| Restricted For: | |
| Debt Service | 2,291,714 |
| Capital Projects | 9,014,362 |
| Other Purposes | (884,324) |
| Unrestricted | (87,847,321) |
| Total Net Position | $ (42,137,364) |

The accompanying notes are an integral part of this statement.

# SELMA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities |
|---|---|---|---|---|
| **PRIMARY GOVERNMENT:** | | | | |
| Governmental Activities: | | | | |
| Instruction | $ 60,076,988 | $ 58,440 | $ 8,852,431 | $ (51,166,117) |
| Instruction-Related Services | 11,264,030 | 9,565 | 1,668,522 | (9,585,943) |
| Pupil Services | 12,169,273 | 318,447 | 5,125,960 | (6,724,866) |
| Ancillary Services | 783,111 | 752 | 108,127 | (674,232) |
| General Administration | 5,737,913 | 13,491 | 835,008 | (4,889,414) |
| Plant Services | 12,330,704 | 8,937 | 1,284,807 | (11,036,960) |
| Other Outgo | 1,131,765 | - | - | (1,131,765) |
| Interest on Long-Term Obligations | 2,102,528 | - | - | (2,102,528) |
| Total Governmental Activities | 105,596,312 | 409,632 | 17,874,855 | (87,311,825) |
| Total Primary Government | $ 105,596,312 | $ 409,632 | $ 17,874,855 | (87,311,825) |

| | |
|---|---|
| General Revenues: | |
| LCFF Sources | 63,511,148 |
| Federal Revenues | 2,165 |
| State Revenues | 5,464,822 |
| Local Revenues | 4,466,486 |
| Total General Revenues | 73,444,621 |
| Change in Net Position | (13,867,204) |
| Net Position - Beginning | (18,782,726) |
| Prior Period Adjustment | (9,487,434) |
| Net Position - Ending | $ (42,137,364) |

The accompanying notes are an integral part of this statement.

# SELMA UNIFIED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

| | General Fund | Building Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS:** | | | | |
| Cash in County Treasury | $ 8,426,251 | $ 7,693,729 | $ 4,587,551 | $ 20,707,531 |
| Cash in Revolving Fund | 5,000 | - | - | 5,000 |
| Cash with a Fiscal Agent/Trustee | - | 80,967 | - | 80,967 |
| Accounts Receivable | 3,549,938 | 36,692 | 857,399 | 4,444,029 |
| Due from Other Funds | 4,946,459 | 18,822 | 2,894,702 | 7,859,983 |
| Stores Inventories | 25,764 | - | 25,006 | 50,770 |
| Total Assets | 16,953,412 | 7,830,210 | 8,364,658 | 33,148,280 |
| **LIABILITIES AND FUND BALANCE:** | | | | |
| Liabilities: | | | | |
| Accounts Payable | $ 6,499,455 | $ 8,925 | $ 179,945 | $ 6,688,325 |
| Due to Other Funds | 4,344,305 | 38,005 | 3,477,673 | 7,859,983 |
| Unearned Revenue | 193,436 | - | - | 193,436 |
| Total Liabilities | 11,037,196 | 46,930 | 3,657,618 | 14,741,744 |
| Fund Balance: | | | | |
| Nonspendable Fund Balances: | | | | |
| Revolving Cash | 5,000 | - | - | 5,000 |
| Stores Inventories | 25,763 | - | 25,005 | 50,768 |
| Restricted Fund Balances | 1,904,981 | 7,783,280 | 4,574,217 | 14,262,478 |
| Assigned Fund Balances | 2,084,328 | - | 107,818 | 2,192,146 |
| Unassigned: | | | | |
| Other Unassigned | 1,896,144 | - | - | 1,896,144 |
| Total Fund Balance | 5,916,216 | 7,783,280 | 4,707,040 | 18,406,536 |
| Total Liabilities and Fund Balances | $ 16,953,412 | $ 7,830,210 | $ 8,364,658 | $ 33,148,280 |

The accompanying notes are an integral part of this statement.

# SELMA UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUNDS,
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2018

| | |
|---|---|
| Total Fund Balances - Balance Sheet, Governmental Funds | $ 18,406,537 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: | |
| Capital assets | 110,524,614 |
| Accumulated depreciation | (45,840,187) |
| Certain debt issue costs are recognized in the funds as expenditures in the period the debt was incurred, whereas in the government-wide statements, they are amortized over the life of the debt: | |
| Unamortized prepaid insurance related to debt | 112,463 |
| Certain liabilities are not due and payable in the current period and therefore are not reported in the funds: | |
| Accrued interest payable | (380,723) |
| General obligation bonds payable | (25,830,804) |
| Accreted interest | (3,547,714) |
| Qualified Zone Academic bonds payable | (10,607,142) |
| Other post-employment benefits payable (OPEB) | (13,125,625) |
| Net pension liability | (78,643,299) |
| Compensated absences payable | (303,502) |
| Certificates of participation payable | (3,085,515) |
| Capital leases payable | (99,180) |
| Early Retirement Incentives-PARS | (98,350) |
| Note payable | (851,138) |
| Deferred outflows and inflows of resources are not reported in the funds because they are applicable to future periods: | |
| Deferred outflows of resources related to pensions | 21,300,942 |
| Deferred inflows of resources related to pensions | (10,068,741) |
| Net Assets of Governmental Activities - Statement of Net Assets | $ (42,137,364) |

The accompanying notes are an integral part of this statement.

## SELMA UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | General Fund | Building Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Revenues: | | | | |
| LCFF Sources: | | | | |
| State Apportionment or State Aid | $ 48,895,483 | $ - | $ - | $ 48,895,483 |
| Education Protection Account Funds | 8,544,601 | - | - | 8,544,601 |
| Local Sources | 6,071,064 | - | - | 6,071,064 |
| Federal Revenue | 5,665,084 | - | 4,226,946 | 9,892,030 |
| Other State Revenue | 7,673,075 | - | 357,616 | 8,030,691 |
| Other Local Revenue | 2,889,704 | 145,329 | 3,134,823 | 6,169,856 |
| Total Revenues | 79,739,011 | 145,329 | 7,719,385 | 87,603,725 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 49,994,738 | - | 420,249 | 50,414,987 |
| Instruction - Related Services | 8,765,992 | - | 273,769 | 9,039,761 |
| Pupil Services | 5,415,794 | - | 4,448,037 | 9,863,831 |
| Ancillary Services | 688,793 | - | - | 688,793 |
| General Administration | 4,472,332 | - | 137,666 | 4,609,998 |
| Plant Services | 7,756,046 | 37,532 | 16,554 | 7,810,132 |
| Other Outgo | 1,118,377 | - | - | 1,118,377 |
| Capital Outlay | 445,991 | 1,297,529 | 46,940 | 1,790,460 |
| Debt Service: | | | | |
| Principal | 1,763,122 | - | 897,863 | 2,660,985 |
| Interest | 712,105 | - | 870,198 | 1,582,303 |
| Total Expenditures | 81,133,290 | 1,335,061 | 7,111,276 | 89,579,627 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,394,279) | (1,189,732) | 608,109 | (1,975,902) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | - | - | 277,252 | 277,252 |
| Transfers Out | (277,252) | - | - | (277,252) |
| Other Sources | 544,000 | - | - | 544,000 |
| Total Other Financing Sources (Uses) | 266,748 | - | 277,252 | 544,000 |
| Net Change in Fund Balance | (1,127,531) | (1,189,732) | 885,361 | (1,431,902) |
| Fund Balance, July 1 | 7,043,747 | 8,973,012 | 3,821,679 | 19,838,438 |
| Fund Balance, June 30 | $ 5,916,216 | $ 7,783,280 | $ 4,707,040 | $ 18,406,536 |

The accompanying notes are an integral part of this statement.

# SELMA UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

| | | |
|---|---|---|
| Net change in fund balances-total governmental funds | $ | (1,431,902) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. 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 capital outlays exceeded depreciation in the current period: | | |
| Expenditures for capital outlay | | 1,574,047 |
| Depreciation expense | | (3,211,428) |
| Governmental funds report repayments of long-term debt as expenditures. In the Government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: | | 3,220,182 |
| Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds: | | |
| Change in accrued interest payable and accreted interest | | (520,225) |
| Compensated absences | | (17,203) |
| Other post-employment benefits cost in excess of contributions | | (419,920) |
| Early Retirement Incentives-PARS | | (98,350) |
| In the funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs recognized in the current period net of the costs amortized for the period was: | | (13,388) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | (204,857) |
| In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was: | | (12,744,160) |
| Change in net assets of governmental activities - statement of activities | $ | (13,867,204) |

The accompanying notes are an integral part of this statement.

**SELMA UNIFIED SCHOOL DISTRICT**
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

| | Agency Fund |
|---|---|
| | Student Body Fund |
| **ASSETS:** | |
| Cash on Hand and in Banks | $ 466,517 |
| Total Assets | 466,517 |
| **LIABILITIES:** | |
| Due to Student Groups | $ 466,517 |
| Total Liabilities | 466,517 |
| **NET POSITION:** | |
| Total Net Position | $ - |

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

Selma Unified School District (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 (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund. The General Fund, reported in these financial statements, includes three Funds maintained by the District: The General Fund (Fund 01), the Special Reserve Fund for Other Than Capital Outlay (Fund 17) and the Special Reserve Fund for Postemployment Benefits (Fund 20). Although Fund 17 and Fund 20 are separate funds authorized in the Education Code, they do not meet the definition of Special Revenue Funds under accounting principles generally accepted in the United States of America and have therefore been combined into the General Fund for financial reporting purposes. The beginning fund balances have also been combined.

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

The District reports the following nonmajor governmental funds:

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

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

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

County School Facilities Fund. This fund is used to account for the accumulation and expenditure of funds for projects funded under the Leroy F. Greene School Facilities Act of 1998, as established by the Board in accordance with Education Code 42840 et seq.

Bond Interest and Redemption Fund. This fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of bonds issued by the District

In addition, the District reports the following fund types:

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. <u>Measurement Focus, Basis of Accounting</u>

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting**.** Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. The District does not consider revenues collected after its year-end to be available in the current period. received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

4. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used 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 code.

5. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Fresno County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized**.**

Information regarding the amount of dollars invested in derivatives with Fresno County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies 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.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

| Asset Class | Examples | Estimated Useful Life in Years |
|---|---|---|
| Land | | N/A |
| Site improvements | Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting | 20 |
| School buildings | | 50 |
| Portable classrooms | | 25 |
| HVAC systems | Heating, ventilation AC systems | 20 |
| Roofing | | 20 |
| Interior construction | | 25 |
| Carpet replacement | | 7 |
| Electrical/plumbing | | 30 |
| Sprinkler/fire system | Fire suppression systems | 25 |
| Outdoor equipment | Playground, radio towers, fuel tanks, pumps | 20 |
| Machinery and tools | Shop, maintenance equipment, tool: | 15 |
| Kitchen equipment | Appliances | 15 |
| Custodial equipment | Floor scrubbers, vacuums, other | 15 |
| Science and engineering | Lab equipment, scientific apparatus | 10 |
| Furniture and accessories | Classroom and other furniture | 20 |
| Business machines | Fax, duplicating and printing equipment | 10 |
| Copiers | | 5 |

| | | |
|---|---|---|
| Communication equipment | Mobile, portable radios, non-computerized | 10 |
| Computer hardware | PC's, printers, network hardware | 5 |
| Computer software | Instructional, other short-term | 5 to 10 |
| Computer software | Administrative or long-term | 10 to 20 |
| Audio visual equipment | Projectors, cameras (still and digital) | 10 |
| Athletic equipment | Gymnastics, football, weight machines, wrestling mats | 10 |
| Musical instruments | Pianos, strings, brass, percussion | 10 |
| Library books | Collections | 5 to 7 |
| Licensed vehicles | Buses, other on-road vehicles | 8 |
| Contractors equipment | Major off-road vehicles, front-end loaders, large tractors, mobile air compressor | 10 |
| Grounds equipment | Mowers, tractors, attachments | 15 |

d. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

f. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes 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 Fresno bills and collects the taxes for the District.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

6. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63, 65, 74 and 75, as applicable.

7. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) and Fund 20 (Special Reserve Fund for Postemployment Benefits) are merged with the General Fund for purposes of presentation in the audit report, as applicable.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

| | |
|---|---|
| Valuation Date (VD) (STRS) | June 30, 2016 |
| Valuation Date (VD) (PERS) | June 30, 2017 |
| Measurement Date (MD) | June 30, 2017 |
| Measurement Period (MP) | July 1, 2016 to June 30, 2017 |

9. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

10. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

11. Change in Accounting Policies

The District has adopted accounting policies compliant with a new pronouncement issued by the Government Accounting Standards Board (GASB) that is effective for the fiscal year ended June 30, 2018. This newly implemented pronouncement is as follows:

GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This statement replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," as amended, and Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans" for OPEB.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers.

The financial statements and note disclosures have been updated for the effects of the adoption of GASB Statement No. 75.

B. Excess of Expenditures Over Appropriations

As of June 30, 2018, expenditures exceeded appropriations in individual funds as follows:

| Appropriations Category | | Excess Expenditures |
|---|---|---|
| General Fund: | | |
| Classified Salaries | $ | 257,257 |
| Direct Support/Indirect Costs | | 745 |

General fund: The District incurred unanticipated expenditures for inflationary salary increases.

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Fresno County Treasury as part of the common investment pool ($20,707,531 as of June 30, 2018). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $20,707,561. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, in Banks, and in Revolving Fund

Cash balances in the revolving fund, $5,000, June 30, 2018 are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Investments:

The District's investments at June 30, 2018 are shown below.

| Investment or Investment Type | Maturity | | Fair Value |
|---|---|---|---|
| Cash in County Treasury | Less Than 12 Months | $ | 20,707,531 |
| Cash in Revolving Fund | Less Than 12 Months | | 5,000 |
| Cash with a Fiscal Agent/Trustee | Less Than 12 Months | | 80,967 |
| Total Investments | | $ | 20,793,498 |

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Percentage in One Issuer |
|---|---|---|---|
| Local Agency Bonds | 5 years | None | None |
| U.S. Treasury Obligations | 5 years | None | None |
| U.S. Agency Securities | 5 years | None | None |
| Banker's Acceptances | 180 days | None | None |
| Commercial Paper | 270 days | None | None |
| Negotiable Certificates of Deposit | 5 years | None | None |
| Repurchase Agreements | 1 year | None | None |
| Reverse Repurchase Agreements | 92 days | None | None |
| Medium-Term Notes | 5 years | None | None |
| Mutual Funds | N/A | None | None |
| Money Market Mutual Funds | N/A | None | None |
| Mortgage Pass-Through Securities | 5 years | None | None |
| County Pooled Investment Funds | N/A | 100% | 100% |
| Local Agency Investment Fund (LAIF) | N/A | None | None |

4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

5. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Accounts Receivable

Accounts receivable at June 30, 2018 consisted of the following:

| | General Fund | Building Fund | All Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Federal programs | $ 2,694,951 | $ - | $ 719,503 | $ 3,414,454 |
| State categorical aid programs | 670,736 | - | 119,023 | 789,759 |
| Interest | 32,081 | 36,692 | 18,873 | 87,646 |
| Other local receivables | 152,170 | - | - | 152,170 |
| Total | $ 3,549,938 | $ 36,692 | $ 857,399 | $ 4,444,029 |

E. Capital Assets

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 1,843,632 | $ - | $ - | $ 1,843,632 |
| Work in progress | 2,136,484 | 1,423,781 | 2,657,068 | 903,197 |
| Total capital assets not being depreciated | 3,980,116 | 1,423,781 | 2,657,068 | 2,746,829 |
| Capital assets being depreciated: | | | | |
| Buildings | 79,027,587 | 2,657,068 | - | 81,684,655 |
| Land Improvements | 6,433,996 | 69,457 | - | 6,503,453 |
| Equipment | 19,508,868 | 80,809 | - | 19,589,677 |
| Total capital assets being depreciated | 104,970,451 | 2,807,334 | - | 107,777,785 |
| Less accumulated depreciation for: | | | | |
| Buildings | (29,911,876) | (1,895,924) | - | (31,807,800) |
| Land Improvements | (4,113,503) | (197,968) | - | (4,311,471) |
| Equipment | (8,603,380) | (1,117,536) | - | (9,720,916) |
| Total accumulated depreciation | (42,628,759) | (3,211,428) | - | (45,840,187) |
| Total capital assets being depreciated, net | 62,341,692 | (404,094) | - | 61,937,598 |
| Governmental activities capital assets, net | $ 66,321,808 | $ 1,019,687 | $ 2,657,068 | $ 64,684,427 |

Depreciation was charged to functions as follows:

| | |
|---|---|
| Instruction | $ 350,063 |
| Plant services | 2,861,365 |
| | $ 3,211,428 |

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2018, consisted of the following:

| Fund | Interfund Receivables | Interfund Payables |
|---|---|---|
| General Fund | $ 3,146,459 | $ 4,344,305 |
| Adult Education Fund | 44,138 | 671,259 |
| Cafeteria Special Revenue Fund | 26,025 | 1,009,390 |
| Special Reserve Fund for Postemployment Benefits | 1,800,000 | - |
| Building Fund | 18,822 | 38,005 |
| Capital Facilities Fund | 1,271,625 | 1,354,961 |
| County Schools Facilities Fund | 1,110,851 | - |
| Bond Interest and Redemption Fund | 442,063 | 442,063 |
| Total | $ 7,859,983 | $ 7,859,983 |

All amounts due relate to short-term borrowing and are scheduled to be repaid within one year.

2. Transfers To and From Funds

Transfers to and from funds at June 30, 2018, consisted of the following:

| Transfers From | Transfers To | Amount | Reason |
|---|---|---|---|
| General Fund | Capital Facilities Fund | $ 277,252 | For modernization projects |

G. Accounts Payable

Accounts payable at June 30, 2018 consisted of the following:

| | General Fund | Building Fund | All Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Vendor payables | $ 1,378,535 | $ 8,925 | $ 164,616 | $ 1,552,076 |
| Salaries and benefits | 5,115,918 | - | 15,802 | 5,131,720 |
| Other | 5,002 | - | (473) | 4,529 |
| Total | $ 6,499,455 | $ 8,925 | $ 179,945 | $ 6,688,325 |

H. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2018, are as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| General obligation bonds | $ 26,434,541 | $ - | $ 603,737 | $ 25,830,804 | 1,471,900 |
| Accreted Interest | 3,054,900 | 499,077 | 6,263 | 3,547,714 | 23,100 |
| Qualified zone academy bonds | 11,571,428 | - | 964,286 | 10,607,142 | 964,286 |
| Capital leases | 225,662 | - | 126,482 | 99,180 | 48,810 |
| Other post-employment benefits payable* | 12,705,705 | 950,646 | 530,726 | 13,125,625 | 551,667 |
| Net pension liability | 66,747,396 | 11,895,903 | | 78,643,299 | - |
| Certificates of participation | 3,375,636 | - | 290,121 | 3,085,515 | 296,919 |
| Energy conservation project | 985,168 | - | 134,030 | 851,138 | 139,993 |
| Compensated absences | 286,299 | 17,203 | | 303,502 | - |
| Early retirement incentives - PARS | 317,802 | 98,350 | 317,802 | 98,350 | 19,670 |
| Total governmental activities | $ 125,704,537 | $ 13,461,179 | $ 2,973,447 | $ 136,192,269 | $ 3,516,345 |

*Restated for GASB 75

The funds typically used to liquidate other long-term liabilities in the past are as follows:

| Liability | Activity Type | Fund |
|---|---|---|
| General obligation bonds | Governmental | Bond Interest and Redemption |
| Accreted Interest | Governmental | Bond Interest and Redemption |
| Qualified zone academy bonds | Governmental | Bond Interest and Redemption |
| Capital leases | Governmental | General |
| Other post-employment benefits payable | Governmental | General |
| Net pension liability | Governmental | General |
| Certificates of participation | Governmental | General |
| Notes | Governmental | General |
| Compensated absences | Governmental | General |
| Early retirement incentives - PARS | Governmental | General |

2. General Obligation Bonds and Accreted Interest

The outstanding general obligation bond debt of the District at June 30,2018, is as follows:

| Bond | Issue Date | Maturity Date | Interest Rate % |
|---|---|---|---|
| 2006, Series 2007 A | 1/31/17 | 8/1/31 | 4.000-5.125 |
| 2006, Series 2007 B | 11/20/07 | 8/1/20 | 4.000-5.000 |
| 2006, Series 2009 C | 9/29/09 | 8/1/39 | 4.910-7.370 |
| 2014 Refunding bonds | 12/18/14 | 8/1/31 | 4.360-10.188 |
| 2016, Series 2017 A | 2/1/17 | 2/1/42 | 1.750-5.000 |

| Bond | Original Issue | Bonds Outstanding July 1, 2017 | Issued During Year | Redeemed During Year | Bonds Outstanding June 30, 2018 |
|---|---|---|---|---|---|
| 2006, Series 2007 A | $ 11,500,000 | $ 250,000 | $ - | $ 250,000 | $ - |
| 2006, Series 2007 B | 3,772,061 | 3,022,061 | - | 225,000 | 2,797,061 |
| 2006, Series 2009C | 3,000,008 | 2,962,480 | - | 13,737 | 2,948,743 |
| 2014 Refunding bonds | 10,460,000 | 10,100,000 | - | 115,000 | 9,985,000 |
| 2016, Series 2017 A | 10,100,000 | 10,100,000 | - | - | 10,100,000 |
| | $ 38,832,069 | $ 26,434,541 | $ - | $ 603,737 | $ 25,830,804 |

The annual requirements to amortize general obligation bonds, payable and outstanding, and accreted interest as of June 30, 2018 are as follows:

| | General Obligation Bonds | | |
|---|---|---|---|
| Year Ending June 30, | Principal | Interest | Total |
| 2019 | $ 1,471,900 | $ 835,356 | $ 2,307,256 |
| 2020 | 1,306,242 | 801,086 | 2,107,328 |
| 2021 | 813,998 | 771,259 | 1,585,257 |
| 2022 | 731,918 | 927,169 | 1,659,087 |
| 2023 | 782,296 | 935,692 | 1,717,988 |
| 2024-2028 | 5,291,973 | 4,389,668 | 9,681,641 |
| 2029-2033 | 5,768,348 | 4,880,278 | 10,648,626 |
| 2034-2038 | 3,596,849 | 10,950,538 | 14,547,387 |
| 2039-2043 | 3,087,280 | 4,032,095 | 7,119,375 |
| 2044-2047 | 2,980,000 | 313,000 | 3,293,000 |
| Totals | $ 25,830,804 | $ 28,836,141 | $ 54,666,945 |

| Year Ending June 30, | | Accreted Interest |
|---|---|---|
| 2019 | $ | 20,239 |
| 2020 | | 18,378 |
| 2021 | | 17,896 |
| 2022 | | 129,008 |
| 2023 | | 131,940 |
| 2024-2028 | | 588,142 |
| 2029-2033 | | 762,869 |
| 2034-2038 | | 1,503,169 |
| 2039-2043 | | 376,073 |
| Totals | $ | 3,547,714 |

3. Qualified Zone Academy Bonds

The outstanding qualified zone academy bond debt of the District at June 30,2018, is as follows:

| Bond | Issue Date | Maturity Date | Interest Rate % |
|---|---|---|---|
| Qualified zone academy bond | 4/26/12 | 4/26/29 | 4.66 |

| Bond | Original Issue | Bonds Outstanding July 1, 2017 | Issued During Year | Redeemed During Year | Bonds Outstanding June 30, 2018 |
|---|---|---|---|---|---|
| Qualified zone academy bond | $ 13,500,000 | $ 11,571,428 | $ - | $ 964,286 | $ 10,607,142 |

The annual requirements to amortize general obligation bonds, payable and outstanding, and accreted interest as of June 30, 2018 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 455,396 | $ 107,714 | $ 563,110 |
| 2020 | 471,495 | 93,172 | 564,667 |
| 2021 | 402,377 | 78,122 | 480,499 |
| 2022 | 328,966 | 66,545 | 395,511 |
| 2023-2027 | 1,832,802 | 162,578 | 1,995,380 |
| Totals | $ 3,491,036 | $ 508,131 | $ 3,999,167 |

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2018, as follows:

| Year Ending June 30: | Principal | Interest. | Lease Payment |
|---|---|---|---|
| 2019 | $ 48,810 | $ 3,167 | $ 51,977 |
| 2020 | 50,370 | 1,609 | 51,979 |
| Total Minimum Rentals | $ 99,180 | $ 4,776 | $ 103,956 |
| Current Expenditures in 2018 | | | $ 133,446 |

4. Certificates of Participation

Future commitments for certificates of participation as of June 30, 2018 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 455,396 | $ 107,714 | $ 563,110 |
| 2020 | 471,495 | 93,172 | 564,667 |
| 2021 | 402,377 | 78,122 | 480,499 |
| 2022 | 328,966 | 66,545 | 395,511 |
| 2023-2027 | 1,832,802 | 162,578 | 1,995,380 |
| Totals | $ 3,491,036 | $ 508,131 | $ 3,999,167 |

5. Energy Conservation Project

In September 2008, the District entered into a $1,916,873 agreement with the Municipal Finance Corporation of California for the purchase and installation of a mechanical retrofit and energy management project at various schools sites of the District. The contract is to be repaid over a period of 15 years, at 4.4% interest. The assets acquired with this agreement are in Buildings at June 30, 2016.

Future commitments for the Energy Conservation Project as of June 30, 2018, are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 139,993 | $ 35,927 | $ 175,920 |
| 2020 | 146,221 | 29,699 | 175,920 |
| 2021 | 152,724 | 23,195 | 175,919 |
| 2022 | 159,518 | 16,401 | 175,919 |
| 2023-2027 | 252,682 | 11,197 | 263,879 |
| Totals | $ 851,138 | $ 116,419 | $ 967,557 |
| Current Expenditures in 2018 | | | $ 134,030 |

6. Early Retirement Incentives - PARS

On January 13, 2014, the District entered into contracts through a PARS 403(b) Supplementary Retirement Plan whereby eighteen retirees will receive a monthly annuity. This program was instituted so that the District could compensate retiring employees who do not qualify for a STRS Golden Handshake agreement. The District paid five annual premiums, in the amount of $167,640, including interest at .055%, for a total of $838,210
to purchase the annuity to fund the eighteen agreements. As of June 30, 2018, the contracts were paid in full.

I. Commitments Under Noncapitalized Leases

The District has entered into various operating leases for copiers and office equipment with lease terms in excess of one year. The agreements contain no purchase options. These agreements are non-cancelable leases.

Future minimum lease payments under these agreements as of June 30, 2018 are as follows:

| Year Ending June 30, | |
|---|---|
| 2019 | 82,507 |
| 2020 | 68,297 |
| 2021 | 23,903 |
| Total Minimum Rentals | $ 174,707 |

The District will receive no sublease rental revenues nor pay any contingent rentals associated with these leases.

J. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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 California State Teachers Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Provided

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plans' provisions and benefits in effect at June 30, 2018 are summarized as follows:

| | CalSTRS | |
|---|---|---|
| | Before | On or After |
| Hire Date | Jan. 1, 2013 | Jan. 1, 2013 |
| Benefit Formula | 2% at 60 | 2% at 62 |
| Benefit Vesting Schedule | 5 Years | 5 Years |
| Benefit Payments | Monthly for Life | Monthly for Life |
| Retirement Age | 50-62 | 55-67 |
| Monthly benefits, as a % of eligible compensation | 1.1 - 2.4% | 1.0 - 2.4%* |
| Required Employee Contribution Rates (at June 30, 2018) | 10.250% | 9.205% |
| Required Employer Contribution Rates (at June 30, 2018) | 14.430% | 14.430% |
| Required State Contribution Rates (at June 30, 2018) | 8.167% | 8.167% |

*Amounts are limited to 120% of Social Security Wage Base.
**The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

| | CalPERS | |
|---|---|---|
| | Before | On or After |
| Hire Date | Jan. 1, 2013 | Jan. 1, 2013 |
| Benefit Formula | 2% at 55 | 2% at 62 |
| Benefit Vesting Schedule | 5 Years | 5 Years |
| Benefit Payments | Monthly for Life | Monthly For Life |
| Retirement Age | 50-62 | 52-67 |
| Monthly Benefits as a % of Eligible Compensation | 1.1- 2.5% | 1.0- 2.5% |
| Required Employee Contribution Rates (at June 30, 2018) | 7.000% | 6.500% |
| Required Employer Contribution Rates (at June 30, 2018) | 15.531% | 15.531% |

*Amounts are limited to 120% of Social Security Wage Base.

c. Contributions

CalSTRS

For the measurement period ended June 30, 2017 (measurement date), Section 22950 of the California Education code requires members to contribute monthly to the system 9.205% (if hired prior to January 1, 2013) or 10.25% (if hired on or after January 1, 2013) of the creditable compensation upon which members contributions under this part are based. In addition the employer required rates established by the CalSTRS Board have been established at 12.58% of creditable compensation for the measurement period ended June 30, 2017 and 14.43% for the fiscal year ended June 30, 2018. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary.

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2017 (measurement date), employees hired prior to January 1, 2013 paid in 7.00%, employees hired on or after January 1, 2013 paid 6.00%, and the employer contribution rate was 13.888% of annual payroll. For the fiscal year ending June 30, 2018, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 6.50%, and the employer's contribution rate was 15.531%.

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2017 (measurement date) the State contributed 8.167% of salaries creditable to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule. Contributions reported each fiscal year are based on the contribution rate multiplied by salaries creditable to CalSTRS from the fiscal year two periods prior to the measurement period.

On Behalf Payments reported by the District for the past three fiscal years are as follows:

| Year Ended June 30, | Contribution Rate | Contribution Amount |
|---|---|---|
| 2016 | 4.410% | $ 1,341,199 |
| 2017 | 6.000% | $ 1,893,996 |
| 2018 | 8.167% | $ 2,481,922 |

d. Contributions Recognized

For the measurement period ended June 30, 2017 (fiscal year June 30, 2018), the contributions recognized for each plan were:

| | CalSTRS | CalPERS | Total |
|---|---|---|---|
| Contributions - Employer (Measurement Period) | $ 4,179,457 | $ 1,534,221 | $ 5,713,678 |
| Contributions - State On Behalf Payments (Fiscal Year) | 2,481,922 | - | 2,481,922 |
| Total Contributions | $ 6,661,379 | $ 1,534,221 | $ 8,195,600 |

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

| | Proportionate Share of Net Pension Liability |
|---|---|
| CalSTRS | $ 58,109,964 |
| CalPERS | 20,533,335 |
| Total Net Pension Liability | $ 78,643,299 |

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

The District's proportionate share of the net pension liability for each Plan as of June 30, 2017 and June 30, 2018 were as follows:

| | CalSTRS | | | |
|---|---|---|---|---|
| | District's Proportionate Share | State's Proportionate Share | Total For District Employees | CalPERS |
| Proportion June 30, 2017 | 0.0621% | 0.0355% | 0.0976% | 0.0842% |
| Proportion June 30, 2018 | 0.0628% | 0.0373% | 0.1001% | 0.0860% |
| Change in Proportion | 0.0007% | 0.0018% | 0.0025% | 0.0019% |

a. Pension Expense

For the measurement period ended June 30, 2017 (fiscal year June 30, 2018), pension expense was recognized as follows:

| | CalSTRS | CalPERS | Total |
|---|---|---|---|
| Change in Net Pension Liability (Asset) | $ 8,180,578 | $ 3,715,325 | $ 11,895,903 |
| State On Behalf Pension Expense | 2,788,963 | | 2,788,963 |
| Employer Contributions to Pension Expense | 4,945,352 | 1,777,259 | 6,722,611 |
| (Increase)/Decrease in Deferred Outflows of Resources | | | |
| Employer Contributions Subsequent to Measurement Date | (4,945,352) | (1,777,259) | (6,722,611) |
| Difference Between Actual & Expected Experience | (200,570) | (365,972) | (566,542) |
| Change in Assumptions | (10,047,568) | (3,199,164) | (13,246,732) |
| Change in Proportionate Shares | (471,741) | (293,316) | (765,057) |
| Net Difference Between Projected & Actual Earnings | - | - | - |
| Increase/(Decrease) in Deferred Inflows of Resources | | | |
| Difference Between Actual & Expected Experience | (478) | (21,446) | (21,924) |
| Change in Assumptions | - | (49,342) | (49,342) |
| Change in Proportionate Shares | (33,279) | (132,868) | (166,147) |
| Net Difference Between Projected & Actual Earnings | 5,498,320 | 3,852,175 | 9,350,495 |
| Total Pension Expense | $ 5,714,225 | $ 3,505,392 | $ 9,219,617 |

b. Deferred Outflows and Inflows of Resources

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | | |
|---|---|---|---|
| | CalSTRS | CalPERS | Total |
| Pension contributions subsequent to measurement date | $ 4,945,352 | $ 1,777,259 | $ 6,722,611 |
| Differences between actual and expected experience | 200,570 | 365,972 | 566,542 |
| Changes in assumptions | 10,047,568 | 3,199,164 | 13,246,732 |
| Change in employer's proportion share | 471,741 | 293,316 | 765,057 |
| Net difference between projected and actual earnings | | - | - |
| Total Deferred Outflows of Resources | $ 15,665,231 | $ 5,635,711 | $ 21,300,942 |

| | Deferred Inflows of Resources | | |
|---|---|---|---|
| | CalSTRS | CalPERS | Total |
| Differences between actual and expected experience | $ (1,433) | $ (64,339) | $ (65,772) |
| Changes in assumptions | - | (148,024) | (148,024) |
| Change in employer's proportionate share | (99,838) | (398,603) | (498,441) |
| Net difference between projected and actual earnings | (5,504,329) | (3,852,175) | (9,356,504) |
| Total Deferred Inflows of Resources | $ (5,605,600) | $ (4,463,141) | $ (10,068,741) |

Pension contributions made subsequent to measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2019. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

| Year Ended | Deferred Outflows of Resources | | Deferred Inflows of Resources | | Net Effect |
|---|---|---|---|---|---|
| June 30 | CalSTRS | CalPERS | CalSTRS | CalPERS | on Expenses |
| 2019 | $ 7,625,322 | $ 2,741,872 | $ (1,410,215) | $ (1,358,057) | $ 7,598,922 |
| 2020 | 2,679,970 | 964,613 | (1,410,215) | (1,358,057) | 876,311 |
| 2021 | 2,679,970 | 964,613 | (1,410,216) | (1,358,059) | 876,308 |
| 2022 | 2,679,969 | 964,613 | (1,374,954) | (388,968) | 1,880,660 |
| 2023 | - | - | - | - | - |
| Total | $ 15,665,231 | $ 5,635,711 | $ (5,605,600) | $ (4,463,141) | $ 11,232,201 |

c. Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

| | CalSTRS | CalPERS |
|---|---|---|
| Valuation Date | June 30, 2016 | June 30, 2016 |
| Measurement Date | June 30, 2017 | June 30, 2017 |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |
| Actuarial Assumptions: | | |
| Discount Rate | 7.10% | 7.15% |
| Inflation | 2.75% | 2.75% |
| Wage Growth | 3.50% | 3.00% |
| Projected Salary Increase | 0.5%-6.4% (1) | 3.10%-9.00% (1) |
| Investment Rate of Return | 7.10% (2) | 7.15% (2) |
| Mortality | 0.073%-22.86% (3) | 0.466%-32.536% (3) |

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) RP2000 series tables adjusted to fit CalSTRS/CalPERS specific experience

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

The CalPERS discount rate was increased from 7.50% for measurement date June 30, 2015 to correct for an adjustment to exclude administrative expenses. The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuations is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require board action and proper stakeholder outreach. For these reasons, CalSTRS and CalPERS expect to continue using a discount rate net of administrative expenses for GASB 67 and GASB 68 calculations through at least the 2017-18 fiscal year. CalSTRS and CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

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

CalSTRS

| Asset Class | Assumed Allocation 06/30/2017 | Long Term Expected Return* |
|---|---|---|
| Global Equity | 47.00% | 6.30% |
| Fixed Income | 12.00% | 0.30% |
| Real Estate | 13.00% | 5.20% |
| Private Equity | 13.00% | 9.30% |
| Absolute Return | 9.00% | 2.90% |
| Inflation Sensitive | 4.00% | 3.80% |
| Cash/Liquidity | 2.00% | -1.00% |

*20 year geometric average used for long term expected real rate of return

CalPERS

| Asset Class | Assumed Allocation 06/30/2017 | Real Return Years 1-10(1) | Real Return Years 11+(2) |
|---|---|---|---|
| Global Equity | 47.00% | 4.90% | 5.38% |
| Global Debt Securities | 19.00% | 0.80% | 2.27% |
| Inflation Assets | 6.00% | 0.60% | 1.39% |
| Private Equity | 12.00% | 6.60% | 6.63% |
| Real Estate | 11.00% | 2.80% | 5.21% |
| Infrastructure | 3.00% | 3.90% | 5.36% |
| Liquidity | 2.00% | -0.40% | -0.90% |

(1) An expected inflation of 2.5% used for this period
(2) An expected inflation of 3.0% used for this period

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

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

| | CalSTRS | CalPERS |
|---|---|---|
| 1% Decrease | 6.10% | 6.15% |
| Net Pension Liability | $ 85,323,874 | $ 30,211,115 |
| Current Discount Rate | 7.10% | 7.15% |
| Net Pension Liability | $ 58,109,964 | $ 20,533,335 |
| 1% Increase | 8.10% | 8.15% |
| Net Pension Liability | $ 36,024,030 | $ 12,504,805 |

f. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS

| | Increase (Decrease) | | | | |
|---|---|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) | State's Share of Net Pension Liability (c) | District's Share of Net Pension Liability (a) - (b) - (c) |
| Balance at June 30, 2017 (Previously Reported) | $ 250,732,248 | $ 175,155,140 | $ 75,577,108 | $ 25,647,722 | $ 49,929,386 |
| Changes for the year: | | | | | |
| Change in Proportionate share | 19,664,734 | 14,240,126 | 5,424,608 | 4,532,290 | 892,318 |
| Service Cost | 6,073,035 | - | 6,073,035 | 2,262,721 | 3,810,314 |
| Interest | 20,257,138 | - | 20,257,138 | 7,547,503 | 12,709,635 |
| Differences between expected and actual experience | 399,595 | - | 399,595 | 148,883 | 250,712 |
| Change in assumptions | 20,017,782 | - | 20,017,782 | 7,458,322 | 12,559,460 |
| Contributions: | | | | | |
| Employer | - | 4,179,453 | (4,179,453) | (1,557,201) | (2,622,252) |
| Employee | - | 3,446,010 | (3,446,010) | (1,283,931) | (2,162,079) |
| State On Behalf Payments | - | 2,481,922 | (2,481,922) | (924,727) | (1,557,195) |
| Net Investment Income | - | 25,202,676 | (25,202,676) | (9,390,135) | (15,812,541) |
| Other Income | - | 72,112 | (72,112) | (26,868) | (45,244) |
| Benefit Payments, including refunds of employee contributions | (13,923,259) | (13,923,259) | - | - | - |
| Administrative expenses | - | (182,639) | 182,639 | 68,048 | 114,591 |
| Borrowing Costs | - | (58,044) | 58,044 | 21,626 | 36,418 |
| Other Expenses | - | (10,266) | 10,266 | 3,825 | 6,441 |
| Net Changes | 52,489,025 | 35,448,091 | 17,040,934 | 8,860,356 | 8,180,578 |
| Balance at June 30, 2018 | $ 303,221,273 | $ 210,603,231 | $ 92,618,042 | $ 34,508,078 | $ 58,109,964 |

CalPERS

| | Increase (Decrease) Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| Balance at June 30, 2017 (Previously Reported) | $ 64,633,227 | $ 47,815,217 | $ 16,818,010 |
| Changes for the year: | | | |
| Adjustment for Change in Proportionate Share | 446,055 | 276,642 | 169,413 |
| Service Cost | 1,747,689 | - | 1,747,689 |
| Interest | 4,919,744 | - | 4,919,744 |
| Differences between expected and actual experience | 457,465 | - | 457,465 |
| Changes in Assumptions | 3,998,955 | - | 3,998,955 |
| Contributions - Employer | - | 1,534,227 | (1,534,227) |
| Contributions - Employee | - | 771,905 | (771,905) |
| Net Plan to Plan Resource Movement | - | (117) | 117 |
| Net Investment Income | - | 5,342,877 | (5,342,877) |
| Benefit Payments, including refunds of employee contributions | (3,203,869) | (3,203,869) | - |
| Administrative expenses | - | (70,951) | 70,951 |
| Net Changes | 8,366,039 | 4,650,714 | 3,715,325 |
| Balance at June 30, 2018 | $ 72,999,266 | $ 52,465,931 | $ 20,533,335 |

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

K. Postemployment Benefits Other Than Pension Benefits

1. General Information about the OPEB Plan

The District provides health insurance only. All coverages are self-insured on a pooled basis through the Self-Insured Schools of California (SISC).

There are approximately 31 retirees currently receiving benefits, as well as approximately 522 active employees who may become eligible to retire and receive benefits in the future as of July 1, 2017.

Eligibility for District-Paid Benefits

The amount and duration of District-paid contributions for retiree health insurance vary by employment classification, age and date of hire.

Employees Covered by Benefit Terms

At June 30, 2018, the following retirees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 31 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | 522 |
| Total number of participants | 553 |

2. Total OPEB Liability

The OPEB plan does not issue stand-alone financial reports that are available to the public.

The District's total restated OPEB liability was $13,125,625 as of June 30, 2018, and was determined using actuarial assumptions and other inputs.

Actuarial Assumptions and Other Inputs

The total OPEB liability actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

| | |
|---|---|
| Inflation | 2.75% |
| Salary Increases | 4.00% per year |
| Discount Rate | 3.90% per year |
| Healthcare Cost Trend Rates | 5.00% per year |
| Retiree's Share of Costs | 0.00% of projected health insurance premiums |

The discount rate was based on the Bond Buyer 20 Bond Index.

Mortality rates were based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. The CalPERS mortality tables created by CalPERS are modified versions of the Society of Actuaries Scale BB mortality table, as adjusted for data from CalSTRS members.

The actuarial assumptions used in the valuation were based on the results of CalPERS actuarial experience study for the period July 1, 1997 through June 30, 2011.

Changes in Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| Balance at June 30, 2017 | $ 3,218,271 |
| Adjusted for GASB 75 | 9,487,434 |
| Balance at June 30, 2017, restated | 12,705,705 |
| Changes for the year: | |
| Service cost | 455,124 |
| Interest | 495,522 |
| Benefit payments | (530,726) |
| Net changes | 419,920 |
| Balance at June 30, 2018 | $ 13,125,625 |

There were no changes in benefit terms or assumptions and other inputs for the fiscal year ended June 30, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.90%) or 1-percentage-point-higher (4.90%) than the current discount rate:

| | 1% Decrease 2.90% | Discount Rate 3.90% | 1% Increase 4.90% |
|---|---|---|---|
| Total OPEB Liability | $ 14,009,463 | $ 13,125,625 | $ 12,308,997 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point-lower (4.00% per year) or 1-percentage-point higher (6.00% per year) than the current healthcare cost trend rates:

| | 1% Decrease 4.00% | Healthcare Cost Trend Rate 5.00% | 1% Increase 6.00% |
|---|---|---|---|
| Total OPEB Liability | $ 12,514,395 | $ 13,125,625 | $ 13,634,314 |

3. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of $950,646.

At June 30, 2018 the District reported no deferred outflows or inflows of resources related to other postemployment benefits.

L. Compensated Absences

Compensated absences at June 30, 2018 consisted of:

| | Compensated Absences | Benefits | Totals |
|---|---|---|---|
| Certificated | $ 60,835 | $ 10,985 | $ 71,820 |
| Classified | 184,843 | 46,839 | 231,682 |
| Totals | $ 245,678 | $ 57,824 | $ 303,502 |

All amounts are due after one year.

M. 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 view 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 will not be material.

N. Prior Period Adjustment

Adjustments to prior year Other Post-Employment Benefits Payable (OPEB) in accordance with GASB 75 resulted in the following changes to beginning balances to governmental activities, but not reported in the governmental funds:

| | |
|---|---|
| Net Position June 30,2017 as previously reported | $ (18,782,728) |
| Prior period adjustment for (OPEB) | (9,487,434) |
| Restated deficit balance June 30, 2017 | $ (28,270,162) |

O. Restricted Fund Balance

Restricted balances at June 30, 2018 are as follows:

| | | |
|---|---|---|
| Educator Effectiveness (15-16) | $ | 10,510 |
| College Readiness Block Grant | | 121,052 |
| California Clean Energy Jobs Act | | 1,531,665 |
| Career Technical Education Incentive Grant Program | | 12,579 |
| Special Education | | 699 |
| Adult Education Block Grant Program | | 309,208 |
| Lottery: Instructional Materials | | 232,211 |
| State Schools Facilities Funds | | 9,014,362 |
| Special Reserve for Debt Service | | 2,291,714 |
| Child Nutrition: Child Care Food Program (CCFP) Claims | | 738,478 |
| Totals | $ | 14,262,478 |

P. Joint Ventures (Joint Powers Agreements)

The District participates in six joint ventures under joint powers agreements (JPAs) as follows:

Fresno County Self-Insurance Group (FCSIG)
(workers' compensation insurance)

Northern California Regional Liability Excess Fund (Nor Cal ReLiEF)
(excess liability and excess workers' compensation insurance)

Organization of Self-Insured Schools (OSS)
(property and liability insurance)

Schools Excess Liability Fund (SELF)
(excess liability and excess workers' compensation insurance)

Self-Insured Schools of California III (SISC III)
(health insurance)

Valley Regional Occupational Program
(student R.O.P. classes)

The relationships between the District and the other JPAs are such that none of the other JPAs are component units of the District for financial reporting purposes.

The JPAs provide insurance and services as noted for member school districts.

Each JPA is governed by a board consisting of a representative from each member district. Such governing board controls the operations of its JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond representation on the governing board.

Each district pays premiums and fees commensurate with the level of coverage or services requested, and shares surpluses and deficits proportionate to its participation in each JPA.

Each JPA is independently accountable for its fiscal matters, and maintains its own accounting records.

The District's share of year-end assets, liabilities, or fund equity has not been calculated by the entities.

Condensed financial information for the above JPAs for the year ended June 30, 2018 was not available as of the audit report date. Complete financial statements for the JPAs may be obtained from the JPAs at the addresses indicated below:

| | |
|---|---|
| FCSIG | Tucker-Alexander Insurance<br>2133 High Street, Suite E<br>Selma, CA 93662 |
| Nor Cal ReLiEF | Keenan & Associates<br>2355 Crenshaw Blvd. Suite 200<br>Torrance, CA 90501 |
| OSS | Tucker-Alexander Insurance<br>2133 High Street, Suite E<br>Selma, CA 93662 |
| SELF | Schools Excess Liability Fund<br>1531 I Street, Suite 300<br>Sacramento, CA 95814 |
| SISC III | Self-Insured Schools of California<br>Kern County Superintendent of Schools<br>P. O. Box 1847<br>Bakersfield, CA 93303-1847 |
| Valley Regional Occupational Program | Valley Regional Occupational Program<br>1305 Q Street<br>Sanger, CA 93657 |

Q. Subsequent Events

Implementation of New Accounting Guidance

The District is evaluating accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are not yet effective for the fiscal year ended June 30, 2018. Those newly issued pronouncements are as follows:

GASB 83 - Certain Asset Retirement Obligations

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

# Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

# SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT B-1**

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| LCFF Sources: | | | | |
| State Apportionment or State Aid | $ 51,158,623 | $ 50,344,186 | $ 48,895,483 | $ (1,448,703) |
| Education Protection Account Funds | 7,908,557 | 8,544,601 | 8,544,601 | - |
| Local Sources | 4,878,689 | 6,071,066 | 6,071,064 | (2) |
| Federal Revenue | 5,518,361 | 6,301,901 | 5,665,084 | (636,817) |
| Other State Revenue | 5,474,403 | 8,212,285 | 7,673,075 | (539,210) |
| Other Local Revenue | 2,215,092 | 3,165,699 | 2,889,704 | (275,995) |
| Total Revenues | 77,153,725 | 82,639,738 | 79,739,011 | (2,900,727) |
| Expenditures: | | | | |
| Current: | | | | |
| Certificated Salaries | 33,362,751 | 41,045,397 | 34,649,748 | 6,395,649 |
| Classified Salaries | 10,756,540 | 11,163,861 | 11,421,118 | (257,257) |
| Employee Benefits | 18,730,211 | 20,643,074 | 18,982,674 | 1,660,400 |
| Books And Supplies | 7,933,527 | 7,483,001 | 6,261,790 | 1,221,211 |
| Services And Other Operating Expenditures | 5,773,025 | 6,774,284 | 5,916,031 | 858,253 |
| Other Outgo | 1,062,467 | 1,500,080 | 1,118,377 | 381,703 |
| Direct Support/Indirect Costs | (119,451) | (138,411) | (137,666) | (745) |
| Capital Outlay | 191,610 | 741,144 | 445,991 | 295,153 |
| Debt Service: | | | | |
| Principal | 1,680,000 | 1,763,122 | 1,763,122 | - |
| Interest | 614,000 | 712,105 | 712,105 | - |
| Total Expenditures | 79,984,680 | 91,687,657 | 81,133,290 | 10,554,367 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (2,830,955) | (9,047,919) | (1,394,279) | 7,653,640 |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | - | (277,396) | (277,252) | 144 |
| Other Sources | 544,000 | 544,000 | 544,000 | - |
| Total Other Financing Sources (Uses) | 544,000 | 266,604 | 266,748 | 144 |
| Net Change in Fund Balance | (2,286,955) | (8,781,315) | (1,127,531) | 7,653,784 |
| Fund Balance, July 1 | 7,043,746 | 7,043,746 | 7,043,747 | 1 |
| Fund Balance, June 30 | $ 4,756,791 | $ (1,737,569) | $ 5,916,216 | $ 7,653,785 |

## SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT B-2**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| District's proportion of the net pension liability (asset) | 0.064% | 0.062% | 0.061% | 0.006% |
| District's proportionate share of the net pension liability (asset) | $ 58,109,964 | $ 49,929,386 | $ 41,203,421 | $ 34,586,665 |
| State's proportionate share of the net pension liability (asset) associated with the District | 34,508,078 | 21,697,000 | 21,792,009 | 20,885,131 |
| Total | $ 92,618,042 | $ 71,626,386 | $ 62,995,430 | $ 55,471,796 |
| District's covered-employee payroll | $ 34,271,324 | $ 45,386,192 | $ 30,856,440 | $ 28,366,351 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 169.56% | 110.01% | 133.53% | 121.93% |
| Plan fiduciary net position as a percentage of the total pension liability | 69.46% | 71.35% | 74.02% | 74.00% |

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides only the information for those years for which information is available.
which information is available.

## SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT B-3**

SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Contractually required contribution | $ 4,945,352 | $ 5,709,583 | $ 5,096,233 | $ 4,321,993 |
| Contributions in relation to the contractually required contribution | 4,945,352 | 5,709,583 | 5,096,233 | 4,321,993 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 34,271,324 | $ 45,386,192 | $ 30,856,440 | $ 28,366,351 |
| Contributions as a percentage of covered-employee payroll | 14.43% | 12.58% | 16.52% | 15.24% |

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides only the information for those years for which information is available.

## SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT B-4**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| District's proportion of the net pension liability (asset) | 0.086% | 0.084% | 0.081% | 0.074% |
| District's proportionate share of the net pension liability (asset) | $ 20,533,335 | $ 16,818,010 | $ 12,140,000 | $ 8,387,501 |
| District's covered-employee payroll | $ 11,443,300 | $ 10,984,296 | $ 10,190,960 | $ 9,010,212 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 179.44% | 153.11% | 119.13% | 93.09% |
| Plan fiduciary net position as a percentage of the total pension liability | 71.87% | 73.98% | 79.43% | 73.90% |

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides only the information for those years for which information is available.

## SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT B-5**

SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIS EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Contractually required contribution | $ 1,777,259 | $ 1,525,499 | $ 1,202,342 | $ 1,060,592 |
| Contributions in relation to the contractually required contribution | 1,777,259 | 1,525,499 | 1,202,342 | 1,060,592 |
| Contribution deficiency (excess) | $ 1,777,259 | $ - | $ - | $ - |
| District's covered-employee payroll | $ 11,443,300 | $ 10,984,296 | $ 10,190,960 | $ 9,010,212 |
| Contributions as a percentage of covered-employee payroll | 15.53% | 13.89% | 11.80% | 11.77% |

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides only the information for those years for which information is available.
information is available.

# SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT B-6**

SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
SINGLE EMPLOYER PLAN
LAST TEN FISCAL YEARS *

| | Fiscal Year Ended 2018 |
|---|---|
| Total OPEB liability: | |
| Service cost | $ 455,124 |
| Interest | 495,522 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes of assumptions or other inputs | - |
| Benefit payments | (530,726) |
| Net change in total OPEB liability | 419,920 |
| Total OPEB liability - beginning | 12,705,705 |
| Total OPEB liability - ending | $ 13,125,625 |
| Covered-employee payroll | $ 47,078,281 |
| Total OPEB liability as a percentage of covered-employee payroll | 27.88% |

Notes to Schedule:

There were no changes of benefit terms in 2018.

There were no changes of assumptions in 2018. The following are the discount rates used in each period.

| | |
|---|---|
| 2018 | 3.90% |
| 2017 | NA |
| 2016 | NA |
| 2015 | NA |
| 2014 | NA |
| 2013 | NA |
| 2012 | NA |
| 2011 | NA |
| 2010 | NA |
| 2009 | NA |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

# Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

# SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT C-1**

COMBINING BALANCE SHEET
ALL GENERAL FUNDS
JUNE 30, 2018

| | General Fund | Special Reserve General Fund | Post Employment Benefits Fund | Totals June 30, 2018 |
|---|---|---|---|---|
| **ASSETS:** | | | | |
| Cash in County Treasury | $ 8,143,237 | $ 245,073 | $ 37,941 | $ 8,426,251 |
| Cash in Revolving Fund | 5,000 | - | - | 5,000 |
| Accounts Receivable | 3,548,624 | 1,138 | 176 | 3,549,938 |
| Due from Other Funds | 3,146,459 | - | 1,800,000 | 4,946,459 |
| Stores Inventories | 25,764 | - | - | 25,764 |
| Total Assets | 14,869,084 | 246,211 | 1,838,117 | 16,953,412 |
| **LIABILITIES AND FUND BALANCE:** | | | | |
| Liabilities: | | | | |
| Accounts Payable | $ 6,499,455 | $ - | $ - | $ 6,499,455 |
| Due to Other Funds | 4,344,305 | - | - | 4,344,305 |
| Unearned Revenue | 193,436 | - | - | 193,436 |
| Total Liabilities | 11,037,196 | - | - | 11,037,196 |
| Fund Balance: | | | | |
| Nonspendable Fund Balances: | | | | |
| Revolving Cash | 5,000 | - | - | 5,000 |
| Stores Inventories | 25,763 | - | - | 25,763 |
| Restricted Fund Balances | 1,904,981 | - | - | 1,904,981 |
| Assigned Fund Balances | - | 246,211 | 1,838,117 | 2,084,328 |
| Unassigned: | | | | |
| Other Unassigned | 1,896,144 | - | - | 1,896,144 |
| Total Fund Balance | 3,831,888 | 246,211 | 1,838,117 | 5,916,216 |
| Total Liabilities and Fund Balances | $ 14,869,084 | $ 246,211 | $ 1,838,117 | $ 16,953,412 |

## SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT C-2**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUNDS
YEAR ENDED JUNE 30, 2018

| | General Fund | Special Reserve General Fund | Post Employment Benefits Fund | Totals June 30, 2018 |
|---|---|---|---|---|
| Revenues: | | | | |
| LCFF Sources: | | | | |
| State Apportionment or State Aid | $ 48,895,483 | $ - | $ - | $ 48,895,483 |
| Education Protection Account Funds | 8,544,601 | - | - | 8,544,601 |
| Local Sources | 6,071,064 | - | - | 6,071,064 |
| Federal Revenue | 5,665,084 | - | - | 5,665,084 |
| Other State Revenue | 7,673,075 | - | - | 7,673,075 |
| Other Local Revenue | 2,884,784 | 4,260 | 660 | 2,889,704 |
| Total Revenues | 79,734,091 | 4,260 | 660 | 79,739,011 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 49,994,738 | - | - | 49,994,738 |
| Instruction - Related Services | 8,765,992 | - | - | 8,765,992 |
| Pupil Services | 5,415,794 | - | - | 5,415,794 |
| Ancillary Services | 688,793 | - | - | 688,793 |
| General Administration | 4,472,332 | - | - | 4,472,332 |
| Plant Services | 7,756,046 | - | - | 7,756,046 |
| Other Outgo | 1,118,377 | - | - | 1,118,377 |
| Capital Outlay | 445,991 | - | - | 445,991 |
| Debt Service: | | | | |
| Principal | 1,763,122 | - | - | 1,763,122 |
| Interest | 712,105 | - | - | 712,105 |
| Total Expenditures | 81,133,290 | - | - | 81,133,290 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,399,199) | 4,260 | 660 | (1,394,279) |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | (277,252) | - | - | (277,252) |
| Other Sources | 544,000 | - | - | 544,000 |
| Total Other Financing Sources (Uses) | 266,748 | - | - | 266,748 |
| Net Change in Fund Balance | (1,132,451) | 4,260 | 660 | (1,127,531) |
| Fund Balance, July 1 | 4,964,339 | 241,951 | 1,837,457 | 7,043,747 |
| Fund Balance, June 30 | $ 3,831,888 | $ 246,211 | $ 1,838,117 | $ 5,916,216 |

# SELMA UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

| | Special Revenue Funds | Debt Service Fund Bond Interest & Redemption | Capital Projects Funds | Total Nonmajor Governmental Funds (See Exhibit A-3) |
|---|---|---|---|---|
| **ASSETS:** | | | | |
| Cash in County Treasury | $ 2,102,959 | $ 2,281,948 | $ 202,644 | $ 4,587,551 |
| Accounts Receivable | 846,710 | 9,766 | 923 | 857,399 |
| Due from Other Funds | 70,163 | 442,063 | 2,382,476 | 2,894,702 |
| Stores Inventories | 25,006 | - | - | 25,006 |
| Total Assets | 3,044,838 | 2,733,777 | 2,586,043 | 8,364,658 |
| **LIABILITIES AND FUND BALANCE:** | | | | |
| Liabilities: | | | | |
| Accounts Payable | $ 179,945 | $ - | $ - | $ 179,945 |
| Due to Other Funds | 1,680,649 | 442,063 | 1,354,961 | 3,477,673 |
| Total Liabilities | 1,860,594 | 442,063 | 1,354,961 | 3,657,618 |
| Fund Balance: | | | | |
| Nonspendable Fund Balances: | | | | |
| Stores Inventories | 25,005 | - | - | 25,005 |
| Restricted Fund Balances | 1,051,421 | 2,291,714 | 1,231,082 | 4,574,217 |
| Assigned Fund Balances | 107,818 | - | - | 107,818 |
| Total Fund Balance | 1,184,244 | 2,291,714 | 1,231,082 | 4,707,040 |
| Total Liabilities and Fund Balances | $ 3,044,838 | $ 2,733,777 | $ 2,586,043 | $ 8,364,658 |

# SELMA UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Special Revenue Funds | Debt Service Fund<br>Bond Interest & Redemption | Capital Projects Funds | Total Nonmajor Governmental Funds (See Exhibit A-5) |
|---|---|---|---|---|
| Revenues: | | | | |
| Federal Revenue | $ 4,226,946 | $ - | $ - | $ 4,226,946 |
| Other State Revenue | 346,120 | 11,496 | - | 357,616 |
| Other Local Revenue | 929,635 | 2,119,675 | 85,513 | 3,134,823 |
| Total Revenues | 5,502,701 | 2,131,171 | 85,513 | 7,719,385 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 420,249 | - | - | 420,249 |
| Instruction - Related Services | 273,769 | - | - | 273,769 |
| Pupil Services | 4,448,037 | - | - | 4,448,037 |
| General Administration | 137,666 | - | - | 137,666 |
| Plant Services | - | - | 16,554 | 16,554 |
| Capital Outlay | 46,940 | - | - | 46,940 |
| Debt Service: | | | | |
| Principal | - | 607,742 | 290,121 | 897,863 |
| Interest | - | 816,188 | 54,010 | 870,198 |
| Total Expenditures | 5,326,661 | 1,423,930 | 360,685 | 7,111,276 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 176,040 | 707,241 | (275,172) | 608,109 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | - | - | 277,252 | 277,252 |
| Total Other Financing Sources (Uses) | - | - | 277,252 | 277,252 |
| Net Change in Fund Balance | 176,040 | 707,241 | 2,080 | 885,361 |
| Fund Balance, July 1 | 1,008,204 | 1,584,473 | 1,229,002 | 3,821,679 |
| Fund Balance, June 30 | $ 1,184,244 | $ 2,291,714 | $ 1,231,082 | $ 4,707,040 |

# SELMA UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

| | Adult Education Fund | Cafeteria Fund | Total Nonmajor Special Revenue Funds (See Exhibit C-3) |
|---|---|---|---|
| **ASSETS:** | | | |
| Cash in County Treasury | $ 798,368 | $ 1,304,591 | $ 2,102,959 |
| Accounts Receivable | 208,194 | 638,516 | 846,710 |
| Due from Other Funds | 44,138 | 26,025 | 70,163 |
| Stores Inventories | - | 25,006 | 25,006 |
| Total Assets | 1,050,700 | 1,994,138 | 3,044,838 |
| **LIABILITIES AND FUND BALANCE:** | | | |
| Liabilities: | | | |
| Accounts Payable | $ 9,599 | $ 170,346 | $ 179,945 |
| Due to Other Funds | 671,259 | 1,009,390 | 1,680,649 |
| Total Liabilities | 680,858 | 1,179,736 | 1,860,594 |
| Fund Balance: | | | |
| Nonspendable Fund Balances: | | | |
| Stores Inventories | - | 25,005 | 25,005 |
| Restricted Fund Balances | 312,943 | 738,478 | 1,051,421 |
| Assigned Fund Balances | 56,899 | 50,919 | 107,818 |
| Total Fund Balance | 369,842 | 814,402 | 1,184,244 |
| Total Liabilities and Fund Balances | $ 1,050,700 | $ 1,994,138 | $ 3,044,838 |

## SELMA UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Adult Education Fund | Cafeteria Fund | Total Nonmajor Special Revenue Funds (See Exhibit C-4) |
|---|---|---|---|
| Revenues: | | | |
| Federal Revenue | $ 192,267 | $ 4,034,679 | $ 4,226,946 |
| Other State Revenue | 57,463 | 288,657 | 346,120 |
| Other Local Revenue | 521,027 | 408,608 | 929,635 |
| Total Revenues | 770,757 | 4,731,944 | 5,502,701 |
| Expenditures: | | | |
| Current: | | | |
| Instruction | 420,249 | - | 420,249 |
| Instruction - Related Services | 273,769 | - | 273,769 |
| Pupil Services | - | 4,448,037 | 4,448,037 |
| General Administration | 14,040 | 123,626 | 137,666 |
| Capital Outlay | - | 46,940 | 46,940 |
| Total Expenditures | 708,058 | 4,618,603 | 5,326,661 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 62,699 | 113,341 | 176,040 |
| Net Change in Fund Balance | 62,699 | 113,341 | 176,040 |
| Fund Balance, July 1 | 307,143 | 701,061 | 1,008,204 |
| Fund Balance, June 30 | $ 369,842 | $ 814,402 | $ 1,184,244 |

## SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT C-7**

ADULT EDUCATION FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| Revenues: | | | |
| Federal Revenue | $ 192,267 | $ 192,267 | $ - |
| Other State Revenue | 448,481 | 57,463 | (391,018) |
| Other Local Revenue | 521,028 | 521,027 | (1) |
| Total Revenues | 1,161,776 | 770,757 | (391,019) |
| Expenditures: | | | |
| Current: | | | |
| Certificated Salaries | 348,053 | 348,053 | - |
| Classified Salaries | 131,324 | 131,322 | 2 |
| Employee Benefits | 128,895 | 123,703 | 5,192 |
| Books And Supplies | 164,521 | 57,519 | 107,002 |
| Services And Other Operating Expenditures | 34,517 | 33,421 | 1,096 |
| Direct Support/Indirect Costs | 14,785 | 14,040 | 745 |
| Total Expenditures | 822,095 | 708,058 | 114,037 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 339,681 | 62,699 | (276,982) |
| Other Financing Sources (Uses): | | | |
| Total Other Financing Sources (Uses) | - | - | - |
| Net Change in Fund Balance | 339,681 | 62,699 | (276,982) |
| Fund Balance, July 1 | 307,143 | 307,143 | - |
| Fund Balance, June 30 | $ 646,824 | $ 369,842 | $ (276,982) |

## SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT C-8**

CAFETERIA FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| Revenues: | | | |
| Federal Revenue | $ 4,034,679 | $ 4,034,679 | $ - |
| Other State Revenue | 288,657 | 288,657 | - |
| Other Local Revenue | 408,608 | 408,608 | - |
| Total Revenues | 4,731,944 | 4,731,944 | - |
| Expenditures: | | | |
| Current: | | | |
| Classified Salaries | 1,558,530 | 1,558,530 | - |
| Employee Benefits | 682,408 | 682,408 | - |
| Books And Supplies | 133,202 | 66,695 | 66,507 |
| Services And Other Operating Expenditures | 2,162,892 | 2,140,404 | 22,488 |
| Direct Support/Indirect Costs | 123,626 | 123,626 | - |
| Capital Outlay | 58,250 | 46,940 | 11,310 |
| Total Expenditures | 4,718,908 | 4,618,603 | 100,305 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 13,036 | 113,341 | 100,305 |
| Other Financing Sources (Uses): | | | |
| Total Other Financing Sources (Uses) | - | - | - |
| Net Change in Fund Balance | 13,036 | 113,341 | 100,305 |
| Fund Balance, July 1 | 701,061 | 701,061 | - |
| Fund Balance, June 30 | $ 714,097 | $ 814,402 | $ 100,305 |

# SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT C-9**

BOND INTEREST AND REDEMPTION FUND
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| Revenues: | | | |
| Other State Revenue | $ 12,508 | $ 11,496 | $ (1,012) |
| Other Local Revenue | 2,128,386 | 2,119,675 | (8,711) |
| Total Revenues | 2,140,894 | 2,131,171 | (9,723) |
| Expenditures: | | | |
| Debt Service: | | | |
| Principal | 607,742 | 607,742 | - |
| Interest | 1,128,363 | 816,188 | 312,175 |
| Total Expenditures | 1,736,105 | 1,423,930 | 312,175 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 404,789 | 707,241 | 302,452 |
| Other Financing Sources (Uses): | | | |
| Other Sources | 312,175 | - | (312,175) |
| Total Other Financing Sources (Uses) | 312,175 | - | (312,175) |
| Net Change in Fund Balance | 716,964 | 707,241 | (9,723) |
| Fund Balance, July 1 | 1,584,473 | 1,584,473 | - |
| Fund Balance, June 30 | $ 2,301,437 | $ 2,291,714 | $ (9,723) |

# SELMA UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

| | Capital Facilities Fund | County School Facilities Fund | Total Nonmajor Capital Projects Funds (See Exhibit C-3) |
|---|---|---|---|
| **ASSETS:** | | | |
| Cash in County Treasury | $ 82,969 | $ 119,675 | $ 202,644 |
| Accounts Receivable | 367 | 556 | 923 |
| Due from Other Funds | 1,271,625 | 1,110,851 | 2,382,476 |
| Total Assets | 1,354,961 | 1,231,082 | 2,586,043 |
| **LIABILITIES AND FUND BALANCE:** | | | |
| Liabilities: | | | |
| Due to Other Funds | $ 1,354,961 | $ - | $ 1,354,961 |
| Total Liabilities | 1,354,961 | - | 1,354,961 |
| Fund Balance: | | | |
| Restricted Fund Balances | - | 1,231,082 | 1,231,082 |
| Total Fund Balance | - | 1,231,082 | 1,231,082 |
| Total Liabilities and Fund Balances | $ 1,354,961 | $ 1,231,082 | $ 2,586,043 |

# SELMA UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Capital Facilities Fund | County School Facilities Fund | Total Nonmajor Capital Projects Funds (See Exhibit C-4) |
|---|---|---|---|
| Revenues: | | | |
| Other Local Revenue | $ 83,433 | $ 2,080 | $ 85,513 |
| Total Revenues | 83,433 | 2,080 | 85,513 |
| Expenditures: | | | |
| Current: | | | |
| Plant Services | 16,554 | - | 16,554 |
| Debt Service: | | | |
| Principal | 290,121 | - | 290,121 |
| Interest | 54,010 | - | 54,010 |
| Total Expenditures | 360,685 | - | 360,685 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (277,252) | 2,080 | (275,172) |
| Other Financing Sources (Uses): | | | |
| Transfers In | 277,252 | - | 277,252 |
| Total Other Financing Sources (Uses) | 277,252 | - | 277,252 |
| Net Change in Fund Balance | - | 2,080 | 2,080 |
| Fund Balance, July 1 | - | 1,229,002 | 1,229,002 |
| Fund Balance, June 30 | $ - | $ 1,231,082 | $ 1,231,082 |

**SELMA UNIFIED SCHOOL DISTRICT** **EXHIBIT C-12**

BUILDING FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| Revenues: | | | |
| Other Local Revenue | $ 145,329 | $ 145,329 | $ - |
| Total Revenues | 145,329 | 145,329 | - |
| Expenditures: | | | |
| Current: | | | |
| Books And Supplies | 28,142 | 28,142 | - |
| Services And Other Operating Expenditures | 11,671 | 9,390 | 2,281 |
| Capital Outlay | 6,048,218 | 1,297,529 | 4,750,689 |
| Total Expenditures | 6,088,031 | 1,335,061 | 4,752,970 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (5,942,702) | (1,189,732) | 4,752,970 |
| Other Financing Sources (Uses): | | | |
| Total Other Financing Sources (Uses) | - | - | - |
| Net Change in Fund Balance | (5,942,702) | (1,189,732) | 4,752,970 |
| Fund Balance, July 1 | 8,973,012 | 8,973,012 | - |
| Fund Balance, June 30 | $ 3,030,310 | $ 7,783,280 | $ 4,752,970 |

# SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT C-13**

CAPITAL FACILITIES FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| Revenues: | | | |
| Other Local Revenue | $ 83,433 | $ 83,433 | $ - |
| Total Revenues | 83,433 | 83,433 | - |
| Expenditures: | | | |
| Current: | | | |
| Services And Other Operating Expenditures | 16,698 | 16,554 | 144 |
| Debt Service: | | | |
| Principal | - | 290,121 | (290,121) |
| Interest | 344,131 | 54,010 | 290,121 |
| Total Expenditures | 360,829 | 360,685 | 144 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (277,396) | (277,252) | 144 |
| Other Financing Sources (Uses): | | | |
| Transfers In | 277,396 | 277,252 | (144) |
| Total Other Financing Sources (Uses) | 277,396 | 277,252 | (144) |
| Net Change in Fund Balance | - | - | - |
| Fund Balance, July 1 | - | - | - |
| Fund Balance, June 30 | $ - | $ - | $ - |

**SELMA UNIFIED SCHOOL DISTRICT** **EXHIBIT C-14**

COUNTY SCHOOL FACILITIES FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| Revenues: | | | |
| Other Local Revenue | $ 2,080 | $ 2,080 | $ - |
| Total Revenues | 2,080 | 2,080 | - |
| Expenditures: | | | |
| Total Expenditures | - | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,080 | 2,080 | - |
| Other Financing Sources (Uses): | | | |
| Total Other Financing Sources (Uses) | - | - | - |
| Net Change in Fund Balance | 2,080 | 2,080 | - |
| Fund Balance, July 1 | 1,229,002 | 1,229,002 | - |
| Fund Balance, June 30 | $ 1,231,082 | $ 1,231,082 | $ - |

# SELMA UNIFIED SCHOOL DISTRICT

**EXHIBIT C-15**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2018

| | Balance July 1, 2017 | Additions | Deductions | Balance June 30, 2018 |
|---|---|---|---|---|
| **STUDENT BODY ACTIVITIES** | | | | |
| **ASSETS** | | | | |
| Cash and investments | $ 457,504 | $ 1,256,347 | $ 1,247,334 | $ 466,517 |
| Total Assets | $ 457,504 | $ 1,256,347 | $ 1,247,334 | $ 466,517 |
| **LIABILITIES** | | | | |
| Due to student groups | $ 457,504 | $ 1,256,347 | $ 1,247,334 | $ 466,517 |
| Total Liabilities | $ 457,504 | $ 1,256,347 | $ 1,247,334 | $ 466,517 |

The accompanying notes are an integral part of this statement.

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# Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

Supplementary Information Section

The District was originally formed in 1878 and serves approximately 6,000 students with eight elementary schools, one middle school, one high school, one continuation school, and one adult education school. There were no boundary changes during the year ended June 30, 2018.

Governing Board

| Name | Office | Term and Term Expiration |
|---|---|---|
| Jennifer Winter | President | 2018 |
| Andy F Montijo | Vice President | 2018 |
| Sara Rodriguez | Clerk | 2018 |
| Mark Falcon | Member | 2020 |
| Paul Green | Member | 2020 |

Administration

Tanya A. Fisher, Ed.D.
Superintendent

Teresa Wood
Assistant Superintendent - Instruction/Personnel

Larry Teixeira
Assistant Superintendent-Business/Support Services

# SELMA UNIFIED SCHOOL DISTRICT

**TABLE D-1**

SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2018

| | Second Period Report | Annual Report |
|---|---|---|
| TK/K-3: | | |
| Regular ADA | 1881.44 | 1885.02 |
| Extended Year Special Education | 0.51 | 0.51 |
| TK/K-3 Totals | 1881.95 | 1885.53 |
| Grades 4-6: | | |
| Regular ADA | 1474.21 | 1473.96 |
| Extended Year Special Education | 0.49 | 0.49 |
| Grades 4-6 Totals | 1474.7 | 1474.45 |
| Grades 7 and 8: | | |
| Regular ADA | 920.08 | 916.93 |
| Extended Year Special Education | - | - |
| Grades 7 and 8 Totals | 920.08 | 916.93 |
| Grades 9-12: | | |
| Regular ADA | 1872.94 | 1862.4 |
| Extended Year Special Education | 0.22 | 0.22 |
| Grades 9-12 Totals | 1873.16 | 1862.62 |
| ADA Totals | 6149.89 | 6139.53 |

There were no audit findings which resulted in necessary revisions to attendance.

Average daily attendance is a measurement of the number of pupils attending classes of the district or charter school. 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 and charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

# SELMA UNIFIED SCHOOL DISTRICT

**TABLE D-2**

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2018

| Grade Level | Ed. Code 46207 Minutes Requirement | Ed. Code 46207 Adjusted & Reduced | 2017-18 Actual Minutes | Number of Days Traditional Calendar | Number of Days Multitrack Calendar | Status |
|---|---|---|---|---|---|---|
| Transitional Kindergarten | 36,000 | N/A | 51,080 | 180 | N/A | Complied |
| Kindergarten | 36,000 | N/A | 51,080 | 180 | N/A | Complied |
| Grade 1 | 50,400 | N/A | 51,080 | 180 | N/A | Complied |
| Grade 2 | 50,400 | N/A | 52,040 | 180 | N/A | Complied |
| Grade 3 | 50,400 | N/A | 54,590 | 180 | N/A | Complied |
| Grade 4 | 54,000 | N/A | 54,876 | 180 | N/A | Complied |
| Grade 5 | 54,000 | N/A | 54,876 | 180 | N/A | Complied |
| Grade 6 | 54,000 | N/A | 54,876 | 180 | N/A | Complied |
| Grade 7 | 54,000 | N/A | 59,267 | 180 | N/A | Complied |
| Grade 8 | 54,000 | N/A | 59,267 | 180 | N/A | Complied |
| Grade 9 | 64,800 | N/A | 65,524 | 180 | N/A | Complied |
| Grade 10 | 64,800 | N/A | 65,524 | 180 | N/A | Complied |
| Grade 11 | 64,800 | N/A | 65,524 | 180 | N/A | Complied |
| Grade 12 | 64,800 | N/A | 65,524 | 180 | N/A | Complied |

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts, including basic aid districts.

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 instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District did not meet its target funding.

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2018

| General Fund | Budget 2019 (see note 1) | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| Revenues and other financial sources | $ 86,160,109 | $ 80,283,011 | $ 79,803,987 | $ 75,388,330 |
| Expenditures | 83,876,202 | 81,133,290 | 80,327,875 | 72,812,861 |
| Other uses and transfers out | - | 277,252 | 262,042 | 169,193 |
| Total outgo | 83,876,202 | 81,410,543 | 80,589,917 | 72,982,054 |
| Change in fund balance (deficit) | 2,283,907 | (1,127,531) | (785,930) | 2,406,276 |
| Ending fund balance | $ 8,200,122 | $ 5,916,215 | $ 7,043,746 | $ 7,829,676 |
| Available reserves (see note 2) | $ 4,208,336 | $ 1,896,143 | $ 4,370,071 | $ 4,482,828 |
| Available reserves as a percentage of total outgo (see note 3) | 5.0% | 2.3% | 5.4% | 6.1% |
| Total long-term debt | $ 134,111,880 | $ 132,597,244 | $ 116,776,300 | $ 95,196,034 |
| Average daily attendance at P-2 | 6,195 | 6,169 | 6,169 | 6,246 |

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.

The fund balance of the general fund has decreased by $1,913,461 (24.4%) over the past two years. The fiscal year 2018-2019 budget projects an increase of $2,283,907 (38.6%). For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years, but projects an increase during the 2018-2019 fiscal year. Total long-term debt has increased by $37,401,210 over the past two years.

Average daily attendance has decreased by 77 over the past two years. During fiscal year 2018-2019, an increase of 26 average daily attendance is anticipated.

NOTES:

1 The budget for 2019 is included for analytical purposes only and has not been subjected to audit.
2 Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

There were no audit adjustments for any fund impacting the fund balance for the year ended June 30, 2018.

No charter schools are chartered by Selma Unified School District.

| Charter Schools | Included In Audit? |
|---|---|
| None | N/A |

Subrecipients
The District did not provide any awards to subrecipients.

De Minimis Cost Rate
The District did not elect to use the 10% de minimis cost rate.

Excess Sick Leave
The District did not authorize or accrue any excess sick leave as that term is defined in subdivision (c) of Education Code Section 22170.5 for the District's employees who are members of the California State Teachers' Retirement System (CalSTRS).

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|---|---|---|---|---|
| **CHILD NUTRITION CLUSTER:** | | | | |
| U. S. Department of Agriculture | | | | |
| Passed Through California Department of Education (CDE): | | | | |
| School Breakfast Program-Needy | 10.553 | 13526 | $ - | $ 791,312 |
| National School Lunch Program | 10.555 | 13523,13524 | - | 2,313,999 |
| Total Passed Through California Department of Education (CDE) | | | - | 3,105,311 |
| Total U. S. Department of Agriculture | | | - | 3,105,311 |
| Total Child Nutrition Cluster | | | - | 3,105,311 |
| **SPECIAL EDUCATION (IDEA) CLUSTER:** | | | | |
| U. S. Department of Education | | | | |
| Passed Through California Department of Education (CDE): | | | | |
| Special Ed: IDEA Basic Local Assistance Entitlement | 84.027 | 13379 | - | 1,228,965 |
| Special Ed: IDEA Preschool Local Entitlement | 84.027 | 13682 | - | 106,321 |
| Special Education - Preschool Grants | 84.173 | 13430 | - | 33,884 |
| Total Passed Through California Department of Education (CDE) | | | - | 1,369,170 |
| Total U. S. Department of Education | | | - | 1,369,170 |
| Total Special Education (IDEA) Cluster | | | - | 1,369,170 |
| **OTHER PROGRAMS:** | | | | |
| U. S. Department of Education | | | | |
| Direct Program: | | | | |
| 21st Century Community Learning Centers | 84.287 | 14349 | - | 360,105 |
| Passed Through California Department of Education (CDE): | | | | |
| Advanced Placement Program | 84.330 | 14831 | | 2,165 |
| Passed Through California Department of Education (CDE): | | | | |
| Adult Education - Adult Secondary Ed | 84.002 | 13978 | - | 157,425 |
| Adult Education - English Literacy & Civics | 84.002 | 14109 | - | 7,479 |
| Adult Education - Basic Ed & ESL | 84.002 | 14508 | - | 27,363 |
| Title I Grants to Local Educational Agencies | 84.010 | 14329 | - | 3,255,202 |
| Migrant Education - State Grant Program - Regular | 84.011 | 14326 | - | 123,558 |
| Migrant Education - State Grant Program - Summer | 84.011 | 14326 | - | 46,767 |
| Career and Technical Education - Basic Grants to States | 84.048 | 13924 | - | 71,392 |
| Even Start - Migrant Education (MEES) | 84.214 | 10030 | - | 2,685 |
| English Language Acquisition Grants | 84.365 | 10084 | - | 159,565 |
| English Language Acquisition Grants | 84.365 | 14346 | - | 14,515 |
| Improving Teacher Quality State Grants | 84.367 | 14341 | - | 259,958 |
| Total Passed Through California Department of Education (CDE) | | | - | 4,125,909 |
| Total U. S. Department of Education | | | $ - | $ 4,488,179 |

The accompanying notes are an integral part of this schedule.

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|---|---|---|---|---|
| U. S. Department of Agriculture | | | | |
| Passed Through California Department of Education (CDE): | | | | |
| Child and Adult Care Food Program | 10.558 | 13393 | $ - | $ 929,370 |
| Total U. S. Department of Agriculture | | | - | 929,370 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | - | 9,892,030 |

The accompanying notes are an integral part of this schedule.

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Selma Unified School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Selma Unified School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The District did not participate in any loan or loan guarantee programs as described in Title 2, Code of Federal Regulations, Part 200.502(b) during the year ended June 30, 2018.

NOTE 1 - Early Retirement Incentive Program

The district has adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years. Eligible employees must have five or more years of service under the State Teachers' Retirement System and retire during a period of not more than 120 days or less than 60 days from the date of the formal action taken by the district. As of June 30, 2018 no employee(s) of the District opted to take the Early Retirement Incentive Program.

Other Independent Auditor's Reports

**Linger, Peterson & Shrum**
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928
(559) 438-8740

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Board of Trustees
Selma Unified School District
Selma, California 93662

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Selma Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Selma Unified School District's basic financial statements and have issued our report thereon dated December 10, 2018.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item(s) 2018-001, that we consider to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Selma Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Selma Unified School District's Response to Findings**

Selma Unified School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Selma Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 10, 2018

**Linger, Peterson & Shrum**
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928
(559) 438-8740

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Selma Unified School District
Selma, California 93662

Members of the Board of Trustees:

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

**Report on Internal Control Over Compliance**

Management of the Selma Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Selma Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Selma Unified School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 10, 2018

**Linger, Peterson & Shrum**
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928

**Independent Auditor's Report on State Compliance**

Board of Trustees
Selma Unified School District
Selma, California 93662

Members of the Board of Trustees:

**Report on State Compliance**

We have audited the District's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2018.

**Management's Responsibility for State Compliance**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States; and the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

| Compliance Requirements | Procedures in Audit Guide Performed? |
|---|---|
| **LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:** | |
| Attendance Accounting: | |
| Attendance Reporting | Yes |
| Teacher Certification and Misassignments | Yes |
| Kindergarten Continuance | Yes |
| Independent Study | Yes |
| Continuation Education | Yes |
| Instructional Time | Yes |
| Instructional Materials | Yes |
| Ratio of Administrative Employees to Teachers | Yes |
| Classroom Teacher Salaries | Yes |
| Early Retirement Incentive | N/A |
| GANN Limit Calculation | Yes |
| School Accountability Report Card | Yes |
| Juvenile Court Schools | N/A |
| Middle or Early College High Schools | N/A |
| K-3 Grade Span Adjustment | Yes |
| Transportation Maintenance of Effort | Yes |
| Apprenticeship: Related and Supplemental Instruction | N/A |
| **SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:** | |
| Educator Effectiveness | Yes |
| California Clean Energy Jobs Act | Yes |
| After School Education and Safety Program: | |
| After School | N/A |
| Before School | N/A |
| General Requirements | N/A |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control and Accountability Plan | Yes |
| Independent Study-Course Based | N/A |
| **CHARTER SCHOOLS:** | |
| Attendance | N/A |
| Mode of Instruction | N/A |
| Nonclassroom-Based Instruction/Independent Study | N/A |
| Determination of Funding for Nonclassroom-Based Instruction | N/A |
| Annual Instructional Minutes - Classroom Based | N/A |
| Charter School Facility Grant Program | N/A |

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

**Opinion on State Compliance**

In our opinion, Selma Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2018.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 10, 2018

# Findings and Recommendations Section

**SELMA UNIFIED SCHOOL DISTRICT**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

**A. Summary of Auditor's Results**

**1. Financial Statements**

| | | |
|---|---|---|
| Type of auditor's report issued: | Unmodified | |
| Internal control over financial reporting: | | |
| One or more material weaknesses identified? | ____ Yes | X No |
| One or more significant deficiencies identified that are not considered to be material weaknesses? | X Yes | ____ |
| Noncompliance material to financial statements noted? | ____ Yes | X No |

**2. Federal Awards**

| | | |
|---|---|---|
| Internal control over major programs: | | |
| One or more material weaknesses identified? | ____ Yes | X No |
| One or more significant deficiencies identified that are not considered to be material weaknesses? | ____ Yes | X None Reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified | |
| Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? | ____ Yes | X No |

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 84.010 | Title I Grants to Local Educational Agencies (Title I of IASA) |
| 84.027, 84.173 | Special Education (IDEA) Cluster |
| 84.011 | Migrant Education--State Grant Program |

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

**3. State Awards**

| | | |
|---|---|---|
| Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting? | ____ Yes | X No |
| Type of auditor's report issued on compliance for state programs: | Unmodified | |

## SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of "Government Auditing Standards".

### 2018-001 Internal Control [30000]

Federal Program Information

This finding does not relate to any Federal programs.

Criteria or Specific Requirement

A strong internal control structure is necessary to provide management with reasonable, but not absolute, assurance that financial data are recorded, processed, summarized, and reported consistent with the assertions embodied in the financial statements.

Condition

There is inadequate control over financial transactions of the Student Body Fund because of a general lack of segregation of duties due to a limited number of employees. We believe this to be a significant deficiency.

Questioned Costs

There were no questioned costs related to this finding.

Perspective

This weakness applies to the entire internal control structure over the student body funds.

Effect

If financial data were recorded, processed, summarized, or reported in a manner which was not consistent with the assertions embodied in the financial statements, management may not be able to detect such errors within a reasonable period of time.

Cause

There are not enough District employees involved in these funds to adequately separate the duties. This finding is a repeat finding for this District, and has been reported previously for June 30, 2017. (Finding 2017-001)

Recommendation

While we realize that budgetary considerations may preclude the hiring of additional employees, we still must advise the Administration of this situation and recommend that duties be segregated as much as possible in order to enhance internal controls.

Views of Responsible Officials and Planned Corrective Actions

The Administration has segregated duties as much as possible with existing personnel, and believes that it is impractical and not cost effective to increase the number of employees. Management is aware of the potential risk of not having the proper segregation of duties, and has incorporated controls to reduce the risk.

## SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no Federal award findings and questioned costs.

## SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings pertaining to noncompliance with State program rules and regulations.

There were no State award findings and questioned costs.

# SELMA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

| Finding/Recommendation | Current Status | Management's Explanation If Not Implemented |
|---|---|---|
| 2017-001 Internal Control [30000]<br>There is inadequate control over financial transactions of the Student Body Funds because of a general lack of segregation of duties due to a limited number of employees. | Not Implemented | See Current-year Finding 2018-001. |
| 2017-002 Miscellaneous [60000] GASB 45 Actuarial Valuation<br>The District's management did not obtain an actuarial report per GASB 45 reporting requirements. We recommend the District's management contract with an actuarial to complete an actuarial valuation as soon as possible. | Implemented | |

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# APPENDIX C

## GENERAL INFORMATION ABOUT THE CITY OF SELMA AND FRESNO COUNTY

*The following information concerning the City of Selma (the **"City"**) and the County of Fresno (the **"County"**) is included only for the purpose of supplying general information regarding the area of the District. No part of any fund or account of the City or the County is pledged or obligated to the payment of the Series 2019B Bonds. The Series 2019B Bonds are not a debt (or a pledge of the full faith and credit) of the City, the County, the State or any of its political subdivisions (other than the District), and none of the County, the State or any of its political subdivisions (other than the District) is liable therefor. The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (i) levy and collect ad valorem taxes for the District's payment of the Series 2019B Bonds in accordance with the law; and (ii) transmit the proceeds of such taxes to the paying agent for the District's payment of the principal of and interest on Bonds at the time such payment is due.*

### General

Of the District's secured assessed valuation for 2018-19, 41% of such assessed valuation is derived from property located in the City, 49% is derived from property located in the City of Fresno, and 10% is derived from property located in the unincorporated areas of the County.

***City of Selma**.* The City is located in southeast Fresno County, 16 miles southeast of the City of Fresno.

***The County**.* The County is California's fifth-largest county, covering approximately 6,000 square miles. It is located in the geographic center of the State and is the nation's leading crop-producing county.

Within the County, there are roughly four different agricultural areas. East and south of the City of Fresno, grapes and other fruit and nut crops are grown, harvested and processed for shipment; west of the City of Fresno is a melon-producing area, which lies within the Mendota Unified School District. Also to the west, large crops of cotton, alfalfa, barley, rice, wheat and vegetables are produced. In the southwest are oil wells, and extensive cattle and sheep ranches.

The County is the trade, financial and commercial center for many surrounding counties in Central California and is a hub of transportation facilities connecting Central California to all parts of the country. Two major north-south highways, State Highway 99 and Interstate Highway 5, pass through the County. State Routes 180 and 145 run east and west. Railroads, major airlines, bus lines and numerous trucking companies also serve the area.

*[Remainder of page intentionally left blank]*

## Population

The table below shows population estimates for the cities in the County for the last five years, as of January 1.

**FRESNO COUNTY**
**Population Estimates**
**Calendar Years 2014 through 2018**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Clovis | 102,442 | 105,220 | 107,958 | 110,532 | 113,883 |
| Coalinga | 16,383 | 16,484 | 16,654 | 16,987 | 16,791 |
| Firebaugh | 7,951 | 8,101 | 8,095 | 8,047 | 8,112 |
| Fowler | 5,777 | 5,841 | 5,918 | 6,092 | 6,241 |
| Fresno | 519,157 | 524,938 | 529,552 | 533,670 | 538,330 |
| Huron | 6,867 | 6,895 | 7,009 | 7,274 | 7,302 |
| Kerman | 14,354 | 14,423 | 14,507 | 14,743 | 15,083 |
| Kingsburg | 11,809 | 11,959 | 12,025 | 12,215 | 12,392 |
| Mendota | 11,409 | 11,418 | 11,560 | 11,704 | 12,051 |
| Orange Cove | 9,196 | 9,117 | 9,141 | 9,279 | 9,469 |
| Parlier | 14,755 | 14,815 | 15,112 | 15,283 | 15,493 |
| Reedley | 25,286 | 25,875 | 25,935 | 26,023 | 26,390 |
| Sanger | 24,912 | 25,286 | 25,878 | 26,249 | 26,648 |
| San Joaquin | 4,056 | 4,068 | 4,076 | 4,095 | 4,119 |
| **Selma** | **166,301** | **166,576** | **166,829** | **168,455** | **170,183** |
| Balance of County | 166,576 | 166,829 | 168,455 | 170,183 | 166,576 |
| **Total County** | **964,611** | **975,043** | **984,537** | **995,233** | **1,007,229** |

*Source: California State Department of Finance, Demographic Research Unit.*

*[Remainder of page intentionally left blank]*

## Employment and Industry

The District is located in the Fresno Metropolitan Statistical Area ("**MSA**"), which includes the entire County. The unemployment rate in the County was 6.3% in October 2018, up from a revised 5.9% in September 2018, and below the year-ago estimate of 7.2%. This compares with an unadjusted unemployment rate of 4.0% for California and 3.5% for the nation during the same period.

The following tables show civilian labor force and wage and salary employment data for the County, for the years 2013 through 2017.

**FRESNO MSA**
**(Fresno County)**
**Civilian Labor Force[(1)], Employment and Unemployment, Unemployment by Industry**
**(Annual Averages)**
**(March 2017 benchmark)**

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Civilian Labor Force | 437,900 | 439,300 | 441,400 | 446,100 | 449,900 |
| Civilian Employment | 379,900 | 388,400 | 396,400 | 403,700 | 411,700 |
| Civilian Unemployment | 58,100 | 50,900 | 45,000 | 42,400 | 38,200 |
| Civilian Unemployment Rate | 13.3% | 11.6% | 10.2% | 9.5% | 8.5% |
| | | | | | |
| Wage and Salary Employment: [(2)] | | | | | |
| Agriculture | 49,200 | 48,800 | 47,300 | 46,900 | 46,500 |
| Mining and Logging | 300 | 300 | 300 | 300 | 300 |
| Construction | 13,100 | 13,900 | 15,000 | 16,000 | 17,300 |
| Manufacturing | 23,100 | 23,900 | 25,300 | 25,200 | 25,700 |
| Wholesale Trade | 13,600 | 13,700 | 13,800 | 14,300 | 14,400 |
| Retail Trade | 35,100 | 36,300 | 37,400 | 38,500 | 38,700 |
| Information | 3,800 | 3,900 | 3,900 | 3,800 | 3,600 |
| Financial and Insurance | 8,700 | 8,400 | 8,500 | 8,700 | 8,800 |
| Professional and Business Services | 28,900 | 31,000 | 31,500 | 31,900 | 32,000 |
| Educational and Health Services | 55,400 | 57,000 | 60,400 | 64,300 | 67,800 |
| Leisure and Hospitality | 29,000 | 30,600 | 31,400 | 32,800 | 34,000 |
| Other Services | 10,900 | 11,200 | 11,500 | 11,700 | 11,700 |
| Federal Government | 9,900 | 9,800 | 9,600 | 9,800 | 9,800 |
| State Government | 10,600 | 11,400 | 11,900 | 12,100 | 12,400 |
| Local Government | 43,600 | 45,100 | 47,200 | 49,000 | 50,300 |
| Total All Industries [(3)] | 351,500 | 361,500 | 371,700 | 382,800 | 391,000 |

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
*Source: State of California Employment Development Department.*

## Principal Employers

The following table shows principal employers in the County as of June 30, 2017.

**COUNTY OF FRESNO**
**Principal Employers**

| Employer | Number of Employees |
|---|---|
| Fresno Unified School District | 10,552 |
| Community Medical Centers | 8,400 |
| County of Fresno | 7,970 |
| Clovis Unified School District | 7,779 |
| City of Fresno | 4,254 |
| Saint Agnes Medical | 2,600 |
| Kaiser Permanente Medical | 2,300 |
| State Center Community College District | 4,864 |
| Fresno Economic Opportunities Commission | 1,300 |
| California State University Fresno | 5,448 |

*Source: County of Fresno Comprehensive Annual Report for the fiscal year ended June 30, 2017.*

## Effective Buying Income

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

The following table summarizes the median household effective buying income for the County, the State of California and the United States for the period 2013 through 2017.

**CITY OF SELMA, COUNTY OF FRESNO, THE STATE OF CALIFORNIA**
**AND THE UNITED STATES**
**Median Household Effective Buying Income**
**2013 through 2017**

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| City of Selma | $35,421 | $33,594 | $37,950 | $38,088 | $42,116 |
| County of Fresno | 38,382 | 38,000 | 40,819 | 41,237 | 44,641 |
| State of California | 48,340 | 50,072 | 53,589 | 55,681 | 59,646 |
| United States | 43,715 | 45,448 | 46,738 | 48,043 | 50,735 |

## Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years in which data are available are shown in the following tables.

Total taxable sales reported during the calendar year 2016 in the City were $462.6 million, a 3.7% increase over the total taxable sales of $446.2 million reported during the calendar year 2015. Annual figures for 2017 are not yet available.

**CITY OF SELMA**
**Number of Permits and Valuation of Taxable Transactions**
**(Dollars in Thousands)**

| | Retail Stores | | Total All Outlets | |
|---|---|---|---|---|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2012 | 362 | 326,927 | 485 | 369,709 |
| 2013 | 299 | 345,165 | 404 | 390,577 |
| 2014 | 301 | 361,978 | 409 | 416,656 |
| 2015(1) | 302 | 378,346 | 420 | 446,239 |
| 2016 | 295 | 395,393 | 417 | 462,613 |

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
*Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).*

Total taxable sales during the calendar year of 2016 in the County were reported to be $14,073,246,251 a 0.05% decrease over the total taxable sales of $14,080,799,795 reported during the calendar year of 2015. Annual figures for 2017 are not yet available.

**FRESNO COUNTY**
**Annual Taxable Transactions**
**Number of Permits and Valuation of Taxable Transactions**
**(Dollars in Thousands)**

| | Retail Stores | | Total All Outlets | |
|---|---|---|---|---|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2012 | 12,670 | $8,164,919 | 19,164 | $12,020,630 |
| 2013 | 12,047 | 8,597,480 | 18,112 | 12,618,111 |
| 2014 | 12,268 | 8,998,182 | 18,304 | 13,328,511 |
| 2015(1) | 7,298 | 9,247,617 | 20,242 | 14,080,800 |
| 2016 | 13,128 | 9,567,618 | 20,530 | 14,073,246 |

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
*Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax)*

**Construction Activity**

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

**CITY OF SELMA**
**Total Building Permit Valuations**
**(Valuations in Thousands)**
**Calendar Years 2013-2017**

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Permit Valuation | | | | | |
| New Single-family | $3,134.0 | $1,063.0 | $8,807.7 | $7,178.5 | $1,619.8 |
| New Multi-family | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Res. Alterations/Additions | 478.7 | 345.1 | 192.2 | 530.9 | 478.8 |
| Total Residential | 3,612.7 | 1,408.1 | 8,999.9 | 7,709.4 | 2,098.6 |
| New Commercial | 1,590.5 | 1,318.8 | 2,500.0 | 8,191.9 | 2,373.9 |
| New Industrial | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| New Other | 220.5 | 270.6 | 238.7 | 421.5 | 404.7 |
| Com. Alterations/Additions | 457.7 | 437.9 | 2,606.0 | 3,593.0 | 1,131.8 |
| Total Nonresidential | 2,268.7 | 2,027.3 | 5,344.7 | 12,206.4 | 3,910.4 |
| New Dwelling Units | | | | | |
| Single Family | 12 | 5 | 60 | 28 | 7 |
| Multiple Family | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 12 | 5 | 60 | 28 | 7 |

*Source: Construction Industry Research Board, Building Permit Summary.*

**FRESNO COUNTY**
**Total Building Permit Valuations**
**(Valuations in Thousands)**
**Calendar Year 2013-2017**

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Permit Valuation | | | | | |
| New Single-family | $622,066.8 | $388,564.8 | $580,986.1 | $689,016.6 | $512,951.0 |
| New Multi-family | 66,027.4 | 43,654.0 | 34,183.5 | 52,363.2 | 131,175.3 |
| Res. Alterations/Additions | 30,063.8 | 35,354.2 | 31,800.5 | 30,648.8 | 29,478.7 |
| Total Residential | $718,158.0 | $467,573.0 | $646,970.1 | $772,028.6 | $673,605.0 |
| New Commercial | $129,117.6 | $98,770.4 | $210,280.3 | $184,408.2 | $201,676.5 |
| New Industrial | 20,967.0 | 21,368.5 | 8,359.4 | 14,895.8 | 14,087.9 |
| New Other | 49,089.1 | 49,382.5 | 121,042.6 | 147,642.2 | 68,383.0 |
| Com. Alterations/Additions | 77,977.8 | 70,566.8 | 88,609.5 | 80,745.4 | 69,202.2 |
| Total Nonresidential | $277,151.5 | $240,088.2 | $428,291.8 | $427,691.6 | $353,349.6 |
| New Dwelling Units | | | | | |
| Single Family | 2,310 | 1,140 | 2,153 | 2,559 | 1,886 |
| Multiple Family | 773 | 539 | 343 | 339 | 1,135 |
| TOTAL | 3,083 | 1,949 | 2,496 | 2,898 | 3,021 |

*Source: Construction Industry Research Board, Building Permit Summary.*

**Transportation**

Two major railroads, a modern system of highways and a growing airport complex have contributed to the industrial, commercial and residential growth of the County. Burlington Northern Santa Fe and Union Pacific provide main line rail freight service to the area. Amtrak has passenger service daily. Fresno Yosemite International Airport in the City of Fresno provides regularly scheduled passenger and freight service to major metropolitan centers in the nation. Fresno-Chandler Executive Airport, also in the City of Fresno, can accommodate approximately 297 general aircraft with approximately 231 currently based at the facility.

State Highway 99 is a north-south artery that passes through the heart of the County and the San Joaquin Valley, connecting many of the Valley's major cities. Interstate Highway 5 runs in a north-south direction through the western part of the County and the San Joaquin Valley. Both State Highway 99 and Interstate Highway 5 are major north-south routes between Los Angeles, San Francisco and Sacramento. State Routes 41,168 and 180 serve the Fresno metropolitan area and connect it to the eastern and western parts of the County. The deep water Port of Stockton is located 122 miles north of Fresno on Interstate Highway 5.

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## APPENDIX D

## FORM OF OPINION OF BOND COUNSEL

January 29, 2019

Board of Trustees
Selma Unified School District
3036 Thompson Avenue
Selma, California 93662

***OPINION:*** $7,000,000 Selma Unified School District (Fresno County, California) General Obligation Bonds, Election of 2016, Series 2019B

Members of the Board of Trustees:

We have acted as bond counsel to the Selma Unified School District (the "District") in connection with the issuance by the District of $7,000,000 principal amount of Selma Unified School District (Fresno County, California) General Obligation Bonds, Election of 2016, Series 2019B, dated the date hereof (the "Bonds") under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and Resolution No. 19-19 adopted by the Board of Trustees of the District (the "Board") on December 11, 2018 (the "Bond 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 Bond 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 adopt the Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.

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

3. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District enforceable against the District in accordance with their terms.

4. The Board of Supervisors of Fresno County is obligated to levy ad valorem taxes for the payment of the Bonds and the interest thereon when due upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax.

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

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

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

The rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

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

Respectfully submitted,

*Jones Hall,*
A Professional Law Corporation

# APPENDIX E

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

**$7,000,000**
**SELMA UNIFIED SCHOOL DISTRICT**
**(Fresno County, California)**
**General Obligation Bonds**
**Election of 2016, Series 2019B**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Selma Unified School District (the "District") in connection with the execution and delivery of the captioned bonds (the "Bonds"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on December 11, 2018 (the "Bond Resolution"). U.S. Bank National Association, Los Angeles, California, is initially acting as paying agent for the Bonds (the "Paying Agent").

The District hereby covenants and agrees as follows:

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

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

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

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently June 30$^{th}$), the first being March 31, 2019.

"*Dissemination Agent*" means, initially, Government Financial Strategies, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

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

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

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

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

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. <u>Provision of Annual Reports</u>.

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

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

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

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

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

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

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

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information:

(i) Assessed value of taxable property in the jurisdiction of the District for the most recently completed fiscal year;

(ii) Assessed valuation of the properties of the top 20 secured property taxpayers in the District for the most recently completed fiscal year;

(iii) Property tax collection delinquencies for the District for the most recently completed fiscal year, or if not available, for the previous fiscal year, but only if available from the County at the time of filing the Annual Report and only if the District's general obligation bond levies are not included in Fresno County's Teeter Plan;

(iv) The District's most recently adopted Budget or approved interim report with budgeted figures, which is available at the time of filing the Annual Report; and

(v) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of this Section 4, in the light of the circumstances under which they are made, not misleading.

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

Section 5. Reporting of Significant Events.

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

(1) Principal and interest payment delinquencies.

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

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

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

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

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

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

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

(9) Defeasances.

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

(11) Rating changes.

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

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

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

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Bond Resolution.

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

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

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

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

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

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

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

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

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

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

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

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

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

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

Date: January 29, 2019

**SELMA UNIFIED SCHOOL DISTRICT**

By:_________________________________

Name: ______________________________

Title:_______________________________

**ACCEPTANCE OF DUTIES AS DISSEMINATION AGENT**

**Government Financial Strategies. Inc.**

By:_________________________________

Name: ______________________________

Title:_______________________________

## EXHIBIT A

## NOTICE OF FAILURE TO FILE ANNUAL REPORT

| | |
|---|---|
| Name of Issuer: | Selma Unified School District (the “District”) |
| Name of Bond Issue: | $7,000,000 Selma Unified School District (County of Fresno, California) General Obligation Bonds, Election of 2016, Series 2019B |
| Date of Issuance: | January 29, 2019 |

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

Dated:_____________

**DISSEMINATION AGENT**

By: ______________________________
Its: ______________________________

cc: Paying Agent and Participating Underwriter

## APPENDIX F

## DTC AND THE BOOK-ENTRY SYSTEM

*The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Series 2019B Bonds, payment of principal, interest and other payments on the Series 2019B Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series 2019B Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

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

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2019B Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Series 2019B Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2019B Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. "DTC will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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

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

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

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

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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# APPENDIX G

# FRESNO COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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**Oscar J. Garcia, CPA**
**Auditor-Controller/Treasurer-Tax Collector**

**County of Fresno Treasury Investment Pool**

# INVESTMENT POLICY

**Established: 1984**

**Current Revision: December 4, 2018**

**(559) 600-3496**
**Room 105**
**Hall of Records**
**2281 Tulare Street**
**Fresno, California 93721**

COUNTY OF FRESNO
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR
TREASURY INVESTMENT POOL

**INVESTMENT POLICY**

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COUNTY OF FRESNO
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR
TREASURY INVESTMENT POOL

# INVESTMENT POLICY

## 1.0 Purpose

The Auditor-Controller/Treasurer-Tax Collector's policy is to invest public funds in a manner that will provide a market average rate of return consistent with the objectives included in this Investment Policy while meeting the daily cash flow demands of the County Treasury, and conform to all applicable state laws governing the investment of public funds.

Investments differing from this policy shall be made only in circumstances where market timing or economic trends indicate such investments are beneficial. Such investments must comply with all applicable laws and may only be made with written approval by the Auditor-Controller/Treasurer-Tax Collector.

## 2.0 Scope

This Investment Policy applies to all financial assets deposited and retained in the County of Fresno Treasury Investment Pool.

## 3.0 Objective

The primary objectives, in priority order, of the County of Fresno's investment activities shall be the following:

3.1 Legality. Investments shall only be made in securities legally permissible by the California Government Code(GC), Sections 53635, 53635.2 et. al. In recognition of a rapidly changing and expanding marketplace, new concepts or securities shall be reviewed for compliance and possible consideration. Legality issues shall be resolved with County Counsel.

3.2 Safety. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. Investments should be made in securities of high quality to avoid credit risk and loss of principal.

3.3 Liquidity. The investment portfolio should remain sufficiently liquid to enable the Treasury Investment Pool to meet all operating requirements which might be reasonably anticipated or respond to opportunities for investments arising from changing market conditions.

3.4 Return on Investment. The investment portfolio shall be designed with the objective of attaining the highest interest revenue, taking into consideration the objectives of this Investment Policy and the cash flow characteristics of the portfolio.

3.5 Local Community Reinvestment. When it is in the best interest of the investment portfolio, and within the confines of other objectives enumerated in this Investment Policy, the Auditor-Controller/Treasurer-Tax Collector may give preference to local investment opportunities.

## 4.0 Delegation of Authority

The authority of the Board of Supervisors to delegate management responsibility for the County of Fresno Treasury Investment Pool is derived from GC 53607. Investment authority, in accordance with this provision, has been delegated to the Auditor-Controller/Treasurer-Tax Collector. The original delegation is in the Ordinance Code of the County of Fresno, Section 2.20.080 and is subject to annual renewal by the Board of Supervisors. The Auditor-Controller/Treasurer-Tax Collector shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions (GC 53607).

No person may engage in an investment transaction for the Treasury Investment Pool except as provided under the terms of this policy and the procedures established by the Auditor-Controller/Treasurer-Tax Collector. The Auditor-Controller/Treasurer-Tax Collector shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff.

The County of Fresno Treasury Oversight Committee shall annually review and monitor the Investment Policy. The County of Fresno Treasury Oversight Committee shall also cause an annual audit to determine the Auditor-Controller/ Treasurer-Tax Collector's compliance with the Investment Policy. The cost of the audit shall be considered an administrative cost of investing. Audit Reports are available to participants of the Treasury Investment Pool upon request (GC 27133, 27134 and 27135).

5.0 **Ethics and Conflict of Interest**

The Auditor-Controller/Treasurer-Tax Collector, the County of Fresno Treasury Oversight Committee and staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Receipt of honoraria, gifts and gratuities from advisors, brokers, dealers, bankers or other persons with whom the County Treasury conducts business by any member of the County of Fresno Treasury Oversight Committee shall require the completion of an annual Statement of Economic Interests by each member to be filed with the member's respective agency. This policy sets a $470 per current filing limit on the amount of honoraria, gifts and gratuities that a committee member may receive from a single source in a calendar year.

6.0 **Prudence**

Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, and not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

6.1 The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk of market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

7.0 **Borrowing for Purposes of Making Investments**

The Fresno County Auditor-Controller/Treasurer-Tax Collector is prohibited from the practice of borrowing for the sole purpose of making investments.

8.0 **Authorized Investments and Limits**

The following securities are authorized investments for the County of Fresno Treasury Investment Pool. Securities shall be valued at amortized cost when determining their percentage to the money in the County of Fresno Treasury Investment Pool. Additions or deviations from this list, in addition to being permissible under the Government Code, require approval by the Auditor-

Controller/ Treasurer-Tax Collector. Investments not expressly authorized by law are prohibited.
The Auditor-Controller/Treasurer-Tax Collector interprets the authorized investment limits to be based upon the portfolio allocation at the time a security is purchased. The portfolio allocation may temporarily fall outside of these limits due to maturities and fluctuations in the size of the pool after the purchase of a security. Additionally, the applicable credit ratings are interpreted to be based upon the rating at the time the security is purchased.

8.1 United States Treasury Bills, Notes, Certificates of Indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

8.2 Obligations issued by Federal Farm Credit Banks, Federal Home Loan Banks, the Federal Home Loan Mortgage Company, or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in obligations, participations, or other instruments of or issued by a federal agency or a United States Government-sponsored enterprise

8.3 Bills of Exchange or Time Drafts drawn on and accepted by a commercial bank, otherwise known as Bankers Acceptances, both domestic and foreign, which are eligible for purchase by the Federal Reserve System. Any investment in Bankers Acceptances shall be restricted to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt rating is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical-rating service.

Purchases of Bankers Acceptances may not exceed 180 days maturity or 40 percent of the money in the Treasury Investment Pool.

8.4 Commercial Paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc., or Standard and Poor's (P-1; A-1). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars and having an "A" or higher rating for the issuer's other outstanding debentures by Standard and Poor's, or its equivalent or better ranking by a nationally recognized statistical-rating service and a maximum maturity limit of 270 days.

Additionally GC 53635 limits the assets held by the Treasury Investment Pool in any single issuer to 10 percent and the total Commercial Paper investments may not exceed 40 percent of the total assets in the Treasury Investment Pool.

8.5 Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, savings association, federal association, or state-licensed branch of a foreign bank. Any investment is to be restricted to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt rating is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher rating as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments.

Investments in Negotiable Certificates of Deposit (in combination with section 8.6.1) may not exceed 30 percent of the money in the Treasury Investment Pool. No more than 5 percent of the money shall be invested in any one institution.

8.6 Non-negotiable Time Certificates of Deposit issued by a nationally or state-chartered bank, savings association or federal association (GC 53601 (n)). Unless fully covered by FDIC insurance, including the interest earned, these investments require full collateralization with government securities totaling 110 percent or mortgages totaling 150 percent of the principal amount (GC 53652). Any investment is to be restricted to those institutions whose short term rating is of prime quality of the highest ranking as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments. Any investment will require the approval and execution of a Contract for Deposit by the Auditor-Controller/Treasurer-Tax Collector.

Investments in Non-negotiable Time Certificates of Deposit may not exceed 50 percent of the money in the Treasury Investment Pool. No more than 15 percent of the money shall be invested in any one institution.

8.6.1 Investments in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit. Investments will be made in compliance with GC 53635.8. Investments shall be initially placed with a nationally or state-chartered commercial bank, savings bank, savings and loan association or a credit union in this state, which shall be known as the selected depository institution. Any investment will require the approval and execution of a Deposit Placement Agreement by the Auditor-

Controller/Treasurer-Tax Collector. Combined purchases under sections 8.5 and 8.6.1 shall not exceed 30 percent of the portfolio. Additionally, purchases under 8.6.1 shall not exceed 15 percent of the portfolio.

8.7 Investments in Repurchase Agreements representing United States Treasury Securities, United States Agency discount and coupon securities, domestic and foreign Banker's Acceptances, commercial paper, and domestic bank/savings associations or federal associations Negotiable Certificates of Deposit.

Investments shall be made only after the execution of a Repurchase and Custody Agreement (Tri-Party Agreement) between the County or the investment manager (if under contract), the dealer and the Custodian. Investments will consist of overnight Repurchase Agreements, which include weekend placements and maturities; however, securities with longer maturities may be used as collateral for these Agreements. (GC 53635.2)

Excluding circumstances of market-timing and known cash demands, investments in Repurchase Agreements shall be limited to not more than 15 percent of the money in the Treasury Investment Pool. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against these securities. Any exceptions to the maturity or investment amount provisions will require written approval by the Auditor-Controller/Treasurer-Tax Collector.

8.8 Medium-term Notes with a maximum remaining maturity of five years or less issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or higher, by Standard and Poor's Corporation, or its equivalent or better by a nationally recognized rating service

Investments in Medium-term Notes may not exceed 30 percent of the money in the Treasury Investment Pool.

8.9 Investment of funds in the Local Agency Investment Fund (LAIF) created by law, which the State Treasurer invests through the Pooled Money Investment Account. Money invested in LAIF is available for overnight liquidity; however, it is also subject to a limited number of transactions per month. Money shall be placed in LAIF as alternative liquid investments under the guidelines of this policy pertaining to yield. The County may invest up to the maximum amount permitted by LAIF, not to exceed 10 percent of the portfolio. The Auditor-Controller/ Treasurer-Tax Collector may invest any portion of debt proceeds in the LAIF.

8.10 Shares of beneficial interest issued by diversified management companies, otherwise known as Mutual Funds, investing in the securities and obligations as authorized by the GC 53601 et. seq.

To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the Securities and Exchange Commission with at least five years of experience investing in the securities authorized by the GC sections noted above and with assets under management in excess of $500,000,000.

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of $500,000,000 (GC 53601).

Investment in Mutual Funds shall not include the payment of any commission that these companies may charge and may not exceed 20 percent of the surplus funds in the Treasury Investment Pool. Only 10 percent of the surplus funds may be invested in any one mutual fund (GC 53601, 53635.2).

8.11 Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond of a maximum of five years maturity. Securities eligible for investment shall be rated "AA" or its equivalent or better by a nationally recognized rating service.

Investments in these securities may not exceed 10 percent of the funds in the Treasury Investment Pool.

8.12 Bond proceeds may be invested in accordance with the Government Code provisions, or they may be invested in alternative vehicles if authorized by bond documents (GC 53635.2 and California Debt and Investment Advisory Commission (CDIAC) Local Agency Investment Guidelines).

8.13 External Investment Managers. The Auditor-Controller/Treasurer-Tax Collector may contract with external investment managers to provide investment management services. These managers may be hired to invest funds not needed for liquidity and to increase the rate of return of the pool by employing an active investment strategy. The external investment manager is allowed to make specific investment decisions within the framework of this investment policy.

External investment managers are required to provide timely transaction documentation and investment reports to ensure that the manager's actions comply with the requirements of the law and this investment policy. External investment managers shall remit, at least quarterly, the interest earnings to the Pool to allow these earnings to be apportioned to the pool participants.

Selection of External Investment Managers is subject to section 13.0 of this investment policy. Additionally, after selection, the manager's performance shall be reviewed against the agreed upon benchmark.

8.14 Registered state warrants or treasury notes or bonds of the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

Investments in these securities may not exceed 10 percent of the surplus funds in the Treasury Investment Pool.

## 9.0 Selection of Investments

Investments, with the exception of California registered state warrants in section 8.14, above, shall only be made following a minimum of three competitive comparisons with offerings documented and retained for each type of investment.

## 10.0 Diversification

The Treasury Investment Pool shall be diversified by security type and institution.

## 11.0 Maximum Maturities

To the extent possible, investments shall be made to match anticipated cash requirements. Unless matched to a specific cash flow, normal investments will be in securities such that the average weighted maturity of the Treasury Investment Pool shall not exceed 3.5 years. Proceeds of sales or funds set aside for the repayment of any notes issued for temporary borrowing purposes shall not be invested for a term that exceeds the term of the notes.

## 12.0 Selling Securities Prior to Maturity

Securities purchased shall normally be held until maturity. Occasionally, opportunities will exist to sell securities prior to maturity and purchase other securities (swap/trade). Securities that are no longer in compliance with this Investment Policy may be sold prior to maturity. Securities may also be sold in order to maintain the liquidity of the Treasury Investment Pool.

## 13.0 Authorized Financial Dealers and Institutions

The Auditor-Controller/Treasurer-Tax Collector shall maintain a list of financial institutions authorized to provide investment services. In addition, a list shall also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15c3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following: audited financial statements, proof of Financial Industry Regulatory Authority membership, trading resolution, proof of state registration, completed broker-dealer questionnaire, certification of having read the County's Investment Policy, and if applicable, depository contracts. Broker-dealers are evaluated and selected based upon criteria that include: organization experience and credibility, individual broker-dealer qualifications, compliance, product inventory, and economic research.

An annual review of the financial conditions and registrations of selected brokers shall be conducted by the Auditor-Controller/Treasurer-Tax Collector. A current audited financial statement is required to be on file for each authorized financial institution and broker-dealer.

Investment managers are evaluated and selected based upon criteria that include: organization experience and credibility, staff experience, compliance, and performance.

The selection of any broker, brokerage firm, dealer or securities firm that has, within any consecutive 48 month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Auditor-Controller/ Treasurer-Tax Collector or member of the Board of Supervisors or any candidate for those offices is prohibited. The County will, to the best of its ability, monitor and comply with this requirement.

## 14.0 Confirmation

Receipts for confirmation of purchase of authorized securities should include the following information: trade date, par value, maturity, rate, price, yield, settlement date, description of securities purchased, agency's name, net amount due, and third party custodian information. Confirmation of all investment transactions should be received by the Auditor-Controller/Treasurer-Tax Collector within five business days of the transaction.

## 15.0 Safekeeping and Custody

Investments, excluding Non-negotiable Time Certificates of Deposit, Repurchase Agreements and investments that are under the management of contracted parties, shall be held in custody with the Service Bank or its correspondent or other institutions approved by the Auditor-Controller/Treasurer-Tax Collector. Investments in Repurchase Agreements shall be held in custody by the Custodian to the Tri-Party Agreement.

## 16.0 Performance Standards

The investment portfolio shall be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account investment risk constraints and cash flow needs.

16.1 Market yield benchmark. The investment strategy is passive. Given this strategy, the basis used by the Auditor-Controller/Treasurer-Tax Collector to determine whether market yields are being achieved shall be the one-year U.S. Treasury note rate.

## 17.0 Administrative Cost of Investing

The Auditor-Controller/Treasurer-Tax Collector may deduct actual administrative costs associated with investing, depositing, banking, auditing, reporting, or otherwise handling or managing of funds. The administrative costs shall be segregated and deducted from the interest earnings of the Treasury Pool each quarter prior to the distribution of interest earnings.

## 18.0 Credit of Interest Earnings

Interest shall be credited based on the average daily cash balance of money on deposit in the County Treasury for the calendar quarter and shall be paid quarterly.

19.0 **Local Agency Deposit of Excess Funds**

The County Auditor-Controller/Treasurer-Tax Collector is authorized to accept deposits of excess funds from local agencies within Fresno County pursuant to Resolution 98-354 and in accordance with Government Code section 53684. Such deposits will be accepted, if at all, subject to the terms and conditions of a written agreement between the depositing agency and the Auditor-Controller/Treasurer-Tax Collector. In deciding whether to accept such deposits, the Auditor-Controller/ Treasurer-Tax Collector considers factors that may include, but are not limited to, the objectives of this policy, the potential effect of such deposits on the volatility of the investment portfolio, the human resources available to conduct investment activities, and the best interests of current depositors.

20.0 **Withdrawal of Funds from the Treasury Pool**

The withdrawal of funds by any depositor/participant in the County of Fresno Treasury Investment Pool shall not adversely affect the interests of the other depositors/participants in the County of Fresno Treasury Investment Pool. All withdrawals that are not considered as funds being utilized for operations shall be presented to the Auditor-Controller/Treasurer-Tax Collector for review and approval. The Auditor-Controller/ Treasurer-Tax Collector shall perform an assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the Treasury Investment Pool as is required by GC 27136 and 27133. Prior to the approving a withdrawal, the Auditor-Controller/ Treasurer-Tax Collector shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the Treasury Investment Pool. All requests for withdrawals shall be considered in order of receipt and shall in no way affect the ability of the Auditor-Controller/Treasurer-Tax Collector to meet the pool's expenditure requirements.

If the assessment of the effect of the proposed withdrawal does not negatively impact the stability and predictability of the investments and the interests of other depositors, the Auditor-Controller/Treasurer-Tax Collector may authorize a total or partial withdrawal of funds from the Treasury Pool. A total withdrawal of funds from the County of Fresno Treasury Investment Pool by a participant requires a 30 day written notice to the Auditor-Controller/Treasurer-Tax Collector. Withdrawals involving less than the participant's total funds (other than for operational needs) are subject to all of the following constraints:

- each withdrawal shall be limited to a maximum of $5,000,000

- no more than two withdrawals of a non-operational purpose are allowed per 30 day period

- at least ten days must lapse before the second withdrawal in any 30 day period will be considered by the Auditor-Controller/Treasurer-Tax Collector

- each withdrawal shall be submitted to the Auditor-Controller/Treasurer-Tax Collector at least 2 business days prior to the date of withdrawal

The Auditor-Controller/Treasurer-Tax Collector shall be notified of normal operating expenditures or disbursements in excess of $1,000,000 as early as possible, preferably three business days in advance of disbursement, in order to adjust the cash position to meet disbursement requirements.

## 21.0 Reporting

The Auditor-Controller/Treasurer-Tax Collector shall provide the Board of Supervisors with a monthly inventory report and a monthly transaction report of the Treasury Investment Pool. The Auditor-Controller/ Treasurer-Tax Collector shall provide a quarterly investment report to the Board of Supervisors, the County Administrative Officer and the County of Fresno Treasury Oversight Committee. The quarterly report shall be submitted within 30 days following the end of the quarter covered by the report. Monthly inventory reports and quarterly investment reports are available to participants of the pool upon request (GC 53646).

## 22.0 Internal Control

As part of the County of Fresno's annual independent audit, the investment program shall be reviewed for appropriate internal controls that provide assurance of compliance with policies and procedures.

## 23.0 Investment Policy Review

This Investment Policy shall be reviewed on an annual basis by the Auditor-Controller/Treasurer-Tax Collector and rendered annually to the Board of Supervisors and the County of Fresno Treasury Oversight Committee, which consists of the following members:

- The County Auditor-Controller/Treasurer-Tax Collector
- A representative appointed by the County Board of Supervisors
- The County Superintendent of Schools or designee
- A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County

- A representative selected by a majority of the presiding officers of the legislative bodies of the special districts in the County that are required or authorized to deposit funds in the County treasury

The Board of Supervisors shall accept and approve the investment policy and any changes thereto at a public meeting (GC 27133, 53646).

24.0 **Disaster/Business Continuity Plan**

The County of Fresno Treasurer's banking and investment functions are critical to the function of Treasury Investment Pool and therefore must have a continuity plan to guide operations in the event of a disaster or business interruption.

The objective of the Disaster/Business Continuity Plan is to protect and account for all funds on deposit with the county treasurer and to be able to continue banking and investment functions for all participants in the event of an occurrence; i.e. earthquake, fire, flood, or some other event, which disrupts normal operations. The Plan provides for the ability to perform banking and investment functions at an off-site location under less than optimal conditions.

Approved

Oscar J. Garcia — 12-4-18

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

Date

## APPENDIX A

| Permitted Investments/Deposits | Government Code Limits % | Investment Policy Limits % | Investment Policy Term Limit | Minimum Rating |
|---|---|---|---|---|
| Securities of the U.S. Government | No Limit | No Limit | 5 years | N/A |
| Securities issued by United States Government Sponsored Enterprises | No Limit | No Limit | 5 years | N/A |
| Bankers Acceptances (1) | 40% | 40% | 180 days | N/A |
| Commercial Paper | 40% | 40% | 270 days | P-1, A-1 |
| Negotiable Certificates of Deposit (2) | 30% | 30% | 13 months | P-1, or A-1 or 4 Star |
| Non-negotiable Certificates of Deposit (2) | No Limit | 50% | 13 months | P-1 or A-1 or 4 Star |
| Account Registry Service Deposits (2) | 30% | 15% | 13 months | N/A |
| Repurchase Agreements | No Limit | 15% | Overnight/Weekend | N/A |
| Medium Term Notes | 30% | 30% | 5 years | A |
| LAIF (3) | No Limit | 10% | 5 years | N/A |
| Mutual Funds (4) | 20% | 20% | 5 years | AAA,Aaa |
| Mortgage-Backed Securities | 20% | 10% | 5 years | AA |
| State of California Debt | No Limit | 10% | 5 years | N/A |

APPENDIX A
(Continued)

(1) Investment policy limits any investment in bankers acceptances to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt is of prime quality and of the highest ranking as provided for by Moody's or Standard and Poor's (P-1, A-1).

(2) Banks, savings associations or federal associations having a "4 Star" or higher rating as provided by Bauer Financial, Inc. or a comparable rating service. For negotiable certificates of deposit, no more than 5 percent of the money shall be invested in any one institution. Negotiable certificates of deposit and account registry service deposits combined shall not exceed 30% of the portfolio. For non-negotiable certificates of deposit, no more than 15 percent of the money shall be invested in any one institution.

(3) LAIF Board of Directors currently limits the investment to $65,000,000, excluding bond and note proceeds. Government Code does not place a percentage limit on the amount of money that may be invested in LAIF.

(4) Diversified management companies investing in the securities and obligations as authorized by California Government Code, Sections 53601, et seq., shall either (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the SEC with at least five years of experience investing in the securities authorized by code sections noted in the policy and with assets under management in excess of $500,000,000.

Diversified management companies issuing shares of beneficial interest that are money market funds registered with the Securities and Exchange Commission (SEC) under the Investment Act of 1940 shall either (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the SEC with not less than five years of experience managing money market mutual funds with assets under management in excess of $500,000,000. Only 10 percent of the money may be invested in any one mutual fund.

## APPENDIX B

### RATING SUMMARY

| RATING SERVICE | RATING CATEGORY | RATING DEFINITION |
|---|---|---|
| Moody's | Aaa | Best Quality |
| | Aa | High Quality |
| | A | Upper-medium grade |
| | Baa | Medium grade obligations |
| | Ba | Judged to have speculative elements |
| | B | Lack characteristics of desirable investment |
| | Caa | Investment in poor standing |
| | Ca | Speculative in a high degree |
| | C | Poor prospect of attaining investment standing |
| Moody's Modifiers | 1,2,and 3 | Rankings within rating category |
| Moody's Commercial Paper | Prime-1 | Superior ability for repayment |
| | Prime-2 | Strong ability for repayment |
| | Prime-3 | Acceptable ability for repayment |
| | Not Prime | Do not fall in top 3 rating categories |
| Standard & Poors | AAA | Highest Rating |
| | AA | Strong capacity for repayment |
| | A | Strong capacity for repayment but less than AA category |
| | BBB | Adequate capacity for repayment |
| | BB | Speculative |
| | B | Greater vulnerability to default than BB category |
| | CCC | Identifiable vulnerability to default |
| | CC | Subordinated debt of issues ranked in CCC category |
| | C | Subordinated debt of issues ranked in CCC category |
| | CI | Income bonds where no interest is paid |
| | D | Default |
| Standard & Poors – Modifiers | (+) or (-) | Rankings within rating category |
| Standard & Poors – Commercial | A-1 | Highest degree of safety |
| | A-2 | Timely repayment characteristics is satisfactory |
| | A-3 | Adequate capacity for repayment |
| | B | Speculative |
| | C | Doubtful repayment |
| | D | Default |

APPENDIX B
(Continued)

RATING SUMMARY

| RATING SERVICE | | RATING CATEGORY | RATING DEFINITION |
|---|---|---|---|
| Fitch | | AAA | Highest credit quality |
| | | AA | Very high credit quality |
| | | A | High credit quality |
| | | BBB | Good credit quality |
| | | BB | Speculative |
| | | B | High speculative |
| | | CCC, CC, C | High default risk |
| | | DDD, DD, D | Default |
| Fitch | Modifiers | "+" or "- | Relative status within rating categories |
| Fitch | Commercial Paper | F1 | Highest credit quality |
| | | F2 | Good credit quality |
| | | F3 | Fair credit quality |
| | | B | Speculative |
| | | C | High default risk |
| | | D | Default |
| Bauer | | 5 Star | Superior |
| | | 4 Star | Excellent |
| | | 3 ½ Star | Good |
| | | 3 Star | Adequate |
| | | 2 Star | Problematic |
| | | 1 Star | Troubled |
| | | Zero | Our lowest star rating |

APPENDIX C

# Glossary of Cash Management Terms

The following is a glossary of key investing terms, many of which appear in County of Fresno Treasury Investment Policy. This glossary has been adapted from the Government Finance Officers Association (GFOA) sample investment policy.

Accrued Interest - The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency - A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization - The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Average Life - The average length of time that an issue of serial bonds term bonds, or both, with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance – A draft or bill or exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

Basis Point - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield, e.g., 1/4 of 1 percent is equal to 25 basis points.

Bid - The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value - The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

Callable Bond - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Call Price - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk - The risk to a bondholder that a bond may be redeemed prior to maturity.

Cash Sale/Purchase - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

APPENDIX C
(Continued)

Certificate of Deposit (CD) – A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period.

Certificate of Deposit Account Registry System (CDARS) – A private CD placement service that allows local agencies to purchase more than $100,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $100,000 each, so that FDIC coverage is maintained.

Collateralization - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan security, or both.

Commercial Paper - An unsecured short-term promissory note issued, with maturities ranging from 1 to 270 days.

Convexity - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Coupon Rate - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

Credit Quality - The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Risk - The risk to an investor that an issuer will default in the payment of interest principal on a security, or both.

Current Yield (Current Return) - A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Delivery Versus Payment (DVP) - A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

Discount - The amount by which the par value of a security exceeds the price paid for the security.

Diversification - A process of investing assets among a range of security types by sector, maturity, and quality rating.

Fair Value - The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## APPENDIX C
(Continued)

Federal Funds (Fed Funds) - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate - Interest rate charged by one institution lending federal funds to the other.

Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms in the United States.

Government Securities - An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

Interest Rate - See "Coupon Rate."

Interest Rate Risk - The risk associated with declines or rises in interest rates which cause in investment in a fixed-income security to increase or decrease in value.

Inverted Yield Curve - A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment Company Act of 1940- Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Investment-grade Obligations - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Liquidity - An asset that can be converted easily and quickly into cash without significant loss of value.

Local Agency Investment Fund – A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

Local Government Investment Pool (LGIP) - An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-market - The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

Market Risk - The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value - Current market price of a security.

Maturity - The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity."

Medium-Term Note – Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in California Government Code) with a remaining maturity of five years or less.

Money Market Mutual Fund - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mortgage Backed Securities – Mortgage-backed securities (MBS) are created when a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interest or participations in the pool. MBS owners receive a prorate share of the interest and principal passed through from the pool of mortgages. Most MBS are issued guaranteed, or both, by federal agencies and instrumentalities.

Mortgage Pass-Through Obligations – Securities that are created when residential mortgages are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

Mutual Fund - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

Negotiable Certificates of Deposit – Short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, or state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

Net Asset Value - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.) [(Total assets) - (Liabilities)]/(Number of shares outstanding)

Nominal Yield - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

Non-negotiable Certificates of Deposit – CDs that carry a penalty if redeemed prior to maturity. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to $100,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral.

Offer - An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Par - Face value or principal value of a bond, typically $1,000 per bond.

Positive Yield Curve - A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium - The amount by which the price paid for a security exceeds the security's par value.

Principal - The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

Prudent Person Rule - An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

APPENDIX C
(Continued)

Regular Way Delivery - Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+1 basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

Reinvestment Risk - The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

Repurchase Agreement (Repo or RP) - An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Reverse Repurchase Agreement (Reverse Repo) - An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Rule 2a-7 of the Investment Company Act - The Securities and Exchange Commission regulates money market funds in the United States and this rule restricts quality, maturity and diversity of investments by money market funds in an attempt to provide a safe, liquid alternative to bank deposits, while providing a higher yield.

Safekeeping - Holding of assets (e.g., securities) by a financial institution.

Swap - Trading one asset for another.

Term Bond - Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Total Return - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

Treasury Bills - Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of $10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

APPENDIX C
(Continued)

Treasury Notes - Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from $1,000 to $1 million or more.

Treasury Bonds - Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of $1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Uniform Net Capital Rule - SEC Rule 15c3-1 outlining capital requirements for broker-dealers.

Volatility - A degree of fluctuation in the price and valuation of securities.

Weighted Average Maturity (WAM) - The dollar-weighted average maturity of all the securities that comprise a portfolio.

When Issued (WI) - A conditional transaction in which an authorized new security has not been issued. All "when issued" transactions are settled when the actual security is issued.

Yield - The current rate of return on an investment security generally expressed as a percentage of the security's current price.

Yield-to-call (YTC) - The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

Yield Curve - A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-maturity - The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

Zero-coupon Securities - Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

# Quarterly Investment Report

As of September 30, 2018

P.O. Box 1247 | Fresno, CA 93715 | Telephone 559.600.3487 | investments@FresnoCountyCA.gov

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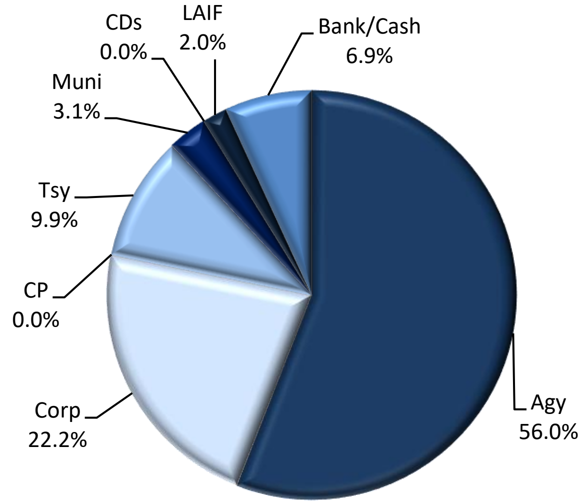
Portfolio Summary
9/30/2018

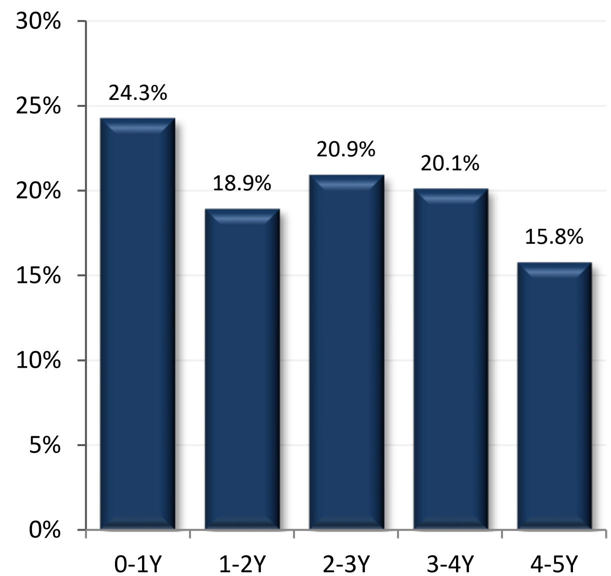
County of Fresno

## SECTOR ALLOCATION



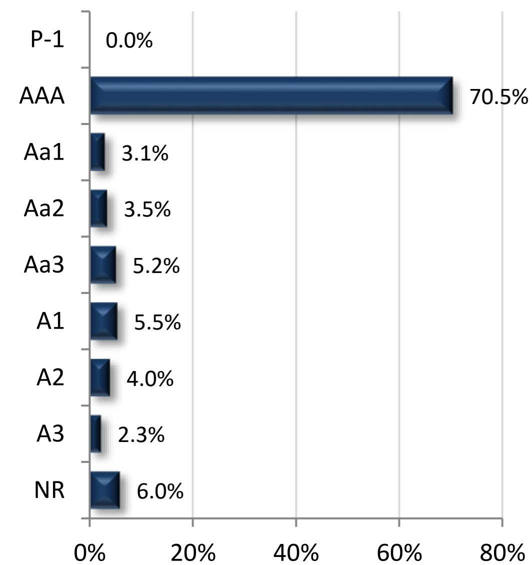

Per Book Value

## MATURITY DISTRIBUTION




Per Book Value

## CREDIT QUALITY (MOODY'S)



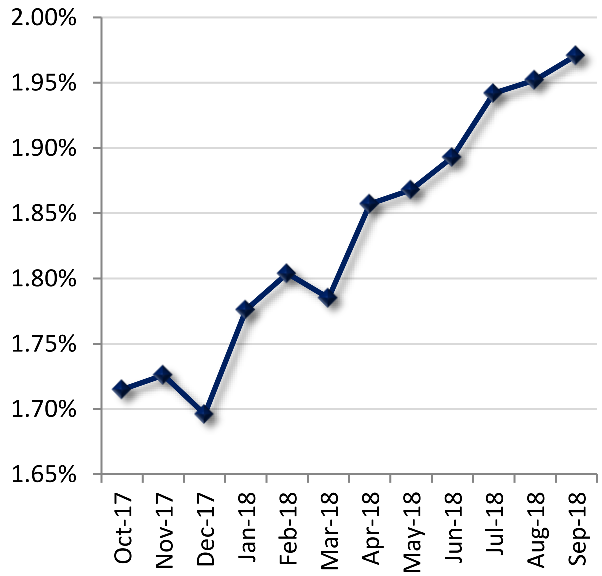

NR: Not Rated

## ACCOUNT SUMMARY

| | 9/30/18 | 6/30/18 |
|---|---|---|
| **Market Value** | $3,263,439,272 | $3,602,167,778 |
| **Book Value*** | $3,325,605,518 | $3,657,258,602 |
| **Unrealized G/L** | -$62,166,245 | -$55,090,823 |
| **Par Value** | $3,327,620,818 | $3,658,635,216 |
| **Net Asset Value** | $98.131 | $98.494 |
| **Book Yield** | 1.97% | 1.89% |
| **Years to Maturity** | 2.33 | 2.17 |
| **Effective Duration** | 2.21 | 2.06 |

*Book Value is Amortized

## PORTFOLIO BOOK YIELD HISTORY




## TOP ISSUERS

| Issuer | % Portfolio |
|---|---|
| FEDERAL HOME LOAN BANK | 22.2% |
| FEDERAL NATIONAL MORTGAGE | 21.4% |
| US TREASURY NOTE | 9.9% |
| FEDERAL FARM CREDIT BANK | 8.1% |
| FEDERAL HOME MORTGAGE CO | 4.2% |
| US BANK NA | 3.2% |
| STATE OF CALIFORNIA | 3.1% |
| APPLE INC | 3.1% |
| UNION BANK MM | 3.0% |
| FIDELITY 2642 | 2.9% |
| JP MORGAN | 2.5% |
| CHEVRON CORP | 2.4% |
| BANK OF NEW YORK | 2.3% |
| WELLS FARGO | 2.1% |
| LAIF | 2.0% |

Per Book Value

# Investment Policy Compliance
9/30/2018

County of Fresno

| Item / Sector | Parameters | In Compliance | |
|---|---|---|---|
| 11.0 Weighted Average Maturity | Weighted Average Maturity (WAM) must be less than 3.5 years. | Yes | 2.3 Yrs |
| 8.1 U.S. Treasuries | No sector limit, no issuer limit, max maturity 5 years. | Yes | 9.9% |
| 8.2 U.S. Agencies | No sector limit, no issuer limit, max maturity 5 years. | Yes | 56.0% |
| 8.3 Banker Acceptances | 40% limit, Issue is eligible for purchase by Federal Reserve. Issuer is among 150 largest banks based on total asset size; max maturity 180 days; rated A-1 or P-1. | Yes | 0.0% |
| 8.4 Commercial Paper | 40% limit, corporation organized and operating in the US with total assets of $500mm. 10% of issuer's CP / 10% in any one issuer; max maturity 270 days; minimum short-term rating of A-1 by S&P or P-1 by Moody's, minimum long-term rating of A by S&P or its equivalent or better ranking by a nationally recognized rating service. | Yes | 0.0% |
| 8.5 Negotiable CDs | 30% limit (combined with 8.6.1), Issued by national or state chartered bank or savings assoc., or a state licensed branch of a foreign bank that is among 150 largest banks in total asset size; minimum short-term rating of P-1 or A-1 or issuer meets rating requirements; 5% in any one issuer, max maturity 13 months. | Yes | 0.0% |
| 8.6 Non-Negotiable CDs | 50% limit, Issued by national or state chartered bank or savings association. FDIC insurance OR full collateralization of 110% government or 150% mortgages. Contract for Deposit in place. 15% in any one issuer; short-term rating is a minimum of A-1 by S&P or P-1 by Moody's, max maturity 13 months. | Yes | 0.0% |
| 8.6.1 Placement CDs | 15% limit (30% combined with 8.5), Issued by national or state chartered bank or savings association or credit union that uses a placement entity. Deposit Placement Agreement in place. | Yes | 0.0% |
| 8.7 Repurchase Agreements | 15% limit, Tri-party agreement in place. 102% collateralization of US treasuries or agencies, BAs, CP, Negotiable CD's; Overnight or weekend maturities. | Yes | 0.0% |
| 8.8 Medium-Term Notes | 30% limit, organized and operating in the US or state licensed depository institution; max maturity 5 years; rated A or better by S&P, or its equivalent or better by a nationally recognized rating service. | Yes | 22.2% |
| 8.9 L.A.I.F | California State's deposit limit is $65 million; Current investment policy limit is not to exceed 10% of the portfolio. | Yes | 2.0% |

| Item / Sector | Parameters | In Compliance | |
|---|---|---|---|
| 8.10 Mutual Funds/ Money Markets Funds | 20% limit, 10% per issuer; Registered with SEC, 5 years experience, $500mm AUM or rated by AAA-m, Aaa-mf, AAA-m by not less than two nationally recognized rating agencies. | Yes | 2.9% |
| 8.11 ABS and MBS | 10% limit combined. Security must be AA rated by one rating agency, with an A or better rating for the underlying, max maturity 5 years. | Yes | 0.0% |
| 8.12 Money Held from Pledged Assets | Invest according to statutory provision or according to entity providing issuance. | Yes | 0.0% |
| 8.13 External Managers | Invest per policy. | Yes | 0.0% |
| 8.14 State of California Debt | 10% limit, Registered State warrants or CA treasury notes, including revenue producing entities controlled or operated by the State or by a department, board, agency, or authority of the State; 5 years max maturity. | Yes | 3.1% |
| Cash & Bank Account | NA | NA | 4.0% |

**Compliance**

The County Treasurer believes the Treasury Investment Pool contains sufficient cash flow from liquid and maturing securities, bank deposits, and incoming cash to meet the next six months of expected expenditures.

**Review and Monitoring**

FTN Financial Main Street Advisors, the County's investment advisor, currently monitors the Treasury Department's investment activities.

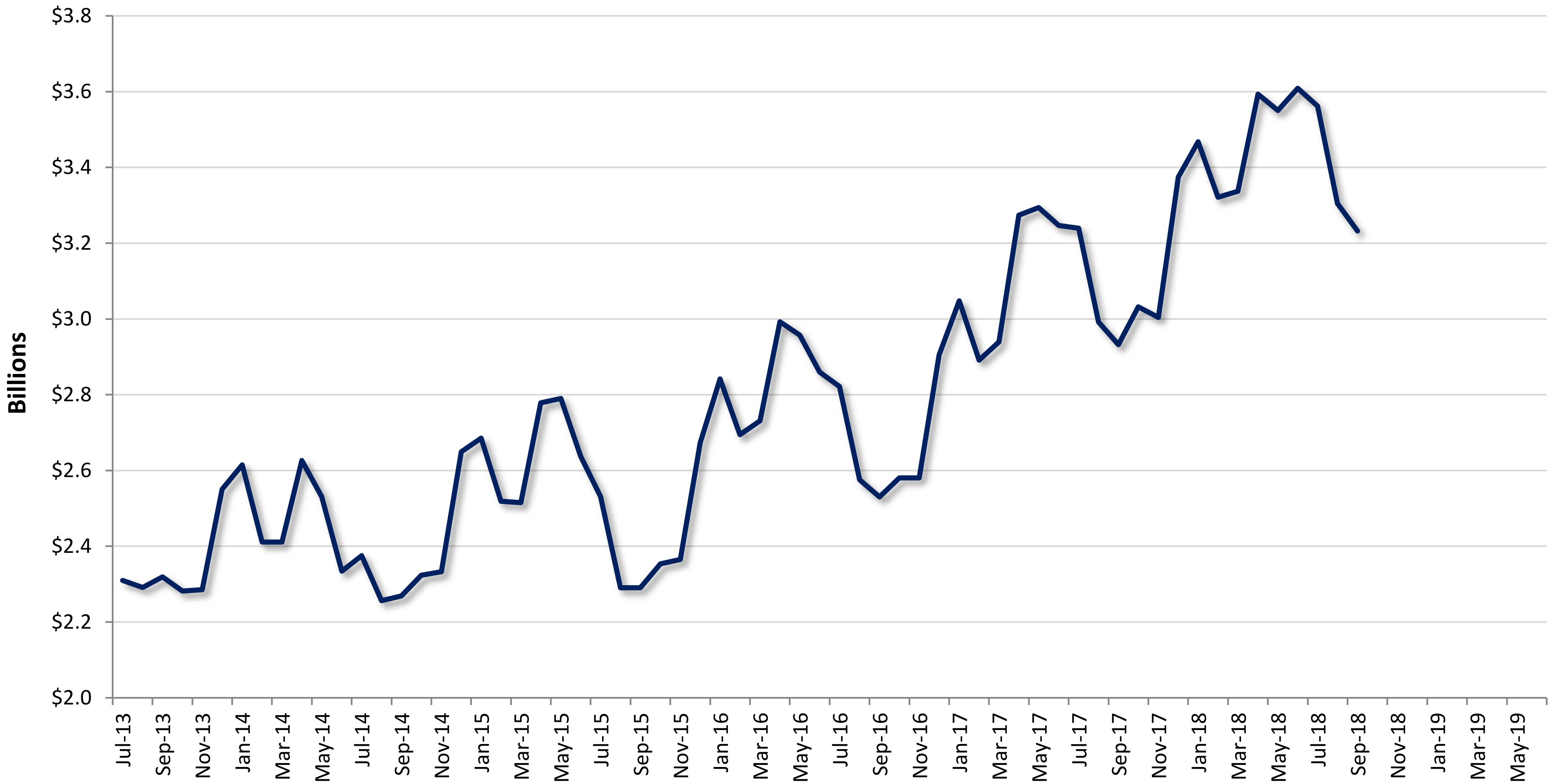
**Additional Information**

Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations.

The market values of securities were taken from pricing services provided by Interactive Data Corporation.

## Historical Book Values
9/30/2018

County of Fresno

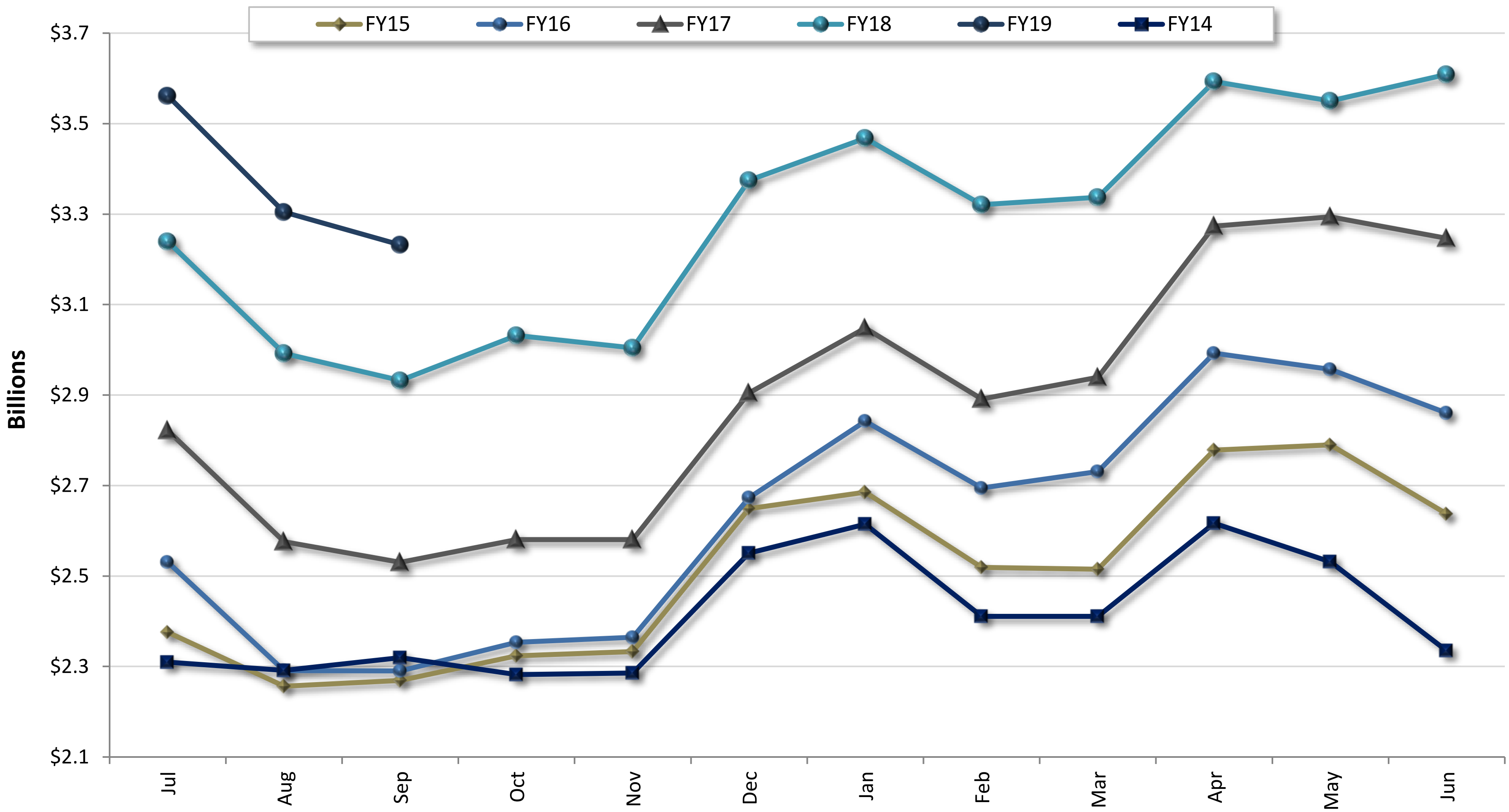



| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fiscal Year 2014** | $2.310 | $2.291 | $2.319 | $2.282 | $2.285 | $2.551 | $2.615 | $2.411 | $2.411 | $2.617 | $2.531 | $2.335 |
| **Fiscal Year 2015** | $2.375 | $2.256 | $2.269 | $2.323 | $2.333 | $2.649 | $2.685 | $2.519 | $2.515 | $2.778 | $2.790 | $2.637 |
| **Fiscal Year 2016** | $2.531 | $2.291 | $2.290 | $2.354 | $2.365 | $2.673 | $2.842 | $2.695 | $2.731 | $2.993 | $2.957 | $2.860 |
| **Fiscal Year 2017** | $2.822 | $2.576 | $2.530 | $2.581 | $2.580 | $2.905 | $3.048 | $2.891 | $2.940 | $3.274 | $3.294 | $3.247 |
| **Fiscal Year 2018** | $3.240 | $2.992 | $2.932 | $3.032 | $3.004 | $3.374 | $3.468 | $3.321 | $3.337 | $3.593 | $3.550 | $3.609 |
| **Fiscal Year 2019** | $3.562 | $3.305 | $3.232 | | | | | | | | | |

Figures in Billions, Average Daily Balance

# Historical Book Values Per Fiscal Year
9/30/2018






| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year 2014 | $2.310 | $2.291 | $2.319 | $2.282 | $2.285 | $2.551 | $2.615 | $2.411 | $2.411 | $2.617 | $2.531 | $2.335 |
| Fiscal Year 2015 | $2.375 | $2.256 | $2.269 | $2.323 | $2.333 | $2.649 | $2.685 | $2.519 | $2.515 | $2.778 | $2.790 | $2.637 |
| Fiscal Year 2016 | $2.531 | $2.291 | $2.290 | $2.354 | $2.365 | $2.673 | $2.842 | $2.695 | $2.731 | $2.993 | $2.957 | $2.860 |
| Fiscal Year 2017 | $2.822 | $2.576 | $2.530 | $2.581 | $2.580 | $2.905 | $3.048 | $2.891 | $2.940 | $3.274 | $3.294 | $3.247 |
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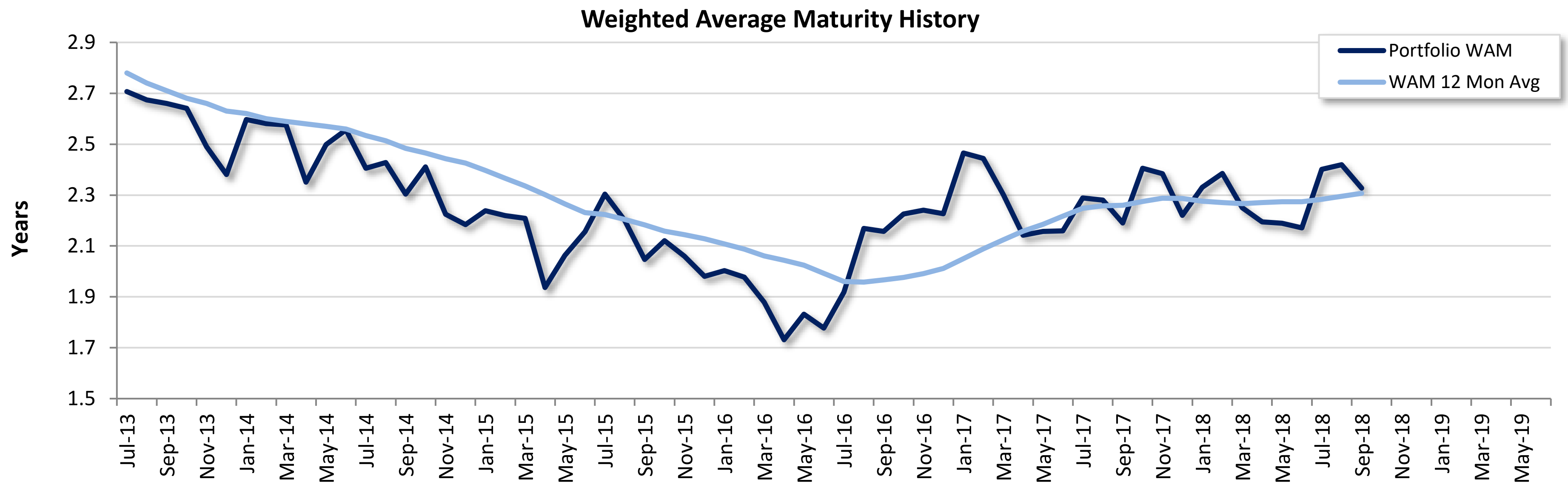
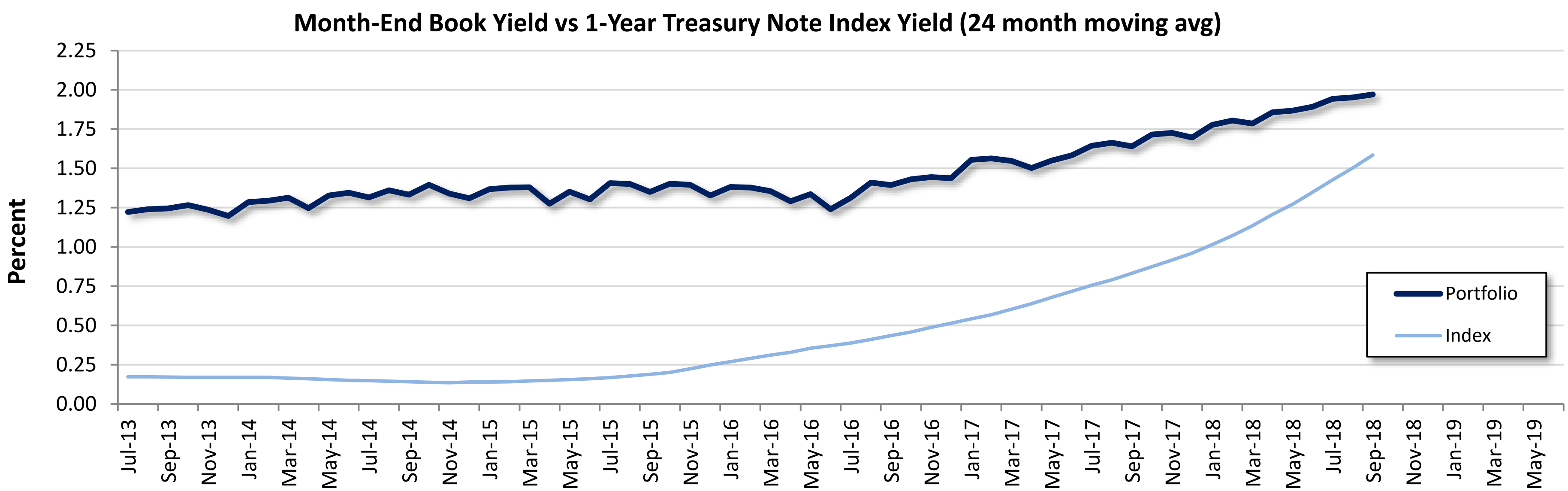
| Fiscal Year 2019 | $3.562 | $3.305 | $3.232 | | | | | | | | | |

Figures in Billions, Average Daily Balance

# Weighted Average Maturity and Aging Report
9/30/2018

County of Fresno

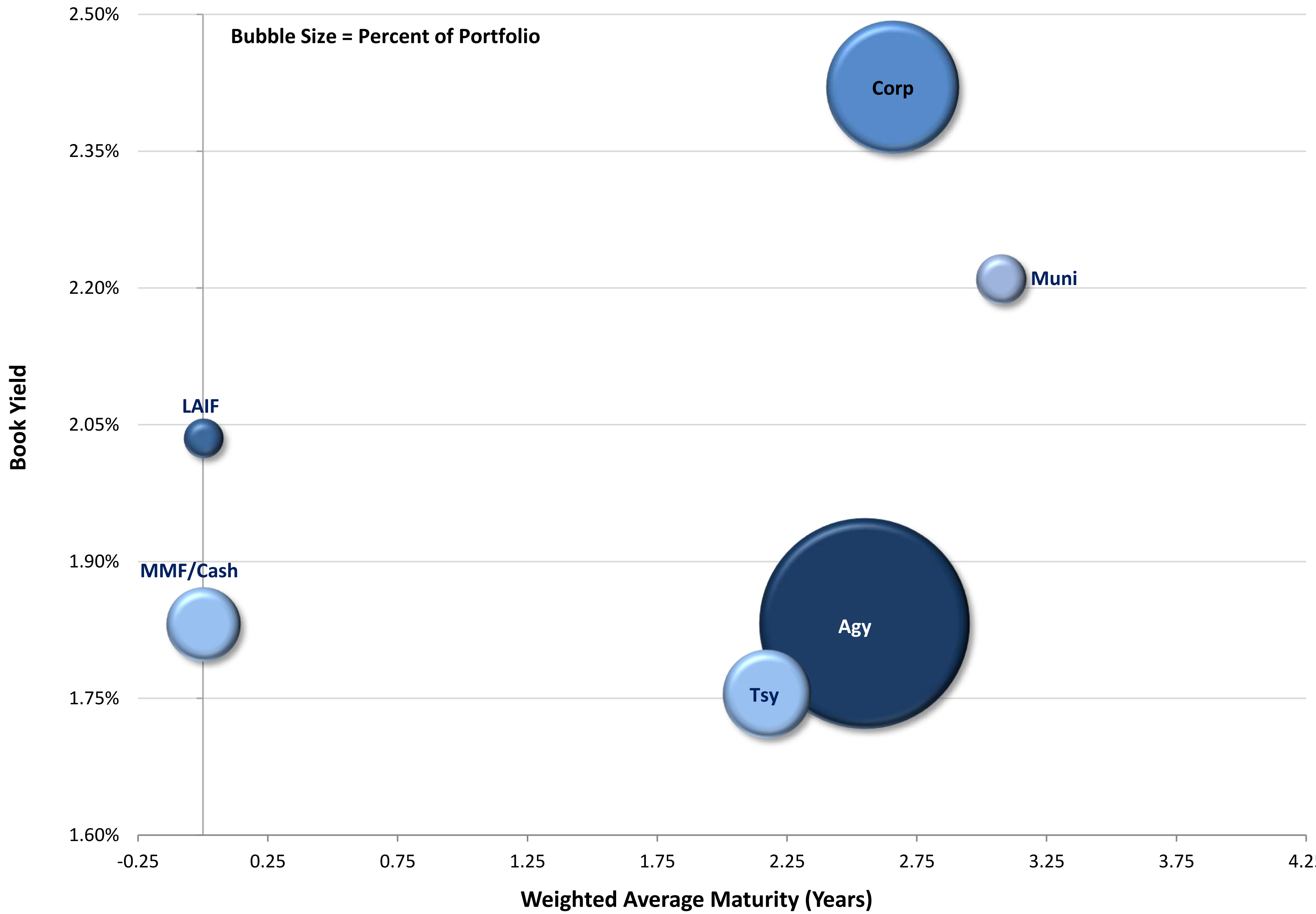



Index: 24 Month Moving Average of the ICE BofAML 1-Year US Treasury Note Index

## Book Yield per WAM per Percent of Portfolio
9/30/2018



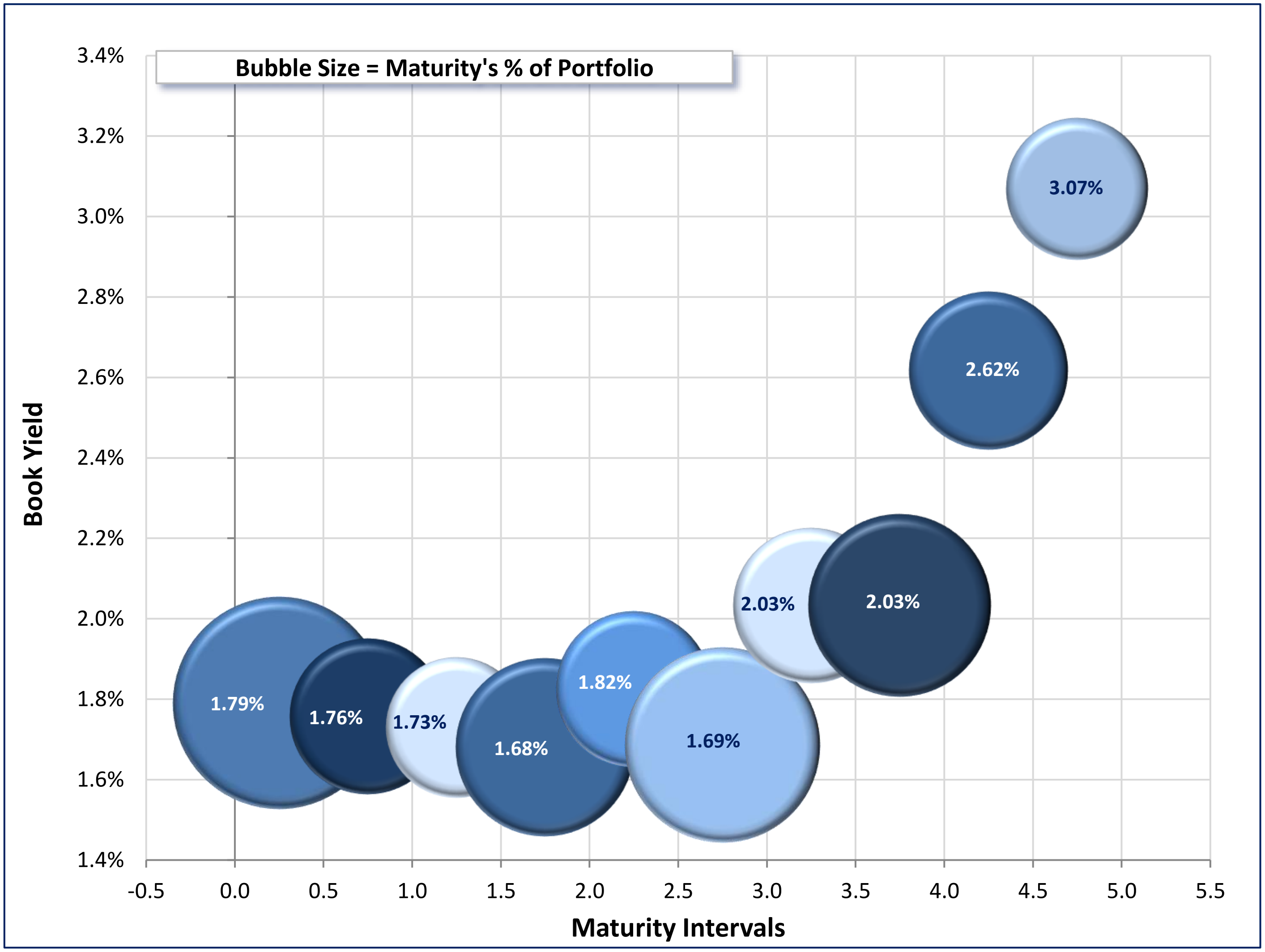


# Book YTM Per 6-Month Maturity Intervals
9/30/2018



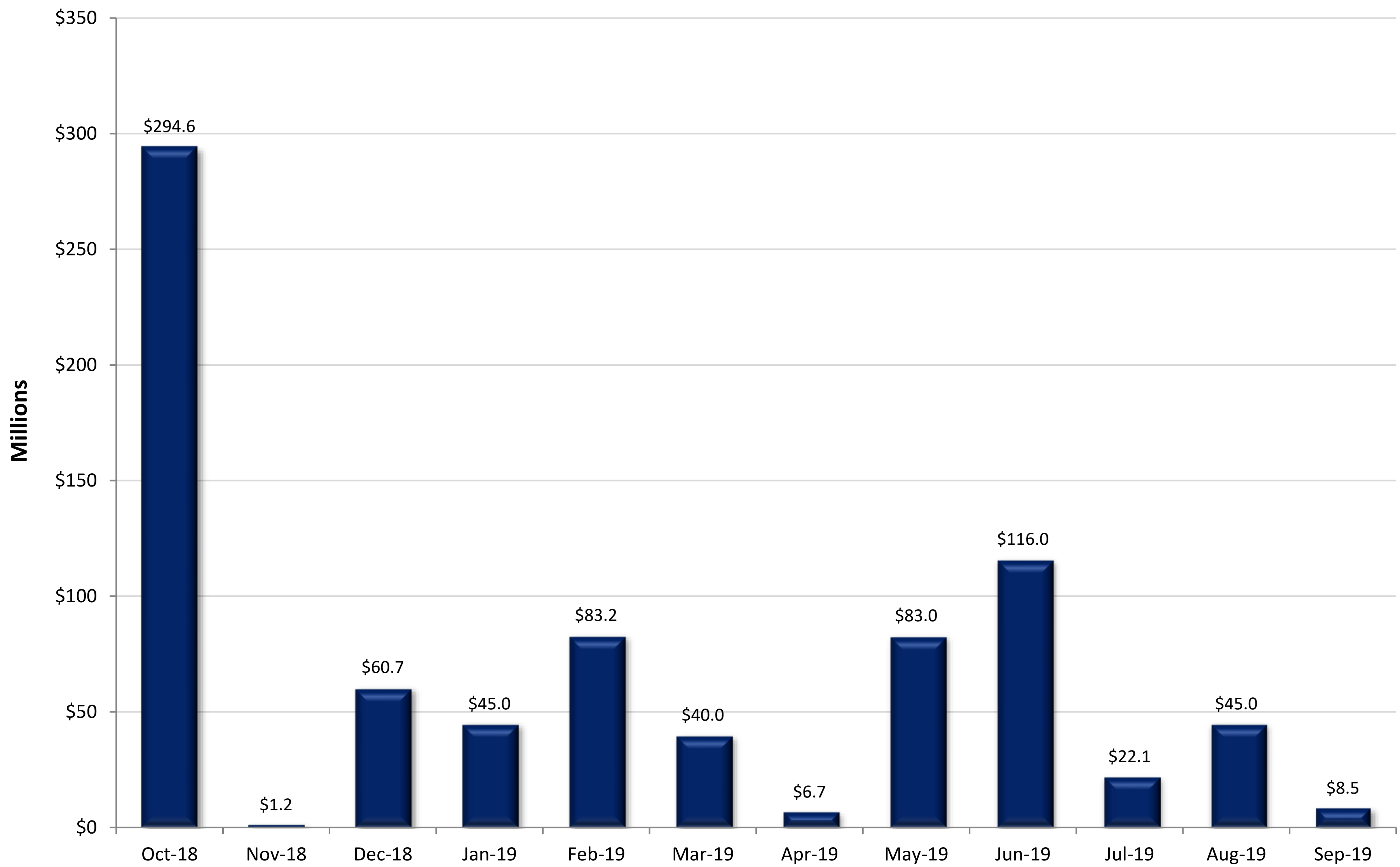
| Years | Book Yield | % of Portfolio* |
|---|---|---|
| 0 to .5 | 1.79% | 15.78% |
| .5 to 1.0 | 1.76% | 8.48% |
| 1.0 to 1.5 | 1.73% | 6.93% |
| 1.5 to 2.0 | 1.68% | 11.10% |
| 2.0 to 2.5 | 1.82% | 8.47% |
| 2.5 to 3.0 | 1.69% | 13.36% |
| 3.0 to 3.5 | 2.03% | 8.44% |
| 3.5 to 4.0 | 2.03% | 11.67% |
| 4.0 to 4.5 | 2.62% | 8.77% |
| 4.5 to 5.0+ | 3.07% | 7.02% |

*Based on Book Value



## Next Twelve Months Maturities
9/30/2018



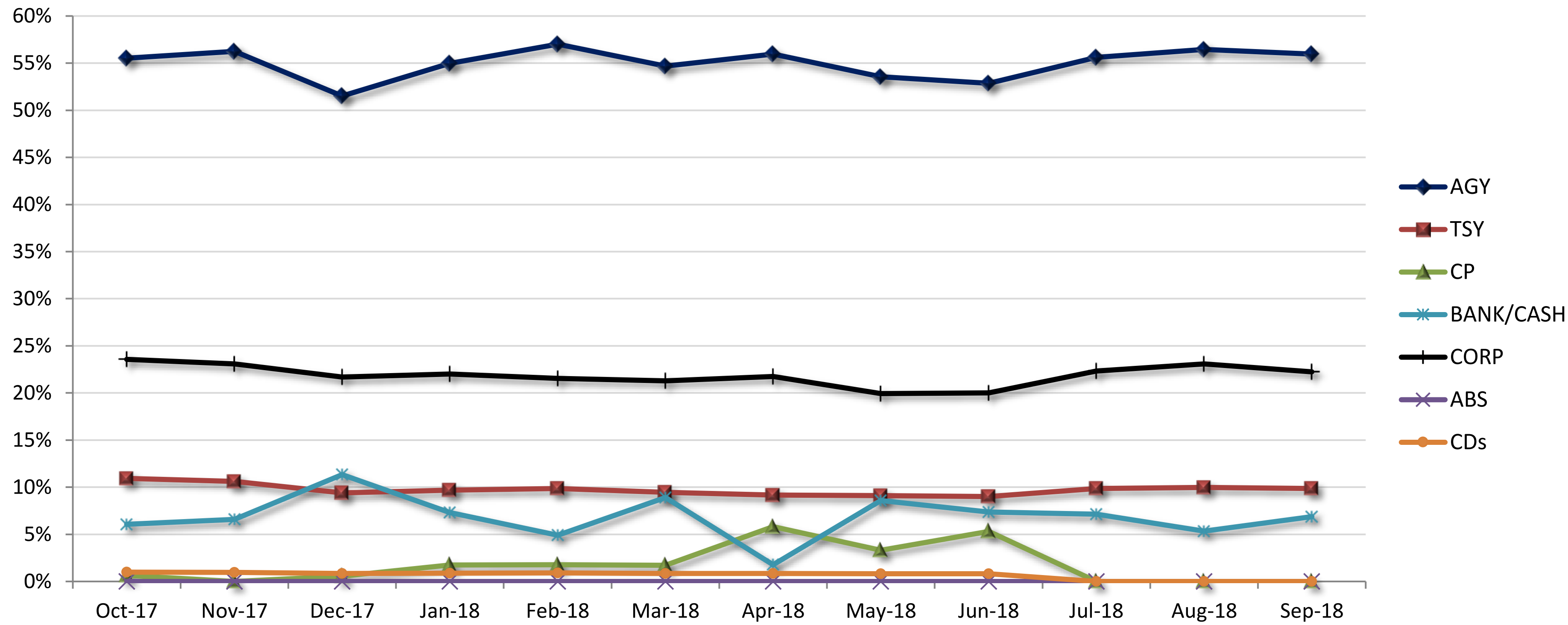



| | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Maturities** | $294.6 | $1.2 | $60.7 | $45.0 | $83.2 | $40.0 | $6.7 | $83.0 | $116.0 | $22.1 | $45.0 | $8.5 |

Par Value in Millions

# Historical Sector Allocation
9/30/2018

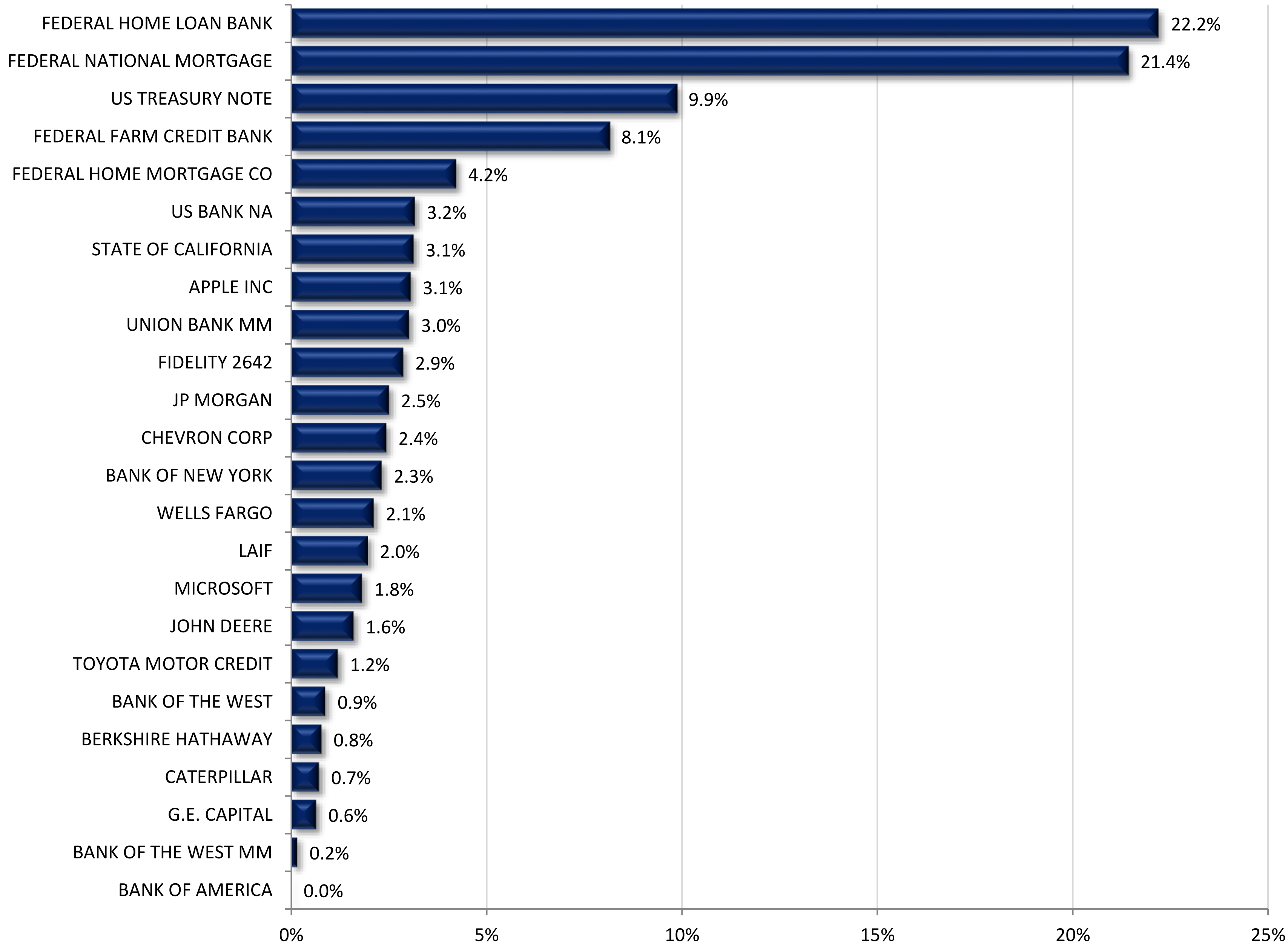
County of Fresno




| Sector | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Agency | 55.5% | 56.3% | 51.5% | 55.0% | 57.0% | 54.7% | 56.0% | 53.6% | 52.8% | 55.6% | 56.4% | 56.0% |
| Treasury | 10.9% | 10.6% | 9.4% | 9.7% | 9.9% | 9.5% | 9.2% | 9.1% | 9.0% | 9.9% | 10.0% | 9.9% |
| Commercial Paper | 0.7% | 0.0% | 0.6% | 1.7% | 1.8% | 1.7% | 5.8% | 3.3% | 5.3% | 0.0% | 0.0% | 0.0% |
| LAIF | 0.5% | 0.8% | 1.8% | 0.3% | 0.9% | 0.1% | 1.8% | 1.8% | 1.8% | 2.0% | 2.0% | 2.0% |
| Muni | 1.8% | 1.7% | 2.8% | 3.1% | 3.1% | 3.0% | 2.9% | 2.9% | 2.8% | 3.1% | 3.2% | 3.1% |
| Corporates | 23.6% | 23.1% | 21.7% | 22.0% | 21.5% | 21.3% | 21.7% | 19.9% | 20.0% | 22.3% | 23.1% | 22.2% |
| CDs | 1.0% | 1.0% | 0.9% | 0.9% | 0.9% | 0.9% | 0.8% | 0.8% | 0.8% | 0.0% | 0.0% | 0.0% |
| ABS | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Bank/Cash | 6.1% | 6.6% | 11.3% | 7.3% | 4.9% | 8.9% | 1.8% | 8.6% | 7.4% | 7.2% | 5.3% | 6.9% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

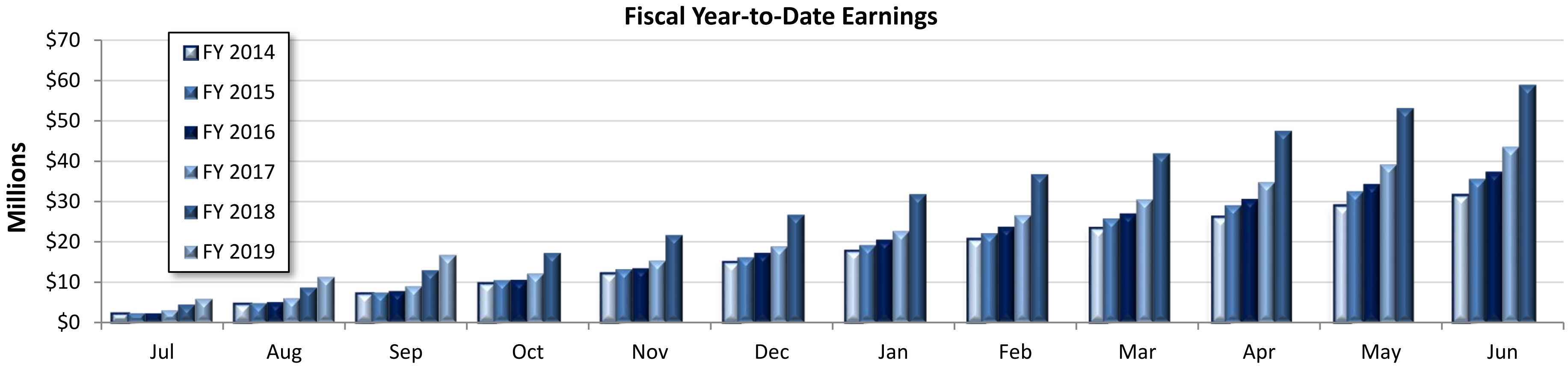
## Holdings Allocation by Issuer
## 9/30/2018

**County of Fresno**

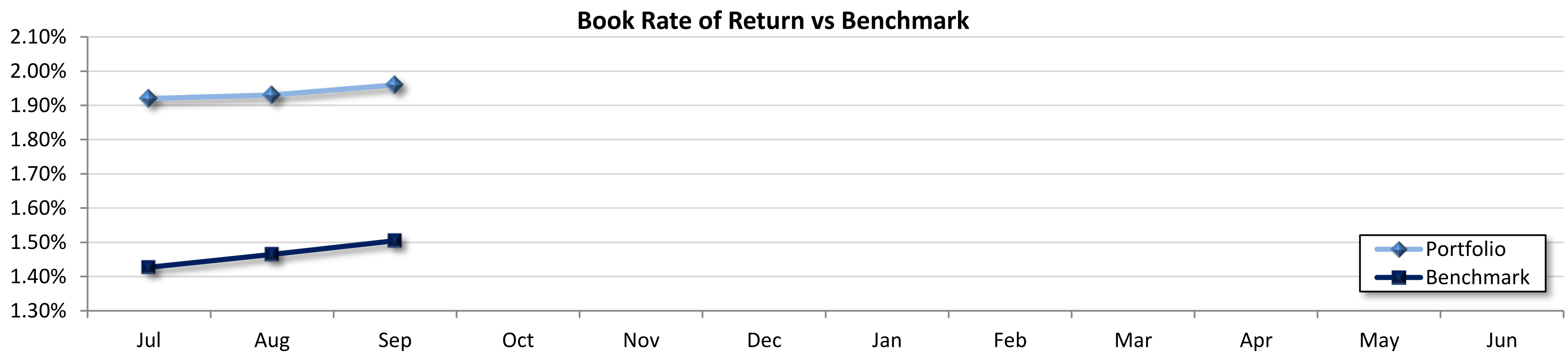


# Historical Earnings and Book Rate of Return Performance
## 9/30/2018






| Fiscal YTD ($Mil) | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FY 2014 | $2.3 | $4.7 | $7.3 | $9.8 | $12.2 | $15.0 | $17.7 | $20.7 | $23.4 | $26.2 | $29.0 | $31.6 |
| FY 2015 | $2.3 | $4.9 | $7.5 | $10.5 | $13.3 | $16.2 | $19.2 | $22.1 | $25.8 | $29.0 | $32.5 | $35.5 |
| FY 2016 | $2.3 | $5.1 | $7.8 | $10.6 | $13.4 | $17.2 | $20.5 | $23.7 | $26.9 | $30.5 | $34.2 | $37.3 |
| FY 2017 | $3.0 | $6.0 | $9.0 | $12.1 | $15.3 | $18.9 | $22.7 | $26.5 | $30.5 | $34.8 | $39.2 | $43.5 |
| FY 2018 | $4.5 | $8.7 | $12.9 | $17.3 | $21.6 | $26.7 | $31.7 | $36.7 | $41.9 | $47.4 | $53.0 | $58.8 |
| FY 2019 | $5.8 | $11.3 | $16.7 | | | | | | | | | |

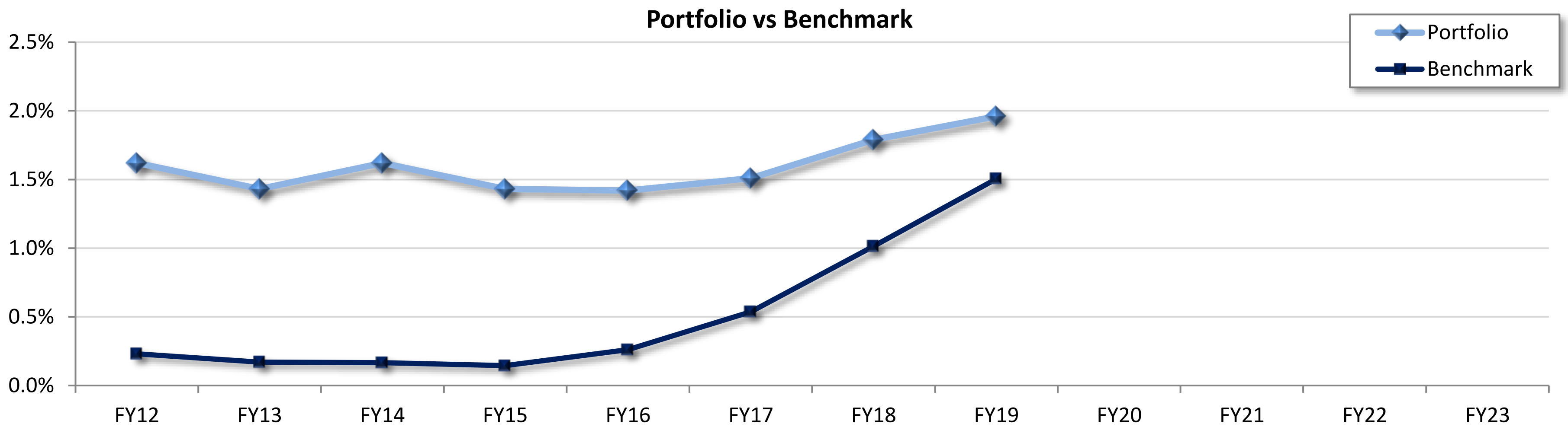


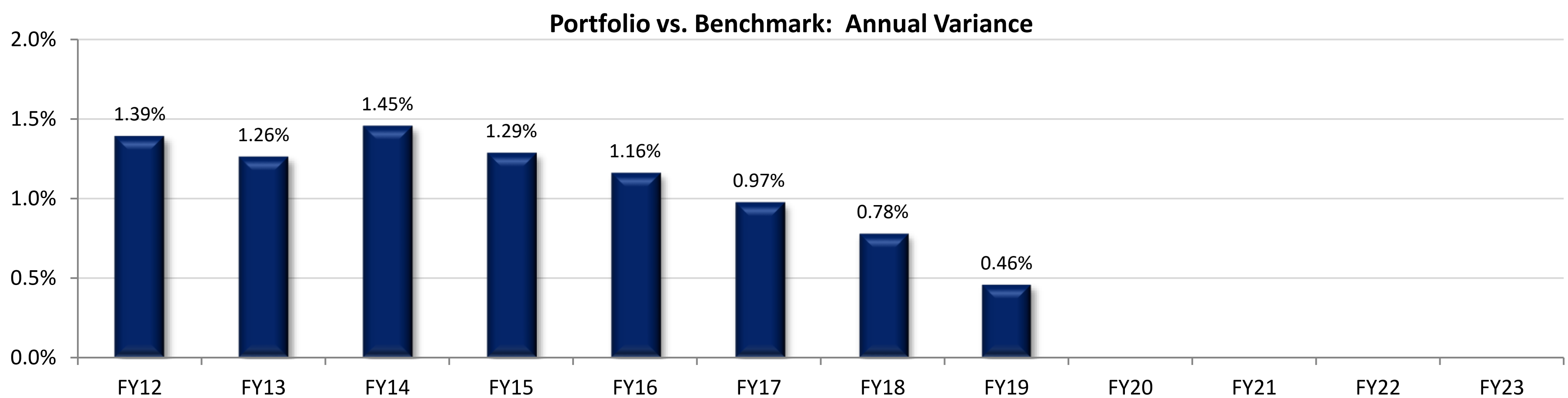

| Fiscal YTD | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Book Rate of Rtn | 1.92% | 1.93% | 1.96% | | | | | | | | | |
| Benchmark* | 1.43% | 1.46% | 1.50% | | | | | | | | | |
| Variance | 0.49% | 0.47% | 0.46% | | | | | | | | | |

*Benchmark: ICE BofAML 1-Year US Treasury Note Index (24 Month Moving Average)--Average Builds Over the Fiscal Year Period

# Historical Book Rate of Return Performance
9/30/2018

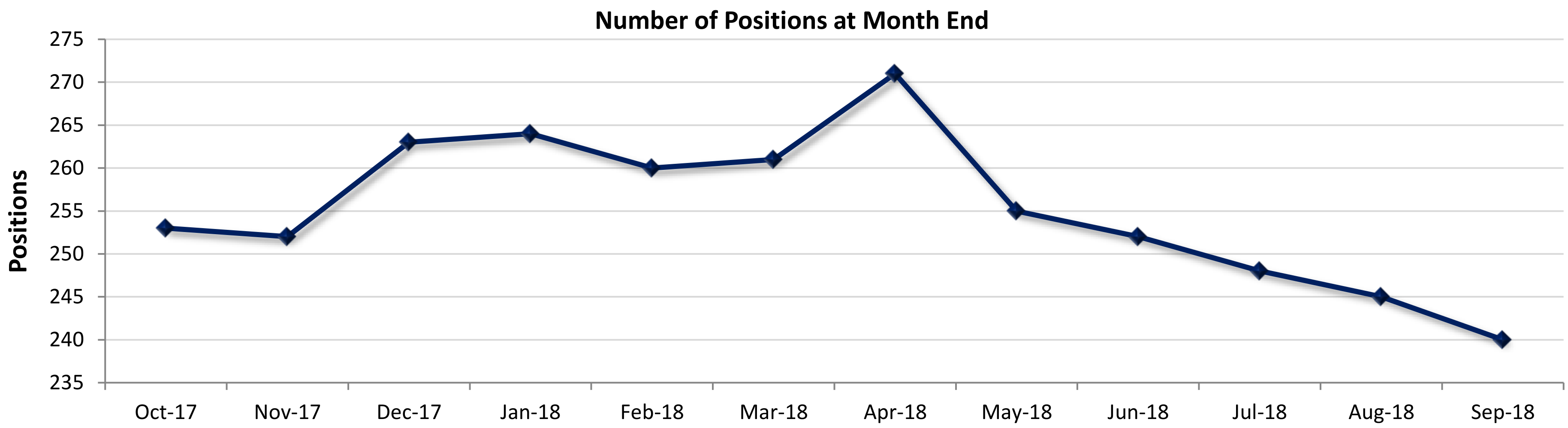




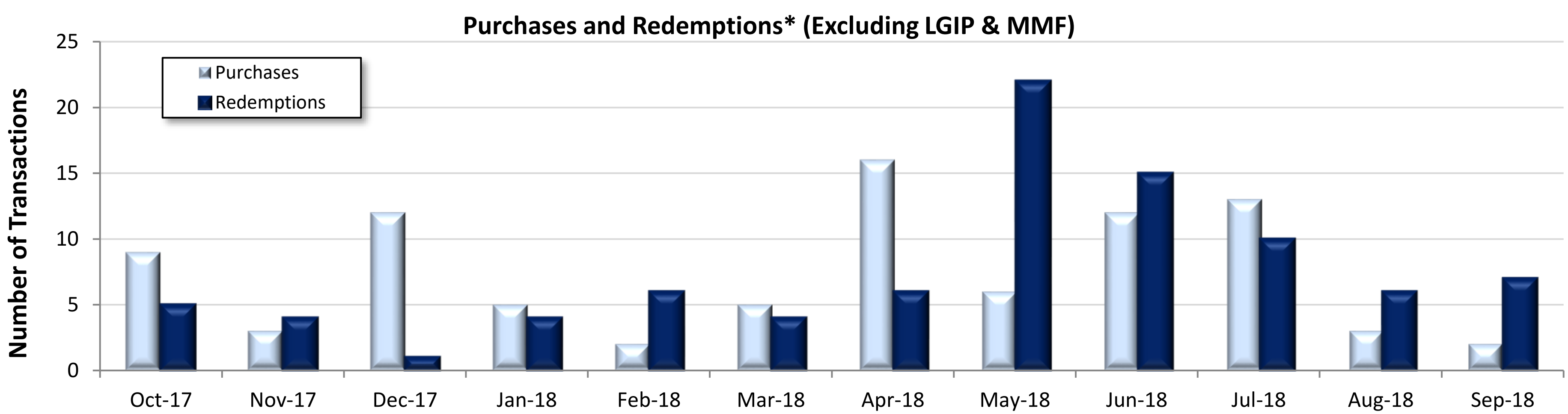




| Fiscal YTD | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Portfolio | 1.62% | 1.43% | 1.62% | 1.43% | 1.42% | 1.51% | 1.79% | 1.96% | | | | |
| Benchmark* | 0.23% | 0.17% | 0.17% | 0.14% | 0.26% | 0.54% | 1.01% | 1.50% | | | | |
| Variance | 1.39% | 1.26% | 1.45% | 1.29% | 1.16% | 0.97% | 0.78% | 0.46% | | | | |

*Benchmark: ICE BofAML 1-Year US Treasury Note Index (24 Month Moving Average)--Average Builds Over the Fiscal Year Period




| | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Positions | 253 | 252 | 263 | 264 | 260 | 261 | 271 | 255 | 252 | 248 | 245 | 240 |




*Redemptions include maturities, calls, and sells

| | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Purchases | 9 | 3 | 12 | 5 | 2 | 5 | 16 | 6 | 12 | 13 | 3 | 2 |
| Redemptions | 5 | 4 | 1 | 4 | 6 | 4 | 6 | 22 | 15 | 10 | 6 | 7 |
| Total Transactions | 14 | 7 | 13 | 9 | 8 | 9 | 22 | 28 | 27 | 23 | 9 | 9 |

## Summary of Portfolio

| | September 2018 | June 2018 | March 2018 | December 2017 | September 2017 |
|---|---|---|---|---|---|
| **Market Value** | $3,263,439,272 | $3,602,167,778 | $3,445,620,926 | $3,507,783,549 | $3,114,636,004 |
| **Amortize Cost Value** | $3,325,605,518 | $3,657,258,602 | $3,492,422,560 | $3,528,384,784 | $3,113,978,665 |
| **Unrealized Gain/Loss** % on cost | -1.87% | -1.51% | -1.34% | -0.58% | 0.02% |
| **Yield** (weighted on cost value) | 1.97% | 1.89% | 1.79% | 1.70% | 1.64% |
| **Years to Maturity** (weighted on cost value) | 2.33 | 2.17 | 2.25 | 2.22 | 2.19 |
| **Avg Dollar-Weighted Quality Rating** | AA+ | AA+ | AA+ | AA+ | AA+ |

## Projection of Future Cash Flows (in millions)

| Month | Monthly Receipts (a) | Monthly Disburs. (a) | Difference | Actual Inv. Maturities | Balance |
|---|---|---|---|---|---|
| Beginning Balance (b) | | | | | 293.9 |
| 10/18 | 402.3 | 508.1 | -105.8 | 0.6 | 188.7 |
| 11/18 | 511.8 | 447.3 | 64.5 | 1.2 | 254.4 |
| 12/18 | 725.9 | 473.4 | 252.5 | 60.7 | 567.6 |
| 1/19 | 453.4 | 577.0 | -123.6 | 45.0 | 489.0 |
| 2/19 | 414.6 | 456.8 | -42.2 | 83.2 | 530.0 |
| 3/19 | 576.6 | 508.8 | 67.8 | 40.0 | 637.8 |
| **Totals** | **3,084.6** | **2,971.4** | **113.2** | **230.7** | |

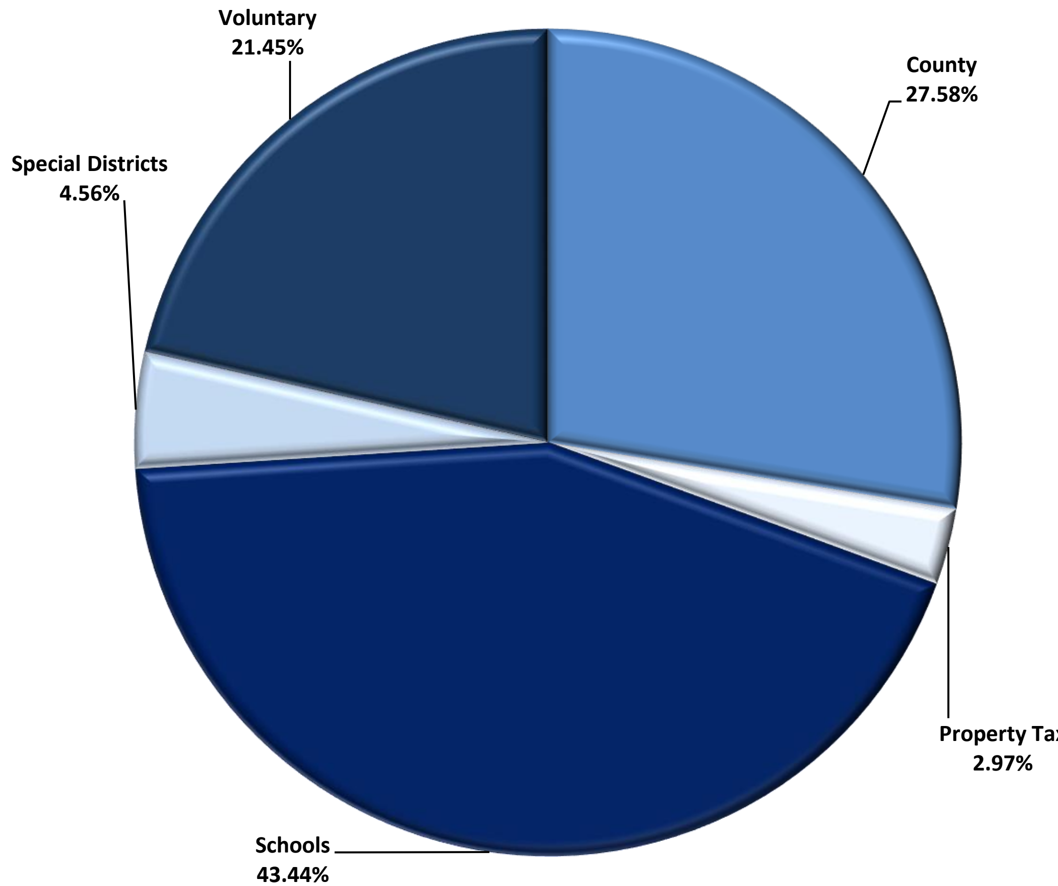
(a) Monthly Receipt and Monthly Disbursement amounts are estimates based upon historical cash flows and may change as actual cash flow information becomes available.

(b) Beg. Balance is taken from Bank Accounts, Mutual Funds, and LAIF.

# Pool Participant Breakdown
## 9/30/2018



| Entity | Portfolio $ | Portfolio % |
|---|---|---|
| County | 935,537,078 | 27.58% |
| Property Tax | 100,792,865 | 2.97% |
| Schools | 1,473,819,040 | 43.44% |
| Special Districts | 154,844,641 | 4.56% |
| Voluntary | 727,562,222 | 21.45% |
| **Total** | **3,392,555,847** | **100.00%** |



# County of Fresno
# Portfolio Management
# Portfolio Summary
# September 30, 2018

Fresno County
P.O. Box 1247
Fresno, CA 93715
(559)600-3496

| Investments | Par Value | Market Value | Book Value | % of Portfolio | Term | Days to Maturity | YTM 360 Equiv. |
|---|---|---|---|---|---|---|---|
| Bank Accounts | 28,874,380.90 | 28,874,380.90 | 28,874,380.90 | 0.87 | 1 | 1 | 0.444 |
| Federal Agency Coupons | 1,862,310,000.00 | 1,820,137,496.88 | 1,860,822,775.56 | 55.95 | 1,710 | 930 | 1.832 |
| Medium Term Notes | 740,609,000.00 | 727,208,995.48 | 739,248,534.23 | 22.23 | 1,645 | 970 | 2.420 |
| Treasury Notes | 327,300,000.00 | 320,621,316.60 | 327,679,836.30 | 9.85 | 1,460 | 793 | 1.755 |
| Mutual Funds | 95,000,000.00 | 95,000,000.00 | 95,000,000.00 | 2.86 | 1 | 1 | 2.002 |
| Local Agency Investment Funds | 65,000,000.00 | 65,000,000.00 | 65,000,000.00 | 1.95 | 1 | 1 | 2.035 |
| Bank Money Market Accounts | 105,027,437.25 | 105,027,437.25 | 105,027,437.25 | 3.16 | 1 | 1 | 2.057 |
| Municipal Bonds | 103,500,000.00 | 101,569,645.00 | 103,952,553.30 | 3.13 | 1,598 | 1,123 | 2.209 |
| **Investments** | **3,327,620,818.15** | **3,263,439,272.11** | **3,325,605,517.54** | **100.00%** | **1,516** | **850** | **1.971** |

| Total Earnings | September 30 Month Ending | Fiscal Year To Date |
|---|---|---|
| Current Year | 5,359,126.43 | 16,655,821.39 |
| **Average Daily Balance** | **3,232,119,708.56** | **3,367,583,693.19** |
| **Effective Rate of Return** | **2.02%** | **1.96%** |

_______________________________________ ____________________

Oscar J. Garcia, CPA, Treasurer/ Tax Collector

**Reporting period 09/01/2018-09/30/2018**

Run Date: 10/15/2018 - 14:40

Portfolio FSNO
AC
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

# County of Fresno
# Portfolio Management
## Portfolio Details - Investments
## September 30, 2018



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bank Accounts** | | | | | | | | | | | | |
| SYS03400B | 03400B | BANK OF AMERICA | | | 4,865.58 | 4,865.58 | 4,865.58 | 0.220 | 0.220 | | | |
| SYS03400A | 03400A | BANK OF THE WEST | | 07/01/2018 | 28,869,515.32 | 28,869,515.32 | 28,869,515.32 | 0.450 | 0.450 | | | |
| | | **Subtotal and Average** | **16,618,652.00** | | **28,874,380.90** | **28,874,380.90** | **28,874,380.90** | | **0.450** | | | |
| **Federal Agency Coupons** | | | | | | | | | | | | |
| 3133EDLR1 | 17248 | FEDERAL FARM CREDIT BANK | | 05/27/2014 | 5,000,000.00 | 4,974,180.00 | 5,000,977.18 | 1.650 | 1.617 | AA+ | Aaa | 05/15/2019 |
| 3133EEW55 | 17316 | FEDERAL FARM CREDIT BANK | | 06/15/2015 | 10,000,000.00 | 9,832,160.00 | 9,985,901.88 | 1.800 | 1.887 | AA+ | Aaa | 06/15/2020 |
| 3133EFYZ4 | 17359 | FEDERAL FARM CREDIT BANK | | 02/29/2016 | 17,800,000.00 | 17,197,879.40 | 17,775,341.91 | 1.375 | 1.436 | AA+ | Aaa | 02/10/2021 |
| 3133EFW52 | 17383 | FEDERAL FARM CREDIT BANK | | 06/09/2016 | 2,060,000.00 | 2,037,863.24 | 2,061,501.03 | 1.150 | 1.051 | AA+ | Aaa | 07/01/2019 |
| 3133EGBR5 | 17384 | FEDERAL FARM CREDIT BANK | | 06/09/2016 | 5,000,000.00 | 4,970,890.00 | 4,999,646.64 | 0.950 | 0.968 | AA+ | Aaa | 02/25/2019 |
| 3133EGYQ2 | 17410 | FEDERAL FARM CREDIT BANK | | 10/27/2016 | 10,000,000.00 | 9,557,520.00 | 9,983,351.17 | 1.400 | 1.457 | AA+ | Aaa | 10/14/2021 |
| 3133EGZJ7 | 17411 | FEDERAL FARM CREDIT BANK | | 10/27/2016 | 10,000,000.00 | 9,545,470.00 | 9,975,826.21 | 1.375 | 1.457 | AA+ | Aaa | 10/25/2021 |
| 3133EG5D3 | 17447 | FEDERAL FARM CREDIT BANK | | 01/27/2017 | 50,000,000.00 | 48,558,700.00 | 50,000,000.00 | 2.030 | 2.030 | AA+ | Aaa | 01/27/2022 |
| 3133EHJT1 | 17479 | FEDERAL FARM CREDIT BANK | | 05/18/2017 | 5,000,000.00 | 4,835,000.00 | 4,995,861.17 | 2.000 | 2.024 | AA+ | Aaa | 05/18/2022 |
| 3133EEY20 | 17495 | FEDERAL FARM CREDIT BANK | | 09/21/2017 | 10,000,000.00 | 9,801,350.00 | 10,166,647.60 | 2.400 | 1.928 | AA+ | Aaa | 06/17/2022 |
| 3133EHVS9 | 17499 | FEDERAL FARM CREDIT BANK | | 09/28/2017 | 5,500,000.00 | 5,270,903.00 | 5,473,131.64 | 1.840 | 1.972 | AA+ | Aaa | 08/23/2022 |
| 3133EJBP3 | 17535 | FEDERAL FARM CREDIT BANK | | 02/07/2018 | 10,000,000.00 | 9,795,590.00 | 9,962,544.70 | 2.500 | 2.593 | AA+ | Aaa | 02/02/2023 |
| 3133EJBP3 | 17536 | FEDERAL FARM CREDIT BANK | | 02/28/2018 | 51,180,000.00 | 50,133,829.62 | 50,639,220.46 | 2.500 | 2.762 | AA+ | Aaa | 02/02/2023 |
| 3133EH7F4 | 17557 | FEDERAL FARM CREDIT BANK | | 04/19/2018 | 19,869,000.00 | 19,349,187.22 | 19,513,752.77 | 2.350 | 2.797 | AA+ | Aaa | 01/17/2023 |
| 3133EJUS6 | 17584 | FEDERAL FARM CREDIT BANK | | 07/17/2018 | 20,000,000.00 | 19,845,780.00 | 19,997,506.89 | 2.875 | 2.878 | AA+ | Aaa | 07/17/2023 |
| 3133EJUS6 | 17589 | FEDERAL FARM CREDIT BANK | | 07/25/2018 | 30,000,000.00 | 29,768,670.00 | 29,926,413.43 | 2.875 | 2.945 | AA+ | Aaa | 07/17/2023 |
| 3133EJUS6 | 17593 | FEDERAL FARM CREDIT BANK | | 09/19/2018 | 10,000,000.00 | 9,922,890.00 | 9,981,010.16 | 2.875 | 3.029 | AA+ | Aaa | 07/17/2023 |
| 313376BR5 | 17205 | FEDERAL HOME LOAN BANK | | 01/03/2014 | 40,000,000.00 | 39,961,360.00 | 39,994,097.70 | 1.750 | 1.826 | AA+ | Aaa | 12/14/2018 |
| 313379EE5 | 17250 | FEDERAL HOME LOAN BANK | | 06/18/2014 | 5,000,000.00 | 4,968,505.00 | 4,992,209.97 | 1.625 | 1.858 | AA+ | Aaa | 06/14/2019 |
| 3130A2FH4 | 17256 | FEDERAL HOME LOAN BANK | | 09/02/2014 | 20,000,000.00 | 19,889,160.00 | 20,001,175.38 | 1.750 | 1.741 | AA+ | Aaa | 06/14/2019 |
| 313379EE5 | 17259 | FEDERAL HOME LOAN BANK | | 09/10/2014 | 10,000,000.00 | 9,937,010.00 | 9,985,047.32 | 1.625 | 1.848 | AA+ | Aaa | 06/14/2019 |
| 3130A2FH4 | 17260 | FEDERAL HOME LOAN BANK | | 09/10/2014 | 10,000,000.00 | 9,944,580.00 | 9,993,489.01 | 1.750 | 1.847 | AA+ | Aaa | 06/14/2019 |
| 3133X72S2 | 17272 | FEDERAL HOME LOAN BANK | | 12/09/2014 | 10,000,000.00 | 10,177,160.00 | 10,218,947.37 | 5.375 | 1.706 | AA+ | Aaa | 05/15/2019 |
| 3133X72S2 | 17279 | FEDERAL HOME LOAN BANK | | 12/19/2014 | 20,500,000.00 | 20,863,178.00 | 20,953,085.05 | 5.375 | 1.675 | AA+ | Aaa | 05/15/2019 |
| 313383HU8 | 17315 | FEDERAL HOME LOAN BANK | | 06/12/2015 | 20,000,000.00 | 19,638,820.00 | 19,999,674.13 | 1.750 | 1.751 | AA+ | Aaa | 06/12/2020 |
| 313383HU8 | 17317 | FEDERAL HOME LOAN BANK | | 06/26/2015 | 12,615,000.00 | 12,387,185.72 | 12,599,498.16 | 1.750 | 1.826 | AA+ | Aaa | 06/12/2020 |
| 3130A7CV5 | 17363 | FEDERAL HOME LOAN BANK | | 03/03/2016 | 5,000,000.00 | 4,828,765.00 | 4,982,747.17 | 1.375 | 1.526 | AA+ | Aaa | 02/18/2021 |
| 313376XN0 | 17364 | FEDERAL HOME LOAN BANK | | 03/03/2016 | 820,000.00 | 805,464.68 | 830,095.29 | 2.100 | 1.554 | AA+ | Aaa | 02/08/2021 |
| 3130A7CV5 | 17371 | FEDERAL HOME LOAN BANK | | 04/21/2016 | 10,000,000.00 | 9,657,530.00 | 9,993,536.73 | 1.375 | 1.403 | AA+ | Aaa | 02/18/2021 |
| 313381CA1 | 17372 | FEDERAL HOME LOAN BANK | | 04/21/2016 | 5,000,000.00 | 4,841,220.00 | 5,000,624.43 | 1.375 | 1.369 | AA+ | Aaa | 12/11/2020 |
| 3130A7CV5 | 17376 | FEDERAL HOME LOAN BANK | | 05/20/2016 | 5,000,000.00 | 4,828,765.00 | 4,989,438.03 | 1.375 | 1.467 | AA+ | Aaa | 02/18/2021 |

# County of Fresno
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### Federal Agency Coupons

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3130A7CV5 | 17379 | FEDERAL HOME LOAN BANK | | 05/25/2016 | 10,000,000.00 | 9,657,530.00 | 9,973,399.28 | 1.375 | 1.491 | AA+ | Aaa | 02/18/2021 |
| 3130A1W95 | 17386 | FEDERAL HOME LOAN BANK | | 07/15/2016 | 30,000,000.00 | 29,441,340.00 | 30,781,580.52 | 2.250 | 1.250 | AA+ | Aaa | 06/11/2021 |
| 3130A7CV5 | 17388 | FEDERAL HOME LOAN BANK | | 08/08/2016 | 10,000,000.00 | 9,657,530.00 | 10,046,456.76 | 1.375 | 1.174 | AA+ | Aaa | 02/18/2021 |
| 3130A8QS5 | 17389 | FEDERAL HOME LOAN BANK | | 08/08/2016 | 15,000,000.00 | 14,303,220.00 | 14,951,883.11 | 1.125 | 1.244 | AA+ | Aaa | 07/14/2021 |
| 313379RB7 | 17392 | FEDERAL HOME LOAN BANK | | 08/17/2016 | 10,000,000.00 | 9,738,960.00 | 10,147,819.27 | 1.875 | 1.307 | AA+ | Aaa | 06/11/2021 |
| 3130A8QS5 | 17399 | FEDERAL HOME LOAN BANK | | 08/29/2016 | 3,955,000.00 | 3,771,282.34 | 3,934,385.86 | 1.125 | 1.319 | AA+ | Aaa | 07/14/2021 |
| 3130A8QS5 | 17400 | FEDERAL HOME LOAN BANK | | 09/13/2016 | 15,000,000.00 | 14,303,220.00 | 14,916,850.67 | 1.125 | 1.331 | AA+ | Aaa | 07/14/2021 |
| 3130A8QS5 | 17403 | FEDERAL HOME LOAN BANK | | 09/28/2016 | 10,000,000.00 | 9,535,480.00 | 9,968,962.32 | 1.125 | 1.240 | AA+ | Aaa | 07/14/2021 |
| 3133752P1 | 17405 | FEDERAL HOME LOAN BANK | | 10/05/2016 | 5,700,000.00 | 5,793,451.50 | 6,035,707.52 | 3.500 | 1.342 | AA+ | Aaa | 07/29/2021 |
| 3130A8QS5 | 17408 | FEDERAL HOME LOAN BANK | | 10/13/2016 | 10,000,000.00 | 9,535,480.00 | 9,920,680.34 | 1.125 | 1.420 | AA+ | Aaa | 07/14/2021 |
| 3130A8QS5 | 17414 | FEDERAL HOME LOAN BANK | | 11/14/2016 | 10,000,000.00 | 9,535,480.00 | 9,891,467.04 | 1.125 | 1.530 | AA+ | Aaa | 07/14/2021 |
| 3130A1W95 | 17420 | FEDERAL HOME LOAN BANK | | 11/29/2016 | 18,470,000.00 | 18,126,051.66 | 18,665,296.48 | 2.250 | 1.839 | AA+ | Aaa | 06/11/2021 |
| 3130A7CV5 | 17457 | FEDERAL HOME LOAN BANK | | 03/20/2017 | 20,000,000.00 | 19,315,060.00 | 19,776,400.91 | 1.375 | 1.864 | AA+ | Aaa | 02/18/2021 |
| 3130AAX45 | 17460 | FEDERAL HOME LOAN BANK | | 03/28/2017 | 15,000,000.00 | 14,662,455.00 | 15,035,951.33 | 1.875 | 1.768 | AA+ | Aaa | 01/28/2021 |
| 3130A8QS5 | 17464 | FEDERAL HOME LOAN BANK | | 04/06/2017 | 20,000,000.00 | 19,070,960.00 | 19,635,771.05 | 1.125 | 1.807 | AA+ | Aaa | 07/14/2021 |
| 3130AB3M6 | 17465 | FEDERAL HOME LOAN BANK | | 04/10/2017 | 5,000,000.00 | 4,866,935.00 | 5,002,927.96 | 1.875 | 1.853 | AA+ | Aaa | 06/30/2021 |
| 313379RB7 | 17466 | FEDERAL HOME LOAN BANK | | 04/11/2017 | 15,000,000.00 | 14,608,440.00 | 15,011,155.00 | 1.875 | 1.846 | AA+ | Aaa | 06/11/2021 |
| 313379Q69 | 17485 | FEDERAL HOME LOAN BANK | | 06/28/2017 | 5,000,000.00 | 4,854,120.00 | 5,040,832.07 | 2.125 | 1.892 | AA+ | Aaa | 06/10/2022 |
| 313379Q69 | 17486 | FEDERAL HOME LOAN BANK | | 06/28/2017 | 5,000,000.00 | 4,854,120.00 | 5,040,869.36 | 2.125 | 1.892 | AA+ | Aaa | 06/10/2022 |
| 313379Q69 | 17487 | FEDERAL HOME LOAN BANK | | 06/28/2017 | 3,820,000.00 | 3,708,547.68 | 3,851,751.24 | 2.125 | 1.888 | AA+ | Aaa | 06/10/2022 |
| 313379Q69 | 17488 | FEDERAL HOME LOAN BANK | | 07/07/2017 | 13,470,000.00 | 13,076,999.28 | 13,527,450.80 | 2.125 | 2.003 | AA+ | Aaa | 06/10/2022 |
| 3130AC5A8 | 17494 | FEDERAL HOME LOAN BANK | | 09/19/2017 | 10,000,000.00 | 9,592,780.00 | 9,982,839.43 | 1.850 | 1.896 | AA+ | Aaa | 08/15/2022 |
| 3130AC5A8 | 17496 | FEDERAL HOME LOAN BANK | | 09/27/2017 | 9,280,000.00 | 8,902,099.84 | 9,254,068.49 | 1.850 | 1.926 | AA+ | Aaa | 08/15/2022 |
| 313379Q69 | 17498 | FEDERAL HOME LOAN BANK | | 09/27/2017 | 20,000,000.00 | 19,416,480.00 | 20,172,228.35 | 2.125 | 1.880 | AA+ | Aaa | 06/10/2022 |
| 3130ACKC7 | 17500 | FEDERAL HOME LOAN BANK | | 10/18/2017 | 50,000,000.00 | 48,185,650.00 | 50,000,000.00 | 1.950 | 1.950 | AA+ | Aaa | 07/18/2022 |
| 3130ACM27 | 17502 | FEDERAL HOME LOAN BANK | | 10/12/2017 | 15,000,000.00 | 14,458,800.00 | 14,987,824.46 | 1.950 | 1.973 | AA+ | Aaa | 07/11/2022 |
| 3130ACM27 | 17509 | FEDERAL HOME LOAN BANK | | 10/19/2017 | 4,455,000.00 | 4,294,263.60 | 4,446,278.46 | 1.950 | 2.005 | AA+ | Aaa | 07/11/2022 |
| 3130ACUV4 | 17512 | FEDERAL HOME LOAN BANK | | 11/30/2017 | 50,000,000.00 | 48,384,900.00 | 50,000,000.00 | 2.070 | 2.070 | AA+ | Aaa | 07/29/2022 |
| 3130ACUZ5 | 17513 | FEDERAL HOME LOAN BANK | | 11/24/2017 | 23,000,000.00 | 22,286,793.00 | 22,982,477.12 | 2.060 | 2.082 | AA+ | Aaa | 05/24/2022 |
| 3130ACYP3 | 17515 | FEDERAL HOME LOAN BANK | | 12/05/2017 | 20,000,000.00 | 19,376,560.00 | 19,985,054.93 | 2.100 | 2.121 | AA+ | Aaa | 07/27/2022 |
| 313379Q69 | 17516 | FEDERAL HOME LOAN BANK | | 12/01/2017 | 2,000,000.00 | 1,941,648.00 | 1,999,435.44 | 2.125 | 2.133 | AA+ | Aaa | 06/10/2022 |
| 3130ACUV4 | 17517 | FEDERAL HOME LOAN BANK | | 12/06/2017 | 8,890,000.00 | 8,602,835.22 | 8,859,626.57 | 2.070 | 2.165 | AA+ | Aaa | 07/29/2022 |
| 313379Q69 | 17527 | FEDERAL HOME LOAN BANK | | 12/20/2017 | 1,900,000.00 | 1,844,565.60 | 1,893,174.39 | 2.125 | 2.228 | AA+ | Aaa | 06/10/2022 |
| 3130A5P45 | 17528 | FEDERAL HOME LOAN BANK | | 12/20/2017 | 1,925,000.00 | 1,885,543.28 | 1,934,904.38 | 2.375 | 2.228 | AA+ | Aaa | 06/10/2022 |
| 3130ACXH2 | 17567 | FEDERAL HOME LOAN BANK | | 12/04/2017 | 25,000,000.00 | 24,189,675.00 | 24,931,424.86 | 2.020 | 2.099 | AA+ | Aaa | 05/25/2022 |
| 3130AEEW6 | 17572 | FEDERAL HOME LOAN BANK | | 06/07/2018 | 21,150,000.00 | 20,925,048.60 | 21,033,933.52 | 2.760 | 2.893 | AA+ | Aaa | 05/30/2023 |

# County of Fresno
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| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Federal Agency Coupons** | | | | | | | | | | | | |
| 3130AEAP5 | 17576 | FEDERAL HOME LOAN BANK | | 05/30/2018 | 50,000,000.00 | 49,716,600.00 | 49,976,260.81 | 2.875 | 2.886 | AA+ | Aaa | 05/30/2023 |
| 3137EADK2 | 17275 | FEDERAL HOME MORTGAGE CO | | 12/11/2014 | 15,000,000.00 | 14,836,110.00 | 14,952,752.69 | 1.250 | 1.644 | AA+ | Aaa | 08/01/2019 |
| 3137EADK2 | 17276 | FEDERAL HOME MORTGAGE CO | | 12/11/2014 | 20,000,000.00 | 19,781,480.00 | 19,937,628.74 | 1.250 | 1.640 | AA+ | Aaa | 08/01/2019 |
| 3137EADM8 | 17280 | FEDERAL HOME MORTGAGE CO | | 12/19/2014 | 20,000,000.00 | 19,724,420.00 | 19,904,166.34 | 1.250 | 1.750 | AA+ | Aaa | 10/02/2019 |
| 3137EADM8 | 17281 | FEDERAL HOME MORTGAGE CO | | 12/19/2014 | 20,000,000.00 | 19,724,420.00 | 19,904,543.47 | 1.250 | 1.748 | AA+ | Aaa | 10/02/2019 |
| 3137EADM8 | 17282 | FEDERAL HOME MORTGAGE CO | | 12/19/2014 | 10,000,000.00 | 9,862,210.00 | 9,952,271.74 | 1.250 | 1.748 | AA+ | Aaa | 10/02/2019 |
| 3137EADR7 | 17303 | FEDERAL HOME MORTGAGE CO | | 05/06/2015 | 10,000,000.00 | 9,782,200.00 | 9,961,036.77 | 1.375 | 1.632 | AA+ | Aaa | 05/01/2020 |
| 3137EADR7 | 17309 | FEDERAL HOME MORTGAGE CO | | 05/08/2015 | 10,000,000.00 | 9,782,200.00 | 9,958,812.49 | 1.375 | 1.647 | AA+ | Aaa | 05/01/2020 |
| 3134G44G0 | 17328 | FEDERAL HOME MORTGAGE CO | | 10/29/2015 | 5,000,000.00 | 4,898,225.00 | 4,998,098.22 | 1.500 | 1.524 | AA+ | Aaa | 05/22/2020 |
| 3137EAEB1 | 17391 | FEDERAL HOME MORTGAGE CO | | 08/11/2016 | 10,000,000.00 | 9,868,440.00 | 9,995,263.52 | 0.875 | 0.935 | AA+ | Aaa | 07/19/2019 |
| 3137EAEC9 | 17393 | FEDERAL HOME MORTGAGE CO | | 08/17/2016 | 10,000,000.00 | 9,516,500.00 | 9,945,434.54 | 1.125 | 1.322 | AA+ | Aaa | 08/12/2021 |
| 3134G9M79 | 17463 | FEDERAL HOME MORTGAGE CO | | 04/06/2017 | 4,410,000.00 | 4,289,942.16 | 4,409,137.60 | 1.875 | 1.882 | AA+ | Aaa | 07/26/2021 |
| 3134G9N86 | 17476 | FEDERAL HOME MORTGAGE CO | | 05/11/2017 | 6,170,000.00 | 6,001,861.33 | 6,165,864.96 | 1.875 | 1.900 | AA+ | Aaa | 07/27/2021 |
| 3135G0YT4 | 17221 | FEDERAL NATIONAL MORTGAGE | | 01/31/2014 | 600,000.00 | 599,434.20 | 599,965.94 | 1.625 | 1.663 | AA+ | Aaa | 11/27/2018 |
| 3135G0ZA4 | 17222 | FEDERAL NATIONAL MORTGAGE | | 02/25/2014 | 10,000,000.00 | 9,981,090.00 | 10,005,338.46 | 1.875 | 1.729 | AA+ | Aaa | 02/19/2019 |
| 3135G0ZA4 | 17223 | FEDERAL NATIONAL MORTGAGE | | 03/03/2014 | 25,000,000.00 | 24,952,725.00 | 25,018,679.45 | 1.875 | 1.671 | AA+ | Aaa | 02/19/2019 |
| 3135G0ZA4 | 17224 | FEDERAL NATIONAL MORTGAGE | | 03/03/2014 | 10,000,000.00 | 9,981,090.00 | 10,007,564.50 | 1.875 | 1.669 | AA+ | Aaa | 02/19/2019 |
| 3135G0YT4 | 17234 | FEDERAL NATIONAL MORTGAGE | | 03/20/2014 | 600,000.00 | 599,434.20 | 599,875.70 | 1.625 | 1.764 | AA+ | Aaa | 11/27/2018 |
| 3135G0ZA4 | 17235 | FEDERAL NATIONAL MORTGAGE | | 03/20/2014 | 600,000.00 | 598,865.40 | 600,045.36 | 1.875 | 1.854 | AA+ | Aaa | 02/19/2019 |
| 3135G0ZE6 | 17251 | FEDERAL NATIONAL MORTGAGE | | 06/18/2014 | 5,000,000.00 | 4,972,605.00 | 4,996,378.02 | 1.750 | 1.856 | AA+ | Aaa | 06/20/2019 |
| 3135G0ZA4 | 17268 | FEDERAL NATIONAL MORTGAGE | | 10/01/2014 | 5,000,000.00 | 4,990,545.00 | 5,002,496.77 | 1.875 | 1.739 | AA+ | Aaa | 02/19/2019 |
| 3135G0ZE6 | 17269 | FEDERAL NATIONAL MORTGAGE | | 10/01/2014 | 30,000,000.00 | 29,835,630.00 | 29,980,014.77 | 1.750 | 1.847 | AA+ | Aaa | 06/20/2019 |
| 3136FTZZ5 | 17274 | FEDERAL NATIONAL MORTGAGE | | 12/09/2014 | 10,000,000.00 | 9,982,510.00 | 10,005,060.09 | 1.750 | 1.591 | AA+ | Aaa | 01/30/2019 |
| 3135G0ZE6 | 17277 | FEDERAL NATIONAL MORTGAGE | | 12/11/2014 | 10,000,000.00 | 9,945,210.00 | 10,010,366.36 | 1.750 | 1.600 | AA+ | Aaa | 06/20/2019 |
| 3135G0ZE6 | 17278 | FEDERAL NATIONAL MORTGAGE | | 12/19/2014 | 26,000,000.00 | 25,857,546.00 | 26,016,155.78 | 1.750 | 1.660 | AA+ | Aaa | 06/20/2019 |
| 3135G0A78 | 17299 | FEDERAL NATIONAL MORTGAGE | | 03/04/2015 | 20,000,000.00 | 19,715,380.00 | 19,980,739.90 | 1.625 | 1.702 | AA+ | Aaa | 01/21/2020 |
| 3135G0A78 | 17307 | FEDERAL NATIONAL MORTGAGE | | 05/08/2015 | 10,000,000.00 | 9,857,690.00 | 10,000,333.14 | 1.625 | 1.622 | AA+ | Aaa | 01/21/2020 |
| 3135G0A78 | 17308 | FEDERAL NATIONAL MORTGAGE | | 05/08/2015 | 10,000,000.00 | 9,857,690.00 | 10,000,602.42 | 1.625 | 1.620 | AA+ | Aaa | 01/21/2020 |
| 3135G0A78 | 17312 | FEDERAL NATIONAL MORTGAGE | | 06/03/2015 | 15,000,000.00 | 14,786,535.00 | 14,998,093.79 | 1.625 | 1.635 | AA+ | Aaa | 01/21/2020 |
| 3135G0D75 | 17327 | FEDERAL NATIONAL MORTGAGE | | 10/29/2015 | 20,000,000.00 | 19,572,960.00 | 19,988,344.65 | 1.500 | 1.535 | AA+ | Aaa | 06/22/2020 |
| 3135G0A78 | 17329 | FEDERAL NATIONAL MORTGAGE | | 10/29/2015 | 10,000,000.00 | 9,857,690.00 | 10,023,067.67 | 1.625 | 1.442 | AA+ | Aaa | 01/21/2020 |
| 3135G0RM7 | 17330 | FEDERAL NATIONAL MORTGAGE | | 10/30/2015 | 10,060,000.00 | 9,807,564.42 | 10,070,800.08 | 1.630 | 1.576 | AA+ | Aaa | 10/30/2020 |
| 3135G0D75 | 17331 | FEDERAL NATIONAL MORTGAGE | | 10/30/2015 | 5,950,000.00 | 5,822,955.60 | 5,943,171.41 | 1.500 | 1.569 | AA+ | Aaa | 06/22/2020 |
| 3135G0A78 | 17332 | FEDERAL NATIONAL MORTGAGE | | 11/04/2015 | 10,000,000.00 | 9,857,690.00 | 10,012,702.70 | 1.625 | 1.524 | AA+ | Aaa | 01/21/2020 |
| 3135G0D75 | 17333 | FEDERAL NATIONAL MORTGAGE | | 11/04/2015 | 5,000,000.00 | 4,893,240.00 | 4,989,556.92 | 1.500 | 1.626 | AA+ | Aaa | 06/22/2020 |
| 3135G0D75 | 17334 | FEDERAL NATIONAL MORTGAGE | | 11/04/2015 | 5,000,000.00 | 4,893,240.00 | 4,989,482.46 | 1.500 | 1.627 | AA+ | Aaa | 06/22/2020 |

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## Portfolio Management
## Portfolio Details - Investments
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| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Federal Agency Coupons** | | | | | | | | | | | | |
| 3135G0A78 | 17335 | FEDERAL NATIONAL MORTGAGE | | 11/06/2015 | 10,000,000.00 | 9,857,690.00 | 10,004,504.55 | 1.625 | 1.589 | AA+ | Aaa | 01/21/2020 |
| 3135G0D75 | 17336 | FEDERAL NATIONAL MORTGAGE | | 11/06/2015 | 5,000,000.00 | 4,893,240.00 | 4,985,220.50 | 1.500 | 1.679 | AA+ | Aaa | 06/22/2020 |
| 3135G0D75 | 17338 | FEDERAL NATIONAL MORTGAGE | | 12/17/2015 | 30,000,000.00 | 29,359,440.00 | 29,864,293.35 | 1.500 | 1.774 | AA+ | Aaa | 06/22/2020 |
| 3135G0D75 | 17339 | FEDERAL NATIONAL MORTGAGE | | 12/17/2015 | 20,000,000.00 | 19,572,960.00 | 19,903,261.58 | 1.500 | 1.793 | AA+ | Aaa | 06/22/2020 |
| 3135G0D75 | 17340 | FEDERAL NATIONAL MORTGAGE | | 12/22/2015 | 10,000,000.00 | 9,786,480.00 | 9,966,588.67 | 1.500 | 1.702 | AA+ | Aaa | 06/22/2020 |
| 3135G0A78 | 17341 | FEDERAL NATIONAL MORTGAGE | | 12/22/2015 | 20,000,000.00 | 19,715,380.00 | 20,002,738.73 | 1.625 | 1.614 | AA+ | Aaa | 01/21/2020 |
| 3135G0A78 | 17342 | FEDERAL NATIONAL MORTGAGE | | 12/23/2015 | 10,000,000.00 | 9,857,690.00 | 10,000,864.44 | 1.625 | 1.618 | AA+ | Aaa | 01/21/2020 |
| 3135G0D75 | 17343 | FEDERAL NATIONAL MORTGAGE | | 12/23/2015 | 10,000,000.00 | 9,786,480.00 | 9,963,944.41 | 1.500 | 1.718 | AA+ | Aaa | 06/22/2020 |
| 3135G0A78 | 17344 | FEDERAL NATIONAL MORTGAGE | | 12/23/2015 | 20,000,000.00 | 19,715,380.00 | 20,001,229.43 | 1.625 | 1.620 | AA+ | Aaa | 01/21/2020 |
| 3135G0H55 | 17374 | FEDERAL NATIONAL MORTGAGE | | 05/20/2016 | 10,000,000.00 | 9,787,150.00 | 10,099,020.55 | 1.875 | 1.417 | AA+ | Aaa | 12/28/2020 |
| 3135G0K69 | 17380 | FEDERAL NATIONAL MORTGAGE | | 05/25/2016 | 10,000,000.00 | 9,593,660.00 | 9,931,946.07 | 1.250 | 1.523 | AA+ | Aaa | 05/06/2021 |
| 3135G0J53 | 17390 | FEDERAL NATIONAL MORTGAGE | | 08/11/2016 | 26,561,000.00 | 26,421,050.09 | 26,574,090.36 | 1.000 | 0.876 | AA+ | Aaa | 02/26/2019 |
| 3135G0N82 | 17396 | FEDERAL NATIONAL MORTGAGE | | 08/29/2016 | 10,000,000.00 | 9,552,350.00 | 9,987,890.16 | 1.250 | 1.294 | AA+ | Aaa | 08/17/2021 |
| 3135G0N82 | 17397 | FEDERAL NATIONAL MORTGAGE | | 08/29/2016 | 10,000,000.00 | 9,552,350.00 | 9,975,722.37 | 1.250 | 1.337 | AA+ | Aaa | 08/17/2021 |
| 3135G0N82 | 17398 | FEDERAL NATIONAL MORTGAGE | | 08/29/2016 | 10,000,000.00 | 9,552,350.00 | 9,970,102.01 | 1.250 | 1.358 | AA+ | Aaa | 08/17/2021 |
| 3135G0K69 | 17402 | FEDERAL NATIONAL MORTGAGE | | 09/28/2016 | 25,000,000.00 | 23,984,150.00 | 25,009,400.61 | 1.250 | 1.235 | AA+ | Aaa | 05/06/2021 |
| 3135G0Q89 | 17406 | FEDERAL NATIONAL MORTGAGE | | 10/07/2016 | 20,000,000.00 | 19,107,020.00 | 19,980,210.67 | 1.375 | 1.409 | AA+ | Aaa | 10/07/2021 |
| 3135G0Q89 | 17407 | FEDERAL NATIONAL MORTGAGE | | 10/13/2016 | 10,000,000.00 | 9,553,510.00 | 9,964,284.28 | 1.375 | 1.498 | AA+ | Aaa | 10/07/2021 |
| 3135G0Q89 | 17409 | FEDERAL NATIONAL MORTGAGE | | 10/27/2016 | 5,000,000.00 | 4,776,755.00 | 4,988,834.94 | 1.375 | 1.452 | AA+ | Aaa | 10/07/2021 |
| 3135G0K69 | 17412 | FEDERAL NATIONAL MORTGAGE | | 11/02/2016 | 10,000,000.00 | 9,593,660.00 | 9,967,367.12 | 1.250 | 1.380 | AA+ | Aaa | 05/06/2021 |
| 3135G0K69 | 17413 | FEDERAL NATIONAL MORTGAGE | | 11/14/2016 | 8,000,000.00 | 7,674,928.00 | 7,944,735.24 | 1.250 | 1.526 | AA+ | Aaa | 05/06/2021 |
| 3135G0K69 | 17421 | FEDERAL NATIONAL MORTGAGE | | 12/02/2016 | 25,000,000.00 | 23,984,150.00 | 24,590,284.20 | 1.250 | 1.911 | AA+ | Aaa | 05/06/2021 |
| 3135G0S38 | 17440 | FEDERAL NATIONAL MORTGAGE | | 01/09/2017 | 20,000,000.00 | 19,422,640.00 | 19,970,388.53 | 2.000 | 2.048 | AA+ | Aaa | 01/05/2022 |
| 3135G0S38 | 17441 | FEDERAL NATIONAL MORTGAGE | | 01/09/2017 | 10,000,000.00 | 9,711,320.00 | 9,984,582.43 | 2.000 | 2.050 | AA+ | Aaa | 01/05/2022 |
| 3135G0S38 | 17459 | FEDERAL NATIONAL MORTGAGE | | 03/28/2017 | 10,000,000.00 | 9,711,320.00 | 10,004,581.13 | 2.000 | 1.985 | AA+ | Aaa | 01/05/2022 |
| 3136G2CS4 | 17461 | FEDERAL NATIONAL MORTGAGE | | 03/28/2017 | 5,000,000.00 | 4,847,165.00 | 5,002,326.73 | 2.000 | 1.985 | AA+ | Aaa | 01/27/2022 |
| 3135G0S38 | 17480 | FEDERAL NATIONAL MORTGAGE | | 06/02/2017 | 5,000,000.00 | 4,855,660.00 | 5,026,135.21 | 2.000 | 1.832 | AA+ | Aaa | 01/05/2022 |
| 3135G0S38 | 17481 | FEDERAL NATIONAL MORTGAGE | | 06/12/2017 | 5,000,000.00 | 4,855,660.00 | 5,025,991.06 | 2.000 | 1.833 | AA+ | Aaa | 01/05/2022 |
| 3135G0T78 | 17501 | FEDERAL NATIONAL MORTGAGE | | 10/10/2017 | 20,000,000.00 | 19,238,880.00 | 19,982,430.66 | 2.000 | 2.023 | AA+ | Aaa | 10/05/2022 |
| 3135G0T78 | 17503 | FEDERAL NATIONAL MORTGAGE | | 10/12/2017 | 15,000,000.00 | 14,429,160.00 | 14,985,141.22 | 2.000 | 2.026 | AA+ | Aaa | 10/05/2022 |
| 3135G0T78 | 17531 | FEDERAL NATIONAL MORTGAGE | | 01/11/2018 | 5,000,000.00 | 4,809,720.00 | 4,928,452.51 | 2.000 | 2.379 | AA+ | Aaa | 10/05/2022 |
| 3135G0T94 | 17533 | FEDERAL NATIONAL MORTGAGE | | 01/23/2018 | 50,000,000.00 | 48,743,350.00 | 49,742,933.74 | 2.375 | 2.503 | AA+ | Aaa | 01/19/2023 |
| | | **Subtotal and Average** | **1,855,842,131.11** | | **1,862,310,000.00** | **1,820,137,496.88** | **1,860,822,775.56** | | **1.857** | | | |

# County of Fresno
## Portfolio Management
## Portfolio Details - Investments
## September 30, 2018

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Medium Term Notes** | | | | | | | | | | | | |
| 037833BD1 | 17348 | APPLE INC | | 12/28/2015 | 10,000,000.00 | 9,860,230.00 | 9,998,606.51 | 2.000 | 2.009 | AA+ | Aa1 | 05/06/2020 |
| 037833CC2 | 17425 | APPLE INC | | 12/13/2016 | 5,000,000.00 | 4,796,275.00 | 4,909,209.52 | 1.550 | 2.226 | AA+ | Aa1 | 08/04/2021 |
| 037833BS8 | 17443 | APPLE INC | | 01/19/2017 | 10,000,000.00 | 9,821,800.00 | 10,000,000.00 | 2.250 | 2.250 | AA+ | Aa1 | 02/23/2021 |
| 037833CM0 | 17448 | APPLE INC | | 02/21/2017 | 15,000,000.00 | 14,670,600.00 | 14,975,069.80 | 2.500 | 2.553 | AA+ | Aa1 | 02/09/2022 |
| 037833AY6 | 17470 | APPLE INC | | 04/18/2017 | 10,000,000.00 | 9,668,170.00 | 9,985,646.85 | 2.150 | 2.195 | AA+ | Aa1 | 02/09/2022 |
| 037833CQ1 | 17475 | APPLE INC | | 05/11/2017 | 20,000,000.00 | 19,382,920.00 | 19,965,333.33 | 2.300 | 2.351 | AA+ | Aa1 | 05/11/2022 |
| 037833BU3 | 17540 | APPLE INC | | 03/01/2018 | 10,000,000.00 | 9,844,220.00 | 9,913,484.38 | 2.850 | 3.064 | AA+ | Aa1 | 02/23/2023 |
| 037833DE7 | 17541 | APPLE INC | | 03/01/2018 | 2,500,000.00 | 2,413,035.00 | 2,434,658.63 | 2.400 | 3.060 | AA+ | Aa1 | 01/13/2023 |
| 037833AK6 | 17563 | APPLE INC | | 05/03/2018 | 5,000,000.00 | 4,807,085.00 | 4,815,343.11 | 2.400 | 3.279 | AA+ | Aa1 | 05/03/2023 |
| 037833AK6 | 17564 | APPLE INC | | 05/03/2018 | 5,000,000.00 | 4,807,085.00 | 4,815,159.56 | 2.400 | 3.280 | AA+ | Aa1 | 05/03/2023 |
| 037833AK6 | 17581 | APPLE INC | | 06/22/2018 | 10,000,000.00 | 9,614,170.00 | 9,676,038.46 | 2.400 | 3.246 | AA+ | Aa1 | 05/03/2023 |
| 084670BL1 | 17264 | BERKSHIRE HATHAWAY | | 10/01/2014 | 10,000,000.00 | 9,948,970.00 | 9,993,822.13 | 2.100 | 2.175 | AA | Aa2 | 08/14/2019 |
| 084670BF4 | 17520 | BERKSHIRE HATHAWAY | | 12/14/2017 | 15,000,000.00 | 15,113,010.00 | 15,494,405.96 | 3.400 | 2.355 | AA | Aa2 | 01/31/2022 |
| 06406HCU1 | 17261 | BANK OF NEW YORK | | 09/16/2014 | 2,500,000.00 | 2,493,400.00 | 2,499,729.84 | 2.200 | 2.218 | A | A1 | 05/15/2019 |
| 06406HCU1 | 17262 | BANK OF NEW YORK | | 09/16/2014 | 5,000,000.00 | 4,986,800.00 | 4,999,839.90 | 2.200 | 2.205 | A | A1 | 05/15/2019 |
| 06406HCW7 | 17266 | BANK OF NEW YORK | | 10/01/2014 | 8,501,000.00 | 8,459,855.16 | 8,492,556.31 | 2.300 | 2.412 | A | A1 | 09/11/2019 |
| 06406HCZ0 | 17297 | BANK OF NEW YORK | | 03/04/2015 | 3,000,000.00 | 2,966,586.00 | 3,002,537.48 | 2.150 | 2.086 | A | A1 | 02/24/2020 |
| 06406HDD8 | 17347 | BANK OF NEW YORK | | 12/28/2015 | 5,000,000.00 | 4,960,550.00 | 5,015,695.03 | 2.600 | 2.422 | A | A1 | 08/17/2020 |
| 06406HBP3 | 17350 | BANK OF NEW YORK | | 12/28/2015 | 5,000,000.00 | 5,101,305.00 | 5,141,965.85 | 4.600 | 2.281 | A | A1 | 01/15/2020 |
| 06406HCR8 | 17373 | BANK OF NEW YORK | | 05/19/2016 | 30,000,000.00 | 29,958,780.00 | 30,083,944.48 | 2.200 | 1.525 | A | A1 | 03/04/2019 |
| 06406RAA5 | 17469 | BANK OF NEW YORK | | 04/18/2017 | 10,000,000.00 | 9,751,930.00 | 10,055,570.86 | 2.600 | 2.423 | A | A1 | 02/07/2022 |
| 06406FAB9 | 17490 | BANK OF NEW YORK | | 07/18/2017 | 7,500,000.00 | 7,275,682.50 | 7,455,345.93 | 2.050 | 2.291 | A | A1 | 05/03/2021 |
| 14912L6J5 | 17360 | CATERPILLAR | | 03/04/2016 | 8,278,000.00 | 8,163,142.75 | 8,268,406.56 | 2.000 | 2.085 | A | A3 | 03/05/2020 |
| 14912L6U0 | 17401 | CATERPILLAR | | 09/16/2016 | 15,294,000.00 | 14,673,614.18 | 15,196,438.33 | 1.700 | 1.935 | A | A3 | 08/09/2021 |
| 166764AY6 | 17346 | CHEVRON CORP | | 12/28/2015 | 10,000,000.00 | 9,880,170.00 | 9,989,592.15 | 2.419 | 2.471 | AA- | Aa2 | 11/17/2020 |
| 166764BH2 | 17378 | CHEVRON CORP | | 05/25/2016 | 20,000,000.00 | 19,875,140.00 | 19,987,478.99 | 1.561 | 1.664 | AA- | Aa2 | 05/16/2019 |
| 166764BH2 | 17381 | CHEVRON CORP | | 05/27/2016 | 10,000,000.00 | 9,937,570.00 | 9,993,748.83 | 1.561 | 1.664 | AA- | Aa2 | 05/16/2019 |
| 166764BG4 | 17471 | CHEVRON CORP | | 04/25/2017 | 20,000,000.00 | 19,508,600.00 | 19,993,919.92 | 2.100 | 2.112 | AA- | Aa2 | 05/16/2021 |
| 166764BK5 | 17571 | CHEVRON CORP | | 06/08/2018 | 10,000,000.00 | 9,668,490.00 | 9,699,471.58 | 2.566 | 3.313 | AA- | Aa2 | 05/16/2023 |
| 166764BK5 | 17579 | CHEVRON CORP | | 06/22/2018 | 5,000,000.00 | 4,834,245.00 | 4,865,032.93 | 2.566 | 3.262 | AA- | Aa2 | 05/16/2023 |
| 166764BK5 | 17585 | CHEVRON CORP | | 07/25/2018 | 6,288,000.00 | 6,079,546.51 | 6,127,074.95 | 2.566 | 3.284 | AA- | Aa2 | 05/16/2023 |
| 36962G7M0 | 17296 | G.E. CAPITAL | | 03/04/2015 | 10,350,000.00 | 10,240,414.20 | 10,378,197.31 | 2.200 | 1.974 | A | A2 | 01/09/2020 |
| 36962G5J9 | 17511 | G.E. CAPITAL | | 11/16/2017 | 10,000,000.00 | 10,325,810.00 | 10,638,491.85 | 4.650 | 2.438 | A | A2 | 10/17/2021 |
| 24422ESF7 | 17204 | JOHN DEERE | | 12/26/2013 | 20,000,000.00 | 19,979,440.00 | 19,996,132.06 | 1.950 | 2.052 | A | A2 | 12/13/2018 |
| 24422ESK6 | 17226 | JOHN DEERE | | 03/05/2014 | 10,000,000.00 | 9,967,560.00 | 10,000,927.02 | 1.950 | 1.927 | A | A2 | 03/04/2019 |
| 24422ERY7 | 17349 | JOHN DEERE | | 12/28/2015 | 9,000,000.00 | 8,872,020.00 | 8,936,256.53 | 1.700 | 2.278 | A | A2 | 01/15/2020 |

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Medium Term Notes** | | | | | | | | | | | | |
| 24422ETF6 | 17362 | JOHN DEERE | | 03/04/2016 | 5,000,000.00 | 4,931,875.00 | 5,042,852.68 | 2.550 | 2.150 | A | A2 | 01/08/2021 |
| 24422ERH4 | 17427 | JOHN DEERE | | 12/13/2016 | 8,707,000.00 | 8,681,801.94 | 8,887,393.15 | 3.150 | 2.423 | A | A2 | 10/15/2021 |
| 46625HJR2 | 17217 | JP MORGAN | | 01/28/2014 | 5,000,000.00 | 4,995,660.00 | 4,999,863.50 | 2.350 | 2.359 | A- | A3 | 01/28/2019 |
| 46625HJR2 | 17225 | JP MORGAN | | 03/05/2014 | 10,000,000.00 | 9,991,320.00 | 10,004,068.12 | 2.350 | 2.217 | A- | A3 | 01/28/2019 |
| 46625HHL7 | 17252 | JP MORGAN | | 07/23/2014 | 6,740,000.00 | 6,873,438.52 | 6,882,376.57 | 6.300 | 2.303 | A- | A3 | 04/23/2019 |
| 46625HJR2 | 17263 | JP MORGAN | | 09/16/2014 | 5,000,000.00 | 4,995,660.00 | 5,001,812.31 | 2.350 | 2.232 | A- | A3 | 01/28/2019 |
| 46625HKA7 | 17295 | JP MORGAN | | 03/04/2015 | 10,000,000.00 | 9,897,670.00 | 9,988,139.62 | 2.250 | 2.346 | A- | A3 | 01/23/2020 |
| 46625HNX4 | 17361 | JP MORGAN | | 03/04/2016 | 6,181,000.00 | 6,093,415.23 | 6,183,594.62 | 2.550 | 2.528 | A- | A3 | 10/29/2020 |
| 46625HJH4 | 17559 | JP MORGAN | | 04/26/2018 | 10,000,000.00 | 9,856,630.00 | 9,860,240.02 | 3.200 | 3.554 | A- | A3 | 01/25/2023 |
| 46632FPH2 | 17590 | JP MORGAN | | 08/14/2018 | 30,000,000.00 | 28,971,000.00 | 30,000,000.00 | 3.450 | 3.450 | A+ | Aa3 | 07/14/2023 |
| 594918BP8 | 17394 | MICROSOFT | | 08/22/2016 | 15,000,000.00 | 14,397,390.00 | 14,994,220.97 | 1.550 | 1.564 | AAA | Aaa | 08/08/2021 |
| 594918BP8 | 17424 | MICROSOFT | | 12/13/2016 | 5,000,000.00 | 4,799,130.00 | 4,914,161.19 | 1.550 | 2.186 | AAA | Aaa | 08/08/2021 |
| 594918BW3 | 17449 | MICROSOFT | | 02/21/2017 | 6,725,000.00 | 6,569,269.18 | 6,721,177.45 | 2.400 | 2.418 | AAA | Aaa | 02/06/2022 |
| 594918BA1 | 17450 | MICROSOFT | | 02/21/2017 | 6,450,000.00 | 6,297,541.35 | 6,441,242.66 | 2.375 | 2.418 | AAA | Aaa | 02/12/2022 |
| 594918BW3 | 17525 | MICROSOFT | | 12/21/2017 | 17,375,000.00 | 16,972,647.13 | 17,375,000.00 | 2.400 | 2.400 | AAA | Aaa | 02/06/2022 |
| 594918AT1 | 17580 | MICROSOFT | | 06/22/2018 | 10,000,000.00 | 9,675,390.00 | 9,701,362.81 | 2.375 | 3.162 | AAA | Aaa | 05/01/2023 |
| 89236TBP9 | 17265 | TOYOTA MOTOR CREDIT | | 10/01/2014 | 10,000,000.00 | 9,958,120.00 | 9,994,466.07 | 2.125 | 2.198 | AA- | Aa3 | 07/18/2019 |
| 89233P7F7 | 17538 | TOYOTA MOTOR CREDIT | | 03/01/2018 | 5,000,000.00 | 4,840,340.00 | 4,915,359.40 | 2.625 | 3.054 | AA- | Aa3 | 01/10/2023 |
| 89236TEL5 | 17539 | TOYOTA MOTOR CREDIT | | 03/01/2018 | 5,000,000.00 | 4,855,100.00 | 4,930,110.40 | 2.700 | 3.054 | AA- | Aa3 | 01/11/2023 |
| 89236TEL5 | 17542 | TOYOTA MOTOR CREDIT | | 04/02/2018 | 20,000,000.00 | 19,420,400.00 | 19,657,240.26 | 2.700 | 3.134 | AA- | Aa3 | 01/11/2023 |
| 91159HHL7 | 17395 | US BANK NA | | 08/22/2016 | 5,000,000.00 | 4,904,205.00 | 5,074,714.23 | 2.350 | 1.681 | A+ | A1 | 01/29/2021 |
| 91159HHL7 | 17426 | US BANK NA | | 12/13/2016 | 4,634,000.00 | 4,545,217.19 | 4,646,465.21 | 2.350 | 2.228 | A+ | A1 | 01/29/2021 |
| 91159HHL7 | 17431 | US BANK NA | | 12/22/2016 | 5,000,000.00 | 4,904,205.00 | 4,993,024.23 | 2.350 | 2.413 | A+ | A1 | 01/29/2021 |
| 91159HHL7 | 17432 | US BANK NA | | 12/22/2016 | 7,522,000.00 | 7,377,886.00 | 7,512,354.93 | 2.350 | 2.408 | A+ | A1 | 01/29/2021 |
| 91159HHL7 | 17458 | US BANK NA | | 03/22/2017 | 10,000,000.00 | 9,808,410.00 | 10,005,377.22 | 2.350 | 2.325 | A+ | A1 | 01/29/2021 |
| 91159HHL7 | 17482 | US BANK NA | | 06/27/2017 | 4,803,000.00 | 4,710,979.32 | 4,834,242.93 | 2.350 | 2.058 | A+ | A1 | 01/29/2021 |
| 91159HHP8 | 17483 | US BANK NA | | 06/27/2017 | 20,000,000.00 | 19,552,100.00 | 20,223,243.84 | 2.625 | 2.268 | A+ | A1 | 01/24/2022 |
| 91159JAA4 | 17529 | US BANK NA | | 12/21/2017 | 10,004,000.00 | 9,795,956.82 | 10,124,020.25 | 2.950 | 2.606 | A- | A1 | 07/15/2022 |
| 90331HNL3 | 17534 | US BANK NA | | 01/24/2018 | 10,000,000.00 | 9,741,640.00 | 9,984,040.02 | 2.850 | 2.890 | AA- | A1 | 01/23/2023 |
| 90331HNL3 | 17537 | US BANK NA | | 03/01/2018 | 5,000,000.00 | 4,870,820.00 | 4,943,645.31 | 2.850 | 3.134 | AA- | A1 | 01/23/2023 |
| 90331HNL3 | 17556 | US BANK NA | | 04/20/2018 | 10,000,000.00 | 9,741,640.00 | 9,874,979.29 | 2.850 | 3.164 | AA- | A1 | 01/23/2023 |
| 90331HNV1 | 17586 | US BANK NA | | 07/25/2018 | 10,000,000.00 | 9,962,050.00 | 9,988,614.03 | 3.400 | 3.428 | AA- | A1 | 07/24/2023 |
| 90331HNV1 | 17587 | US BANK NA | | 07/25/2018 | 1,500,000.00 | 1,494,307.50 | 1,497,244.51 | 3.400 | 3.444 | AA- | A1 | 07/24/2023 |
| 90331HNV1 | 17588 | US BANK NA | | 07/25/2018 | 1,250,000.00 | 1,245,256.25 | 1,248,191.43 | 3.400 | 3.435 | AA- | A1 | 07/24/2023 |
| 94974BFQ8 | 17207 | WELLS FARGO | | 01/15/2014 | 15,000,000.00 | 14,983,125.00 | 14,996,862.67 | 2.150 | 2.227 | A- | A2 | 01/15/2019 |
| 949746SA0 | 17445 | WELLS FARGO | | 01/25/2017 | 10,000,000.00 | 9,629,640.00 | 9,809,836.21 | 2.100 | 2.823 | A- | A2 | 07/26/2021 |

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Medium Term Notes** | | | | | | | | | | | | |
| 949746SA0 | 17467 | WELLS FARGO | | 04/17/2017 | 5,000,000.00 | 4,814,820.00 | 4,950,931.77 | 2.100 | 2.469 | A- | A2 | 07/26/2021 |
| 949746SA0 | 17477 | WELLS FARGO | | 05/15/2017 | 13,232,000.00 | 12,741,939.65 | 13,099,739.55 | 2.100 | 2.475 | A- | A2 | 07/26/2021 |
| 949746SA0 | 17491 | WELLS FARGO | | 07/18/2017 | 12,275,000.00 | 11,820,383.10 | 12,168,908.14 | 2.100 | 2.424 | A- | A2 | 07/26/2021 |
| 95000U2B8 | 17508 | WELLS FARGO | | 10/20/2017 | 5,000,000.00 | 4,829,255.00 | 4,998,158.12 | 2.625 | 2.635 | A- | A2 | 07/22/2022 |
| 94988J5R4 | 17591 | WELLS FARGO | | 08/14/2018 | 10,000,000.00 | 9,953,140.00 | 9,984,125.61 | 3.550 | 3.586 | A+ | Aa2 | 08/14/2023 |
| | | **Subtotal and Average** | **742,833,599.05** | | **740,609,000.00** | **727,208,995.48** | **739,248,534.23** | | **2.454** | | | |
| **Treasury Notes** | | | | | | | | | | | | |
| 912828WD8 | 17236 | US TREASURY NOTE | | 03/21/2014 | 650,000.00 | 649,571.00 | 649,813.34 | 1.250 | 1.614 | AA+ | Aaa | 10/31/2018 |
| 912828C24 | 17245 | US TREASURY NOTE | | 03/31/2014 | 1,000,000.00 | 996,406.00 | 999,115.38 | 1.500 | 1.725 | AA+ | Aaa | 02/28/2019 |
| 912828A75 | 17246 | US TREASURY NOTE | | 04/21/2014 | 650,000.00 | 648,819.60 | 649,734.71 | 1.500 | 1.671 | AA+ | Aaa | 12/31/2018 |
| 912828ND8 | 17345 | US TREASURY NOTE | | 12/23/2015 | 40,000,000.00 | 40,442,200.00 | 41,161,292.83 | 3.500 | 1.637 | AA+ | Aaa | 05/15/2020 |
| 912828XE5 | 17416 | US TREASURY NOTE | | 11/15/2016 | 15,000,000.00 | 14,685,930.00 | 15,022,592.81 | 1.500 | 1.407 | AA+ | Aaa | 05/31/2020 |
| 912828XE5 | 17428 | US TREASURY NOTE | | 12/13/2016 | 40,000,000.00 | 39,162,480.00 | 39,944,426.88 | 1.500 | 1.586 | AA+ | Aaa | 05/31/2020 |
| 912828N48 | 17429 | US TREASURY NOTE | | 12/16/2016 | 40,000,000.00 | 39,050,000.00 | 39,853,810.98 | 1.750 | 1.919 | AA+ | Aaa | 12/31/2020 |
| 912828XM7 | 17433 | US TREASURY NOTE | | 12/22/2016 | 40,000,000.00 | 39,153,120.00 | 39,915,867.03 | 1.625 | 1.744 | AA+ | Aaa | 07/31/2020 |
| 912828WN6 | 17434 | US TREASURY NOTE | | 12/28/2016 | 40,000,000.00 | 39,106,240.00 | 40,004,706.85 | 2.000 | 1.995 | AA+ | Aaa | 05/31/2021 |
| 912828XM7 | 17435 | US TREASURY NOTE | | 12/28/2016 | 40,000,000.00 | 39,153,120.00 | 39,901,129.86 | 1.625 | 1.765 | AA+ | Aaa | 07/31/2020 |
| 912828L65 | 17436 | US TREASURY NOTE | | 12/28/2016 | 30,000,000.00 | 29,158,590.00 | 29,743,109.97 | 1.375 | 1.820 | AA+ | Aaa | 09/30/2020 |
| 912828XR6 | 17497 | US TREASURY NOTE | | 09/27/2017 | 20,000,000.00 | 19,192,180.00 | 19,936,313.71 | 1.750 | 1.841 | AA+ | Aaa | 05/31/2022 |
| 912828L24 | 17510 | US TREASURY NOTE | | 10/23/2017 | 20,000,000.00 | 19,222,660.00 | 19,897,921.95 | 1.875 | 2.012 | AA+ | Aaa | 08/31/2022 |
| | | **Subtotal and Average** | **327,693,972.69** | | **327,300,000.00** | **320,621,316.60** | **327,679,836.30** | | **1.779** | | | |
| **Mutual Funds** | | | | | | | | | | | | |
| 09248U718 | 9267 | BLACKROCK PROVIDENT TFUND | | 07/01/2018 | 0.00 | 0.00 | 0.00 | 1.720 | 1.720 | AAA | Aaa | |
| SYS16450 | 16450 | BLACKROCK LIQUIDITY FED FUND | | 07/01/2018 | 0.00 | 0.00 | 0.00 | 1.730 | 1.730 | AAA | Aaa | |
| SYS02642 | 02642 | FIDELITY 2642 | | | 95,000,000.00 | 95,000,000.00 | 95,000,000.00 | 2.030 | 2.030 | AAA | Aaa | |
| SYS05831 | 05831 | FIDELITY 057 | | 07/01/2018 | 0.00 | 0.00 | 0.00 | 0.070 | 0.070 | AAA | Aaa | |
| SYS15497 | 15497 | FIDELITY 2644 | | 07/01/2018 | 0.00 | 0.00 | 0.00 | 2.010 | 2.010 | AAA | Aaa | |
| | | **Subtotal and Average** | **94,166,666.67** | | **95,000,000.00** | **95,000,000.00** | **95,000,000.00** | | **2.030** | | | |
| **Local Agency Investment Funds** | | | | | | | | | | | | |
| SYS05291 | 05291 | LAIF | | | 65,000,000.00 | 65,000,000.00 | 65,000,000.00 | 2.063 | 2.063 | | | |
| | | **Subtotal and Average** | **65,000,000.00** | | **65,000,000.00** | **65,000,000.00** | **65,000,000.00** | | **2.063** | | | |

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bank Money Market Accounts** | | | | | | | | | | | | |
| SYS16800 | 16800 | BANK OF THE WEST MM | | | 5,016,660.82 | 5,016,660.82 | 5,016,660.82 | 1.600 | 1.600 | | | |
| SYS16500 | 16500 | UNION BANK MM | | 09/24/2018 | 100,010,776.43 | 100,010,776.43 | 100,010,776.43 | 2.110 | 2.110 | | | |
| | | **Subtotal and Average** | **26,005,902.09** | | **105,027,437.25** | **105,027,437.25** | **105,027,437.25** | | **2.086** | | | |
| **Municipal Bonds** | | | | | | | | | | | | |
| 13063CKL3 | 17249 | STATE OF CALIFORNIA | | 06/12/2014 | 10,000,000.00 | 9,971,600.00 | 10,006,375.21 | 2.250 | 2.134 | AA- | Aa3 | 05/01/2019 |
| 13063DAD0 | 17472 | STATE OF CALIFORNIA | | 04/27/2017 | 5,000,000.00 | 4,878,350.00 | 5,000,000.00 | 2.367 | 2.367 | AA- | Aa3 | 04/01/2022 |
| 13063DAD0 | 17473 | STATE OF CALIFORNIA | | 04/27/2017 | 10,500,000.00 | 10,244,535.00 | 10,540,719.17 | 2.367 | 2.249 | AA- | Aa3 | 04/01/2022 |
| 13063DAD0 | 17474 | STATE OF CALIFORNIA | | 05/03/2017 | 8,000,000.00 | 7,805,360.00 | 8,021,266.06 | 2.367 | 2.286 | AA- | Aa3 | 04/01/2022 |
| 13063DDF2 | 17504 | STATE OF CALIFORNIA | | 10/26/2017 | 10,000,000.00 | 9,768,400.00 | 10,113,009.58 | 2.500 | 2.200 | AA- | Aa3 | 10/01/2022 |
| 13063DDF2 | 17505 | STATE OF CALIFORNIA | | 10/26/2017 | 10,000,000.00 | 9,768,400.00 | 10,113,009.58 | 2.500 | 2.200 | AA- | Aa3 | 10/01/2022 |
| 13063DDE5 | 17518 | STATE OF CALIFORNIA | | 12/11/2017 | 25,000,000.00 | 24,712,000.00 | 25,120,118.81 | 2.300 | 2.051 | AA- | Aa3 | 10/01/2020 |
| 13063DDF2 | 17519 | STATE OF CALIFORNIA | | 12/14/2017 | 20,000,000.00 | 19,536,800.00 | 20,052,030.11 | 2.500 | 2.430 | AA- | Aa3 | 10/01/2022 |
| 13063DDF2 | 17532 | STATE OF CALIFORNIA | | 01/16/2018 | 5,000,000.00 | 4,884,200.00 | 4,986,024.78 | 2.500 | 2.574 | AA- | Aa3 | 10/01/2022 |
| | | **Subtotal and Average** | **103,958,784.95** | | **103,500,000.00** | **101,569,645.00** | **103,952,553.30** | | **2.240** | | | |
| | | **Total and Average** | **3,232,119,708.56** | | **3,327,620,818.15** | **3,263,439,272.11** | **3,325,605,517.54** | | **1.998** | | | |

# County of Fresno
## Portfolio Management
## Portfolio Details - Cash
## September 30, 2018

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Average Balance | 0.00 | | | | | | | | |
| | Total Cash and Investments | | 3,232,119,708.56 | | 3,327,620,818.15 | 3,263,439,272.11 | 3,325,605,517.54 | | 1.998 | | |

# County of Fresno
## Inventory by Maturity Report
### September 30, 2018

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 912828WD8 | 17236 | TREAS | TRC | US TREASURY NOTE | 03/21/2014 | 649,813.34 | 1.250 | 10/31/2018 | 650,000.00 | 1,685 | 650,000.00 | 1.592 | 1.614 | 30 |
| 3135G0YT4 | 17221 | TREAS | FAC | FEDERAL NATIONAL | 01/31/2014 | 599,965.94 | 1.625 | 11/27/2018 | 600,000.00 | 1,761 | 600,000.00 | 1.640 | 1.663 | 57 |
| 3135G0YT4 | 17234 | TREAS | FAC | FEDERAL NATIONAL | 03/20/2014 | 599,875.70 | 1.625 | 11/27/2018 | 600,000.00 | 1,713 | 600,000.00 | 1.740 | 1.764 | 57 |
| 24422ESF7 | 17204 | TREAS | MTN | JOHN DEERE | 12/26/2013 | 19,996,132.06 | 1.950 | 12/13/2018 | 20,000,000.00 | 1,813 | 20,000,000.00 | 2.024 | 2.052 | 73 |
| 313376BR5 | 17205 | TREAS | FAC | FEDERAL HOME LOAN | 01/03/2014 | 39,994,097.70 | 1.750 | 12/14/2018 | 40,000,000.00 | 1,806 | 40,000,000.00 | 1.801 | 1.826 | 74 |
| 912828A75 | 17246 | TREAS | TRC | US TREASURY NOTE | 04/21/2014 | 649,734.71 | 1.500 | 12/31/2018 | 650,000.00 | 1,715 | 650,000.00 | 1.648 | 1.671 | 91 |
| 94974BFQ8 | 17207 | TREAS | MTN | WELLS FARGO | 01/15/2014 | 14,996,862.67 | 2.150 | 01/15/2019 | 15,000,000.00 | 1,826 | 15,000,000.00 | 2.196 | 2.227 | 106 |
| 46625HJR2 | 17217 | TREAS | MTN | JP MORGAN | 01/28/2014 | 4,999,863.50 | 2.350 | 01/28/2019 | 5,000,000.00 | 1,826 | 5,000,000.00 | 2.327 | 2.359 | 119 |
| 46625HJR2 | 17225 | TREAS | MTN | JP MORGAN | 03/05/2014 | 10,004,068.12 | 2.350 | 01/28/2019 | 10,000,000.00 | 1,790 | 10,000,000.00 | 2.187 | 2.217 | 119 |
| 46625HJR2 | 17263 | TREAS | MTN | JP MORGAN | 09/16/2014 | 5,001,812.31 | 2.350 | 01/28/2019 | 5,000,000.00 | 1,595 | 5,000,000.00 | 2.201 | 2.232 | 119 |
| 3136FTZZ5 | 17274 | TREAS | FAC | FEDERAL NATIONAL | 12/09/2014 | 10,005,060.09 | 1.750 | 01/30/2019 | 10,000,000.00 | 1,513 | 10,000,000.00 | 1.569 | 1.591 | 121 |
| 3135G0ZA4 | 17222 | TREAS | FAC | FEDERAL NATIONAL | 02/25/2014 | 10,005,338.46 | 1.875 | 02/19/2019 | 10,000,000.00 | 1,820 | 10,000,000.00 | 1.705 | 1.729 | 141 |
| 3135G0ZA4 | 17223 | TREAS | FAC | FEDERAL NATIONAL | 03/03/2014 | 25,018,679.45 | 1.875 | 02/19/2019 | 25,000,000.00 | 1,814 | 25,000,000.00 | 1.648 | 1.671 | 141 |
| 3135G0ZA4 | 17224 | TREAS | FAC | FEDERAL NATIONAL | 03/03/2014 | 10,007,564.50 | 1.875 | 02/19/2019 | 10,000,000.00 | 1,814 | 10,000,000.00 | 1.646 | 1.669 | 141 |
| 3135G0ZA4 | 17235 | TREAS | FAC | FEDERAL NATIONAL | 03/20/2014 | 600,045.36 | 1.875 | 02/19/2019 | 600,000.00 | 1,797 | 600,000.00 | 1.829 | 1.854 | 141 |
| 3135G0ZA4 | 17268 | TREAS | FAC | FEDERAL NATIONAL | 10/01/2014 | 5,002,496.77 | 1.875 | 02/19/2019 | 5,000,000.00 | 1,602 | 5,000,000.00 | 1.715 | 1.739 | 141 |
| 3133EGBR5 | 17384 | TREAS | FAC | FEDERAL FARM CREDIT | 06/09/2016 | 4,999,646.64 | 0.950 | 02/25/2019 | 5,000,000.00 | 991 | 5,000,000.00 | 0.955 | 0.968 | 147 |
| 3135G0J53 | 17390 | TREAS | FAC | FEDERAL NATIONAL | 08/11/2016 | 26,574,090.36 | 1.000 | 02/26/2019 | 26,561,000.00 | 929 | 26,561,000.00 | 0.864 | 0.876 | 148 |
| 912828C24 | 17245 | TREAS | TRC | US TREASURY NOTE | 03/31/2014 | 999,115.38 | 1.500 | 02/28/2019 | 1,000,000.00 | 1,795 | 1,000,000.00 | 1.702 | 1.725 | 150 |
| 24422ESK6 | 17226 | TREAS | MTN | JOHN DEERE | 03/05/2014 | 10,000,927.02 | 1.950 | 03/04/2019 | 10,000,000.00 | 1,825 | 10,000,000.00 | 1.901 | 1.927 | 154 |
| 06406HCR8 | 17373 | TREAS | MTN | BANK OF NEW YORK | 05/19/2016 | 30,083,944.48 | 2.200 | 03/04/2019 | 30,000,000.00 | 1,019 | 30,000,000.00 | 1.504 | 1.525 | 154 |
| 46625HHL7 | 17252 | TREAS | MTN | JP MORGAN | 07/23/2014 | 6,882,376.57 | 6.300 | 04/23/2019 | 6,740,000.00 | 1,735 | 6,740,000.00 | 2.271 | 2.303 | 204 |
| 13063CKL3 | 17249 | TREAS | MUN | STATE OF CALIFORNIA | 06/12/2014 | 10,006,375.21 | 2.250 | 05/01/2019 | 10,000,000.00 | 1,784 | 10,000,000.00 | 2.105 | 2.134 | 212 |
| 3133EDLR1 | 17248 | TREAS | FAC | FEDERAL FARM CREDIT | 05/27/2014 | 5,000,977.18 | 1.650 | 05/15/2019 | 5,000,000.00 | 1,814 | 5,000,000.00 | 1.595 | 1.617 | 226 |
| 06406HCU1 | 17261 | TREAS | MTN | BANK OF NEW YORK | 09/16/2014 | 2,499,729.84 | 2.200 | 05/15/2019 | 2,500,000.00 | 1,702 | 2,500,000.00 | 2.188 | 2.218 | 226 |
| 06406HCU1 | 17262 | TREAS | MTN | BANK OF NEW YORK | 09/16/2014 | 4,999,839.90 | 2.200 | 05/15/2019 | 5,000,000.00 | 1,702 | 5,000,000.00 | 2.175 | 2.205 | 226 |
| 3133X72S2 | 17272 | TREAS | FAC | FEDERAL HOME LOAN | 12/09/2014 | 10,218,947.37 | 5.375 | 05/15/2019 | 10,000,000.00 | 1,618 | 10,000,000.00 | 1.683 | 1.706 | 226 |
| 3133X72S2 | 17279 | TREAS | FAC | FEDERAL HOME LOAN | 12/19/2014 | 20,953,085.05 | 5.375 | 05/15/2019 | 20,500,000.00 | 1,608 | 20,500,000.00 | 1.652 | 1.675 | 226 |
| 166764BH2 | 17378 | TREAS | MTN | CHEVRON CORP | 05/25/2016 | 19,987,478.99 | 1.561 | 05/16/2019 | 20,000,000.00 | 1,086 | 20,000,000.00 | 1.641 | 1.664 | 227 |
| 166764BH2 | 17381 | TREAS | MTN | CHEVRON CORP | 05/27/2016 | 9,993,748.83 | 1.561 | 05/16/2019 | 10,000,000.00 | 1,084 | 10,000,000.00 | 1.641 | 1.664 | 227 |
| 313379EE5 | 17250 | TREAS | FAC | FEDERAL HOME LOAN | 06/18/2014 | 4,992,209.97 | 1.625 | 06/14/2019 | 5,000,000.00 | 1,822 | 5,000,000.00 | 1.833 | 1.858 | 256 |
| 3130A2FH4 | 17256 | TREAS | FAC | FEDERAL HOME LOAN | 09/02/2014 | 20,001,175.38 | 1.750 | 06/14/2019 | 20,000,000.00 | 1,746 | 20,000,000.00 | 1.717 | 1.741 | 256 |
| 313379EE5 | 17259 | TREAS | FAC | FEDERAL HOME LOAN | 09/10/2014 | 9,985,047.32 | 1.625 | 06/14/2019 | 10,000,000.00 | 1,738 | 10,000,000.00 | 1.823 | 1.848 | 256 |
| 3130A2FH4 | 17260 | TREAS | FAC | FEDERAL HOME LOAN | 09/10/2014 | 9,993,489.01 | 1.750 | 06/14/2019 | 10,000,000.00 | 1,738 | 10,000,000.00 | 1.822 | 1.847 | 256 |
| 3135G0ZE6 | 17251 | TREAS | FAC | FEDERAL NATIONAL | 06/18/2014 | 4,996,378.02 | 1.750 | 06/20/2019 | 5,000,000.00 | 1,828 | 5,000,000.00 | 1.830 | 1.856 | 262 |

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3135G0ZE6 | 17269 | TREAS | FAC | FEDERAL NATIONAL | 10/01/2014 | 29,980,014.77 | 1.750 | 06/20/2019 | 30,000,000.00 | 1,723 | 30,000,000.00 | 1.822 | 1.847 | 262 |
| 3135G0ZE6 | 17277 | TREAS | FAC | FEDERAL NATIONAL | 12/11/2014 | 10,010,366.36 | 1.750 | 06/20/2019 | 10,000,000.00 | 1,652 | 10,000,000.00 | 1.578 | 1.600 | 262 |
| 3135G0ZE6 | 17278 | TREAS | FAC | FEDERAL NATIONAL | 12/19/2014 | 26,016,155.78 | 1.750 | 06/20/2019 | 26,000,000.00 | 1,644 | 26,000,000.00 | 1.637 | 1.660 | 262 |
| 3133EFW52 | 17383 | TREAS | FAC | FEDERAL FARM CREDIT | 06/09/2016 | 2,061,501.03 | 1.150 | 07/01/2019 | 2,060,000.00 | 1,117 | 2,060,000.00 | 1.037 | 1.051 | 273 |
| 89236TBP9 | 17265 | TREAS | MTN | TOYOTA MOTOR CREDIT | 10/01/2014 | 9,994,466.07 | 2.125 | 07/18/2019 | 10,000,000.00 | 1,751 | 10,000,000.00 | 2.168 | 2.198 | 290 |
| 3137EAEB1 | 17391 | TREAS | FAC | FEDERAL HOME | 08/11/2016 | 9,995,263.52 | 0.875 | 07/19/2019 | 10,000,000.00 | 1,072 | 10,000,000.00 | 0.922 | 0.935 | 291 |
| 3137EADK2 | 17275 | TREAS | FAC | FEDERAL HOME | 12/11/2014 | 14,952,752.69 | 1.250 | 08/01/2019 | 15,000,000.00 | 1,694 | 15,000,000.00 | 1.621 | 1.644 | 304 |
| 3137EADK2 | 17276 | TREAS | FAC | FEDERAL HOME | 12/11/2014 | 19,937,628.74 | 1.250 | 08/01/2019 | 20,000,000.00 | 1,694 | 20,000,000.00 | 1.618 | 1.640 | 304 |
| 084670BL1 | 17264 | TREAS | MTN | BERKSHIRE HATHAWAY | 10/01/2014 | 9,993,822.13 | 2.100 | 08/14/2019 | 10,000,000.00 | 1,778 | 10,000,000.00 | 2.145 | 2.175 | 317 |
| 06406HCW7 | 17266 | TREAS | MTN | BANK OF NEW YORK | 10/01/2014 | 8,492,556.31 | 2.300 | 09/11/2019 | 8,501,000.00 | 1,806 | 8,501,000.00 | 2.379 | 2.412 | 345 |
| 3137EADM8 | 17280 | TREAS | FAC | FEDERAL HOME | 12/19/2014 | 19,904,166.34 | 1.250 | 10/02/2019 | 20,000,000.00 | 1,748 | 20,000,000.00 | 1.726 | 1.750 | 366 |
| 3137EADM8 | 17281 | TREAS | FAC | FEDERAL HOME | 12/19/2014 | 19,904,543.47 | 1.250 | 10/02/2019 | 20,000,000.00 | 1,748 | 20,000,000.00 | 1.724 | 1.748 | 366 |
| 3137EADM8 | 17282 | TREAS | FAC | FEDERAL HOME | 12/19/2014 | 9,952,271.74 | 1.250 | 10/02/2019 | 10,000,000.00 | 1,748 | 10,000,000.00 | 1.724 | 1.748 | 366 |
| 36962G7M0 | 17296 | TREAS | MTN | G.E. CAPITAL | 03/04/2015 | 10,378,197.31 | 2.200 | 01/09/2020 | 10,350,000.00 | 1,772 | 10,350,000.00 | 1.947 | 1.974 | 465 |
| 24422ERY7 | 17349 | TREAS | MTN | JOHN DEERE | 12/28/2015 | 8,936,256.53 | 1.700 | 01/15/2020 | 9,000,000.00 | 1,479 | 9,000,000.00 | 2.247 | 2.278 | 471 |
| 06406HBP3 | 17350 | TREAS | MTN | BANK OF NEW YORK | 12/28/2015 | 5,141,965.85 | 4.600 | 01/15/2020 | 5,000,000.00 | 1,479 | 5,000,000.00 | 2.250 | 2.281 | 471 |
| 3135G0A78 | 17299 | TREAS | FAC | FEDERAL NATIONAL | 03/04/2015 | 19,980,739.90 | 1.625 | 01/21/2020 | 20,000,000.00 | 1,784 | 20,000,000.00 | 1.679 | 1.702 | 477 |
| 3135G0A78 | 17307 | TREAS | FAC | FEDERAL NATIONAL | 05/08/2015 | 10,000,333.14 | 1.625 | 01/21/2020 | 10,000,000.00 | 1,719 | 10,000,000.00 | 1.600 | 1.622 | 477 |
| 3135G0A78 | 17308 | TREAS | FAC | FEDERAL NATIONAL | 05/08/2015 | 10,000,602.42 | 1.625 | 01/21/2020 | 10,000,000.00 | 1,719 | 10,000,000.00 | 1.598 | 1.620 | 477 |
| 3135G0A78 | 17312 | TREAS | FAC | FEDERAL NATIONAL | 06/03/2015 | 14,998,093.79 | 1.625 | 01/21/2020 | 15,000,000.00 | 1,693 | 15,000,000.00 | 1.613 | 1.635 | 477 |
| 3135G0A78 | 17329 | TREAS | FAC | FEDERAL NATIONAL | 10/29/2015 | 10,023,067.67 | 1.625 | 01/21/2020 | 10,000,000.00 | 1,545 | 10,000,000.00 | 1.422 | 1.442 | 477 |
| 3135G0A78 | 17332 | TREAS | FAC | FEDERAL NATIONAL | 11/04/2015 | 10,012,702.70 | 1.625 | 01/21/2020 | 10,000,000.00 | 1,539 | 10,000,000.00 | 1.503 | 1.524 | 477 |
| 3135G0A78 | 17335 | TREAS | FAC | FEDERAL NATIONAL | 11/06/2015 | 10,004,504.55 | 1.625 | 01/21/2020 | 10,000,000.00 | 1,537 | 10,000,000.00 | 1.567 | 1.589 | 477 |
| 3135G0A78 | 17341 | TREAS | FAC | FEDERAL NATIONAL | 12/22/2015 | 20,002,738.73 | 1.625 | 01/21/2020 | 20,000,000.00 | 1,491 | 20,000,000.00 | 1.592 | 1.614 | 477 |
| 3135G0A78 | 17342 | TREAS | FAC | FEDERAL NATIONAL | 12/23/2015 | 10,000,864.44 | 1.625 | 01/21/2020 | 10,000,000.00 | 1,490 | 10,000,000.00 | 1.596 | 1.618 | 477 |
| 3135G0A78 | 17344 | TREAS | FAC | FEDERAL NATIONAL | 12/23/2015 | 20,001,229.43 | 1.625 | 01/21/2020 | 20,000,000.00 | 1,490 | 20,000,000.00 | 1.598 | 1.620 | 477 |
| 46625HKA7 | 17295 | TREAS | MTN | JP MORGAN | 03/04/2015 | 9,988,139.62 | 2.250 | 01/23/2020 | 10,000,000.00 | 1,786 | 10,000,000.00 | 2.314 | 2.346 | 479 |
| 06406HCZ0 | 17297 | TREAS | MTN | BANK OF NEW YORK | 03/04/2015 | 3,002,537.48 | 2.150 | 02/24/2020 | 3,000,000.00 | 1,818 | 3,000,000.00 | 2.057 | 2.086 | 511 |
| 14912L6J5 | 17360 | TREAS | MTN | CATERPILLAR | 03/04/2016 | 8,268,406.56 | 2.000 | 03/05/2020 | 8,278,000.00 | 1,462 | 8,278,000.00 | 2.056 | 2.085 | 521 |
| 3137EADR7 | 17303 | TREAS | FAC | FEDERAL HOME | 05/06/2015 | 9,961,036.77 | 1.375 | 05/01/2020 | 10,000,000.00 | 1,822 | 10,000,000.00 | 1.610 | 1.632 | 578 |
| 3137EADR7 | 17309 | TREAS | FAC | FEDERAL HOME | 05/08/2015 | 9,958,812.49 | 1.375 | 05/01/2020 | 10,000,000.00 | 1,820 | 10,000,000.00 | 1.624 | 1.647 | 578 |
| 037833BD1 | 17348 | TREAS | MTN | APPLE INC | 12/28/2015 | 9,998,606.51 | 2.000 | 05/06/2020 | 10,000,000.00 | 1,591 | 10,000,000.00 | 1.981 | 2.009 | 583 |
| 912828ND8 | 17345 | TREAS | TRC | US TREASURY NOTE | 12/23/2015 | 41,161,292.83 | 3.500 | 05/15/2020 | 40,000,000.00 | 1,605 | 40,000,000.00 | 1.614 | 1.637 | 592 |
| 3134G44G0 | 17328 | TREAS | FAC | FEDERAL HOME | 10/29/2015 | 4,998,098.22 | 1.500 | 05/22/2020 | 5,000,000.00 | 1,667 | 5,000,000.00 | 1.503 | 1.524 | 599 |
| 912828XE5 | 17416 | TREAS | TRC | US TREASURY NOTE | 11/15/2016 | 15,022,592.81 | 1.500 | 05/31/2020 | 15,000,000.00 | 1,293 | 15,000,000.00 | 1.388 | 1.407 | 608 |
| 912828XE5 | 17428 | TREAS | TRC | US TREASURY NOTE | 12/13/2016 | 39,944,426.88 | 1.500 | 05/31/2020 | 40,000,000.00 | 1,265 | 40,000,000.00 | 1.564 | 1.586 | 608 |
| 313383HU8 | 17315 | TREAS | FAC | FEDERAL HOME LOAN | 06/12/2015 | 19,999,674.13 | 1.750 | 06/12/2020 | 20,000,000.00 | 1,827 | 20,000,000.00 | 1.727 | 1.751 | 620 |
| 313383HU8 | 17317 | TREAS | FAC | FEDERAL HOME LOAN | 06/26/2015 | 12,599,498.16 | 1.750 | 06/12/2020 | 12,615,000.00 | 1,813 | 12,615,000.00 | 1.801 | 1.826 | 620 |
| 3133EEW55 | 17316 | TREAS | FAC | FEDERAL FARM CREDIT | 06/15/2015 | 9,985,901.88 | 1.800 | 06/15/2020 | 10,000,000.00 | 1,827 | 10,000,000.00 | 1.861 | 1.887 | 623 |
| 3135G0D75 | 17327 | TREAS | FAC | FEDERAL NATIONAL | 10/29/2015 | 19,988,344.65 | 1.500 | 06/22/2020 | 20,000,000.00 | 1,698 | 20,000,000.00 | 1.514 | 1.535 | 630 |

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3135G0D75 | 17331 | TREAS | FAC | FEDERAL NATIONAL | 10/30/2015 | 5,943,171.41 | 1.500 | 06/22/2020 | 5,950,000.00 | 1,697 | 5,950,000.00 | 1.548 | 1.569 | 630 |
| 3135G0D75 | 17333 | TREAS | FAC | FEDERAL NATIONAL | 11/04/2015 | 4,989,556.92 | 1.500 | 06/22/2020 | 5,000,000.00 | 1,692 | 5,000,000.00 | 1.604 | 1.626 | 630 |
| 3135G0D75 | 17334 | TREAS | FAC | FEDERAL NATIONAL | 11/04/2015 | 4,989,482.46 | 1.500 | 06/22/2020 | 5,000,000.00 | 1,692 | 5,000,000.00 | 1.605 | 1.627 | 630 |
| 3135G0D75 | 17336 | TREAS | FAC | FEDERAL NATIONAL | 11/06/2015 | 4,985,220.50 | 1.500 | 06/22/2020 | 5,000,000.00 | 1,690 | 5,000,000.00 | 1.656 | 1.679 | 630 |
| 3135G0D75 | 17338 | TREAS | FAC | FEDERAL NATIONAL | 12/17/2015 | 29,864,293.35 | 1.500 | 06/22/2020 | 30,000,000.00 | 1,649 | 30,000,000.00 | 1.750 | 1.774 | 630 |
| 3135G0D75 | 17339 | TREAS | FAC | FEDERAL NATIONAL | 12/17/2015 | 19,903,261.58 | 1.500 | 06/22/2020 | 20,000,000.00 | 1,649 | 20,000,000.00 | 1.769 | 1.793 | 630 |
| 3135G0D75 | 17340 | TREAS | FAC | FEDERAL NATIONAL | 12/22/2015 | 9,966,588.67 | 1.500 | 06/22/2020 | 10,000,000.00 | 1,644 | 10,000,000.00 | 1.679 | 1.702 | 630 |
| 3135G0D75 | 17343 | TREAS | FAC | FEDERAL NATIONAL | 12/23/2015 | 9,963,944.41 | 1.500 | 06/22/2020 | 10,000,000.00 | 1,643 | 10,000,000.00 | 1.695 | 1.718 | 630 |
| 912828XM7 | 17433 | TREAS | TRC | US TREASURY NOTE | 12/22/2016 | 39,915,867.03 | 1.625 | 07/31/2020 | 40,000,000.00 | 1,317 | 40,000,000.00 | 1.720 | 1.744 | 669 |
| 912828XM7 | 17435 | TREAS | TRC | US TREASURY NOTE | 12/28/2016 | 39,901,129.86 | 1.625 | 07/31/2020 | 40,000,000.00 | 1,311 | 40,000,000.00 | 1.740 | 1.765 | 669 |
| 06406HDD8 | 17347 | TREAS | MTN | BANK OF NEW YORK | 12/28/2015 | 5,015,695.03 | 2.600 | 08/17/2020 | 5,000,000.00 | 1,694 | 5,000,000.00 | 2.389 | 2.422 | 686 |
| 912828L65 | 17436 | TREAS | TRC | US TREASURY NOTE | 12/28/2016 | 29,743,109.97 | 1.375 | 09/30/2020 | 30,000,000.00 | 1,372 | 30,000,000.00 | 1.795 | 1.820 | 730 |
| 13063DDE5 | 17518 | TREAS | MUN | STATE OF CALIFORNIA | 12/11/2017 | 25,120,118.81 | 2.300 | 10/01/2020 | 25,000,000.00 | 1,025 | 25,000,000.00 | 2.023 | 2.051 | 731 |
| 46625HNX4 | 17361 | TREAS | MTN | JP MORGAN | 03/04/2016 | 6,183,594.62 | 2.550 | 10/29/2020 | 6,181,000.00 | 1,700 | 6,181,000.00 | 2.493 | 2.528 | 759 |
| 3135G0RM7 | 17330 | TREAS | FAC | FEDERAL NATIONAL | 10/30/2015 | 10,070,800.08 | 1.630 | 10/30/2020 | 10,060,000.00 | 1,827 | 10,060,000.00 | 1.555 | 1.576 | 760 |
| 166764AY6 | 17346 | TREAS | MTN | CHEVRON CORP | 12/28/2015 | 9,989,592.15 | 2.419 | 11/17/2020 | 10,000,000.00 | 1,786 | 10,000,000.00 | 2.437 | 2.471 | 778 |
| 313381CA1 | 17372 | TREAS | FAC | FEDERAL HOME LOAN | 04/21/2016 | 5,000,624.43 | 1.375 | 12/11/2020 | 5,000,000.00 | 1,695 | 5,000,000.00 | 1.350 | 1.369 | 802 |
| 3135G0H55 | 17374 | TREAS | FAC | FEDERAL NATIONAL | 05/20/2016 | 10,099,020.55 | 1.875 | 12/28/2020 | 10,000,000.00 | 1,683 | 10,000,000.00 | 1.398 | 1.417 | 819 |
| 912828N48 | 17429 | TREAS | TRC | US TREASURY NOTE | 12/16/2016 | 39,853,810.98 | 1.750 | 12/31/2020 | 40,000,000.00 | 1,476 | 40,000,000.00 | 1.893 | 1.919 | 822 |
| 24422ETF6 | 17362 | TREAS | MTN | JOHN DEERE | 03/04/2016 | 5,042,852.68 | 2.550 | 01/08/2021 | 5,000,000.00 | 1,771 | 5,000,000.00 | 2.121 | 2.150 | 830 |
| 3130AAX45 | 17460 | TREAS | FAC | FEDERAL HOME LOAN | 03/28/2017 | 15,035,951.33 | 1.875 | 01/28/2021 | 15,000,000.00 | 1,402 | 15,000,000.00 | 1.744 | 1.768 | 850 |
| 91159HHL7 | 17395 | TREAS | MTN | US BANK NA | 08/22/2016 | 5,074,714.23 | 2.350 | 01/29/2021 | 5,000,000.00 | 1,621 | 5,000,000.00 | 1.658 | 1.681 | 851 |
| 91159HHL7 | 17426 | TREAS | MTN | US BANK NA | 12/13/2016 | 4,646,465.21 | 2.350 | 01/29/2021 | 4,634,000.00 | 1,508 | 4,634,000.00 | 2.198 | 2.228 | 851 |
| 91159HHL7 | 17431 | TREAS | MTN | US BANK NA | 12/22/2016 | 4,993,024.23 | 2.350 | 01/29/2021 | 5,000,000.00 | 1,499 | 5,000,000.00 | 2.380 | 2.413 | 851 |
| 91159HHL7 | 17432 | TREAS | MTN | US BANK NA | 12/22/2016 | 7,512,354.93 | 2.350 | 01/29/2021 | 7,522,000.00 | 1,499 | 7,522,000.00 | 2.375 | 2.408 | 851 |
| 91159HHL7 | 17458 | TREAS | MTN | US BANK NA | 03/22/2017 | 10,005,377.22 | 2.350 | 01/29/2021 | 10,000,000.00 | 1,409 | 10,000,000.00 | 2.293 | 2.325 | 851 |
| 91159HHL7 | 17482 | TREAS | MTN | US BANK NA | 06/27/2017 | 4,834,242.93 | 2.350 | 01/29/2021 | 4,803,000.00 | 1,312 | 4,803,000.00 | 2.030 | 2.058 | 851 |
| 313376XN0 | 17364 | TREAS | FAC | FEDERAL HOME LOAN | 03/03/2016 | 830,095.29 | 2.100 | 02/08/2021 | 820,000.00 | 1,803 | 820,000.00 | 1.533 | 1.554 | 861 |
| 3133EFYZ4 | 17359 | TREAS | FAC | FEDERAL FARM CREDIT | 02/29/2016 | 17,775,341.91 | 1.375 | 02/10/2021 | 17,800,000.00 | 1,808 | 17,800,000.00 | 1.416 | 1.436 | 863 |
| 3130A7CV5 | 17363 | TREAS | FAC | FEDERAL HOME LOAN | 03/03/2016 | 4,982,747.17 | 1.375 | 02/18/2021 | 5,000,000.00 | 1,813 | 5,000,000.00 | 1.505 | 1.526 | 871 |
| 3130A7CV5 | 17371 | TREAS | FAC | FEDERAL HOME LOAN | 04/21/2016 | 9,993,536.73 | 1.375 | 02/18/2021 | 10,000,000.00 | 1,764 | 10,000,000.00 | 1.384 | 1.403 | 871 |
| 3130A7CV5 | 17376 | TREAS | FAC | FEDERAL HOME LOAN | 05/20/2016 | 4,989,438.03 | 1.375 | 02/18/2021 | 5,000,000.00 | 1,735 | 5,000,000.00 | 1.447 | 1.467 | 871 |
| 3130A7CV5 | 17379 | TREAS | FAC | FEDERAL HOME LOAN | 05/25/2016 | 9,973,399.28 | 1.375 | 02/18/2021 | 10,000,000.00 | 1,730 | 10,000,000.00 | 1.471 | 1.491 | 871 |
| 3130A7CV5 | 17388 | TREAS | FAC | FEDERAL HOME LOAN | 08/08/2016 | 10,046,456.76 | 1.375 | 02/18/2021 | 10,000,000.00 | 1,655 | 10,000,000.00 | 1.158 | 1.174 | 871 |
| 3130A7CV5 | 17457 | TREAS | FAC | FEDERAL HOME LOAN | 03/20/2017 | 19,776,400.91 | 1.375 | 02/18/2021 | 20,000,000.00 | 1,431 | 20,000,000.00 | 1.838 | 1.864 | 871 |
| 037833BS8 | 17443 | TREAS | MTN | APPLE INC | 01/19/2017 | 10,000,000.00 | 2.250 | 02/23/2021 | 10,000,000.00 | 1,496 | 10,000,000.00 | 2.219 | 2.250 | 876 |
| 06406FAB9 | 17490 | TREAS | MTN | BANK OF NEW YORK | 07/18/2017 | 7,455,345.93 | 2.050 | 05/03/2021 | 7,500,000.00 | 1,385 | 7,500,000.00 | 2.260 | 2.291 | 945 |
| 3135G0K69 | 17380 | TREAS | FAC | FEDERAL NATIONAL | 05/25/2016 | 9,931,946.07 | 1.250 | 05/06/2021 | 10,000,000.00 | 1,807 | 10,000,000.00 | 1.502 | 1.523 | 948 |
| 3135G0K69 | 17402 | TREAS | FAC | FEDERAL NATIONAL | 09/28/2016 | 25,009,400.61 | 1.250 | 05/06/2021 | 25,000,000.00 | 1,681 | 25,000,000.00 | 1.218 | 1.235 | 948 |
| 3135G0K69 | 17412 | TREAS | FAC | FEDERAL NATIONAL | 11/02/2016 | 9,967,367.12 | 1.250 | 05/06/2021 | 10,000,000.00 | 1,646 | 10,000,000.00 | 1.361 | 1.380 | 948 |

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3135G0K69 | 17413 | TREAS | FAC | FEDERAL NATIONAL | 11/14/2016 | 7,944,735.24 | 1.250 | 05/06/2021 | 8,000,000.00 | 1,634 | 8,000,000.00 | 1.505 | 1.526 | 948 |
| 3135G0K69 | 17421 | TREAS | FAC | FEDERAL NATIONAL | 12/02/2016 | 24,590,284.20 | 1.250 | 05/06/2021 | 25,000,000.00 | 1,616 | 25,000,000.00 | 1.885 | 1.911 | 948 |
| 166764BG4 | 17471 | TREAS | MTN | CHEVRON CORP | 04/25/2017 | 19,993,919.92 | 2.100 | 05/16/2021 | 20,000,000.00 | 1,482 | 20,000,000.00 | 2.083 | 2.112 | 958 |
| 912828WN6 | 17434 | TREAS | TRC | US TREASURY NOTE | 12/28/2016 | 40,004,706.85 | 2.000 | 05/31/2021 | 40,000,000.00 | 1,615 | 40,000,000.00 | 1.968 | 1.995 | 973 |
| 3130A1W95 | 17386 | TREAS | FAC | FEDERAL HOME LOAN | 07/15/2016 | 30,781,580.52 | 2.250 | 06/11/2021 | 30,000,000.00 | 1,792 | 30,000,000.00 | 1.233 | 1.250 | 984 |
| 313379RB7 | 17392 | TREAS | FAC | FEDERAL HOME LOAN | 08/17/2016 | 10,147,819.27 | 1.875 | 06/11/2021 | 10,000,000.00 | 1,759 | 10,000,000.00 | 1.289 | 1.307 | 984 |
| 3130A1W95 | 17420 | TREAS | FAC | FEDERAL HOME LOAN | 11/29/2016 | 18,665,296.48 | 2.250 | 06/11/2021 | 18,470,000.00 | 1,655 | 18,470,000.00 | 1.814 | 1.839 | 984 |
| 313379RB7 | 17466 | TREAS | FAC | FEDERAL HOME LOAN | 04/11/2017 | 15,011,155.00 | 1.875 | 06/11/2021 | 15,000,000.00 | 1,522 | 15,000,000.00 | 1.821 | 1.846 | 984 |
| 3130AB3M6 | 17465 | TREAS | FAC | FEDERAL HOME LOAN | 04/10/2017 | 5,002,927.96 | 1.875 | 06/30/2021 | 5,000,000.00 | 1,542 | 5,000,000.00 | 1.828 | 1.853 | 1,003 |
| 3130A8QS5 | 17389 | TREAS | FAC | FEDERAL HOME LOAN | 08/08/2016 | 14,951,883.11 | 1.125 | 07/14/2021 | 15,000,000.00 | 1,801 | 15,000,000.00 | 1.227 | 1.244 | 1,017 |
| 3130A8QS5 | 17399 | TREAS | FAC | FEDERAL HOME LOAN | 08/29/2016 | 3,934,385.86 | 1.125 | 07/14/2021 | 3,955,000.00 | 1,780 | 3,955,000.00 | 1.301 | 1.319 | 1,017 |
| 3130A8QS5 | 17400 | TREAS | FAC | FEDERAL HOME LOAN | 09/13/2016 | 14,916,850.67 | 1.125 | 07/14/2021 | 15,000,000.00 | 1,765 | 15,000,000.00 | 1.313 | 1.331 | 1,017 |
| 3130A8QS5 | 17403 | TREAS | FAC | FEDERAL HOME LOAN | 09/28/2016 | 9,968,962.32 | 1.125 | 07/14/2021 | 10,000,000.00 | 1,750 | 10,000,000.00 | 1.223 | 1.240 | 1,017 |
| 3130A8QS5 | 17408 | TREAS | FAC | FEDERAL HOME LOAN | 10/13/2016 | 9,920,680.34 | 1.125 | 07/14/2021 | 10,000,000.00 | 1,735 | 10,000,000.00 | 1.401 | 1.420 | 1,017 |
| 3130A8QS5 | 17414 | TREAS | FAC | FEDERAL HOME LOAN | 11/14/2016 | 9,891,467.04 | 1.125 | 07/14/2021 | 10,000,000.00 | 1,703 | 10,000,000.00 | 1.509 | 1.530 | 1,017 |
| 3130A8QS5 | 17464 | TREAS | FAC | FEDERAL HOME LOAN | 04/06/2017 | 19,635,771.05 | 1.125 | 07/14/2021 | 20,000,000.00 | 1,560 | 20,000,000.00 | 1.782 | 1.807 | 1,017 |
| 949746SA0 | 17445 | TREAS | MTN | WELLS FARGO | 01/25/2017 | 9,809,836.21 | 2.100 | 07/26/2021 | 10,000,000.00 | 1,643 | 10,000,000.00 | 2.784 | 2.823 | 1,029 |
| 3134G9M79 | 17463 | TREAS | FAC | FEDERAL HOME | 04/06/2017 | 4,409,137.60 | 1.875 | 07/26/2021 | 4,410,000.00 | 1,572 | 4,410,000.00 | 1.856 | 1.882 | 1,029 |
| 949746SA0 | 17467 | TREAS | MTN | WELLS FARGO | 04/17/2017 | 4,950,931.77 | 2.100 | 07/26/2021 | 5,000,000.00 | 1,561 | 5,000,000.00 | 2.435 | 2.469 | 1,029 |
| 949746SA0 | 17477 | TREAS | MTN | WELLS FARGO | 05/15/2017 | 13,099,739.55 | 2.100 | 07/26/2021 | 13,232,000.00 | 1,533 | 13,232,000.00 | 2.441 | 2.475 | 1,029 |
| 949746SA0 | 17491 | TREAS | MTN | WELLS FARGO | 07/18/2017 | 12,168,908.14 | 2.100 | 07/26/2021 | 12,275,000.00 | 1,469 | 12,275,000.00 | 2.390 | 2.424 | 1,029 |
| 3134G9N86 | 17476 | TREAS | FAC | FEDERAL HOME | 05/11/2017 | 6,165,864.96 | 1.875 | 07/27/2021 | 6,170,000.00 | 1,538 | 6,170,000.00 | 1.874 | 1.900 | 1,030 |
| 3133752P1 | 17405 | TREAS | FAC | FEDERAL HOME LOAN | 10/05/2016 | 6,035,707.52 | 3.500 | 07/29/2021 | 5,700,000.00 | 1,758 | 5,700,000.00 | 1.324 | 1.342 | 1,032 |
| 037833CC2 | 17425 | TREAS | MTN | APPLE INC | 12/13/2016 | 4,909,209.52 | 1.550 | 08/04/2021 | 5,000,000.00 | 1,695 | 5,000,000.00 | 2.195 | 2.226 | 1,038 |
| 594918BP8 | 17394 | TREAS | MTN | MICROSOFT | 08/22/2016 | 14,994,220.97 | 1.550 | 08/08/2021 | 15,000,000.00 | 1,812 | 15,000,000.00 | 1.543 | 1.564 | 1,042 |
| 594918BP8 | 17424 | TREAS | MTN | MICROSOFT | 12/13/2016 | 4,914,161.19 | 1.550 | 08/08/2021 | 5,000,000.00 | 1,699 | 5,000,000.00 | 2.156 | 2.186 | 1,042 |
| 14912L6U0 | 17401 | TREAS | MTN | CATERPILLAR | 09/16/2016 | 15,196,438.33 | 1.700 | 08/09/2021 | 15,294,000.00 | 1,788 | 15,294,000.00 | 1.909 | 1.935 | 1,043 |
| 3137EAEC9 | 17393 | TREAS | FAC | FEDERAL HOME | 08/17/2016 | 9,945,434.54 | 1.125 | 08/12/2021 | 10,000,000.00 | 1,821 | 10,000,000.00 | 1.304 | 1.322 | 1,046 |
| 3135G0N82 | 17396 | TREAS | FAC | FEDERAL NATIONAL | 08/29/2016 | 9,987,890.16 | 1.250 | 08/17/2021 | 10,000,000.00 | 1,814 | 10,000,000.00 | 1.276 | 1.294 | 1,051 |
| 3135G0N82 | 17397 | TREAS | FAC | FEDERAL NATIONAL | 08/29/2016 | 9,975,722.37 | 1.250 | 08/17/2021 | 10,000,000.00 | 1,814 | 10,000,000.00 | 1.319 | 1.337 | 1,051 |
| 3135G0N82 | 17398 | TREAS | FAC | FEDERAL NATIONAL | 08/29/2016 | 9,970,102.01 | 1.250 | 08/17/2021 | 10,000,000.00 | 1,814 | 10,000,000.00 | 1.339 | 1.358 | 1,051 |
| 3135G0Q89 | 17406 | TREAS | FAC | FEDERAL NATIONAL | 10/07/2016 | 19,980,210.67 | 1.375 | 10/07/2021 | 20,000,000.00 | 1,826 | 20,000,000.00 | 1.390 | 1.409 | 1,102 |
| 3135G0Q89 | 17407 | TREAS | FAC | FEDERAL NATIONAL | 10/13/2016 | 9,964,284.28 | 1.375 | 10/07/2021 | 10,000,000.00 | 1,820 | 10,000,000.00 | 1.478 | 1.498 | 1,102 |
| 3135G0Q89 | 17409 | TREAS | FAC | FEDERAL NATIONAL | 10/27/2016 | 4,988,834.94 | 1.375 | 10/07/2021 | 5,000,000.00 | 1,806 | 5,000,000.00 | 1.432 | 1.452 | 1,102 |
| 3133EGYQ2 | 17410 | TREAS | FAC | FEDERAL FARM CREDIT | 10/27/2016 | 9,983,351.17 | 1.400 | 10/14/2021 | 10,000,000.00 | 1,813 | 10,000,000.00 | 1.437 | 1.457 | 1,109 |
| 24422ERH4 | 17427 | TREAS | MTN | JOHN DEERE | 12/13/2016 | 8,887,393.15 | 3.150 | 10/15/2021 | 8,707,000.00 | 1,767 | 8,707,000.00 | 2.390 | 2.423 | 1,110 |
| 36962G5J9 | 17511 | TREAS | MTN | G.E. CAPITAL | 11/16/2017 | 10,638,491.85 | 4.650 | 10/17/2021 | 10,000,000.00 | 1,431 | 10,000,000.00 | 2.404 | 2.438 | 1,112 |
| 3133EGZJ7 | 17411 | TREAS | FAC | FEDERAL FARM CREDIT | 10/27/2016 | 9,975,826.21 | 1.375 | 10/25/2021 | 10,000,000.00 | 1,824 | 10,000,000.00 | 1.437 | 1.457 | 1,120 |
| 3135G0S38 | 17440 | TREAS | FAC | FEDERAL NATIONAL | 01/09/2017 | 19,970,388.53 | 2.000 | 01/05/2022 | 20,000,000.00 | 1,822 | 20,000,000.00 | 2.020 | 2.048 | 1,192 |
| 3135G0S38 | 17441 | TREAS | FAC | FEDERAL NATIONAL | 01/09/2017 | 9,984,582.43 | 2.000 | 01/05/2022 | 10,000,000.00 | 1,822 | 10,000,000.00 | 2.022 | 2.050 | 1,192 |

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3135G0S38 | 17459 | TREAS | FAC | FEDERAL NATIONAL | 03/28/2017 | 10,004,581.13 | 2.000 | 01/05/2022 | 10,000,000.00 | 1,744 | 10,000,000.00 | 1.958 | 1.985 | 1,192 |
| 3135G0S38 | 17480 | TREAS | FAC | FEDERAL NATIONAL | 06/02/2017 | 5,026,135.21 | 2.000 | 01/05/2022 | 5,000,000.00 | 1,678 | 5,000,000.00 | 1.807 | 1.832 | 1,192 |
| 3135G0S38 | 17481 | TREAS | FAC | FEDERAL NATIONAL | 06/12/2017 | 5,025,991.06 | 2.000 | 01/05/2022 | 5,000,000.00 | 1,668 | 5,000,000.00 | 1.808 | 1.833 | 1,192 |
| 91159HHP8 | 17483 | TREAS | MTN | US BANK NA | 06/27/2017 | 20,223,243.84 | 2.625 | 01/24/2022 | 20,000,000.00 | 1,672 | 20,000,000.00 | 2.237 | 2.268 | 1,211 |
| 3133EG5D3 | 17447 | TREAS | FAC | FEDERAL FARM CREDIT | 01/27/2017 | 50,000,000.00 | 2.030 | 01/27/2022 | 50,000,000.00 | 1,826 | 50,000,000.00 | 2.002 | 2.030 | 1,214 |
| 3136G2CS4 | 17461 | TREAS | FAC | FEDERAL NATIONAL | 03/28/2017 | 5,002,326.73 | 2.000 | 01/27/2022 | 5,000,000.00 | 1,766 | 5,000,000.00 | 1.958 | 1.985 | 1,214 |
| 084670BF4 | 17520 | TREAS | MTN | BERKSHIRE HATHAWAY | 12/14/2017 | 15,494,405.96 | 3.400 | 01/31/2022 | 15,000,000.00 | 1,509 | 15,000,000.00 | 2.323 | 2.355 | 1,218 |
| 594918BW3 | 17449 | TREAS | MTN | MICROSOFT | 02/21/2017 | 6,721,177.45 | 2.400 | 02/06/2022 | 6,725,000.00 | 1,811 | 6,725,000.00 | 2.385 | 2.418 | 1,224 |
| 594918BW3 | 17525 | TREAS | MTN | MICROSOFT | 12/21/2017 | 17,375,000.00 | 2.400 | 02/06/2022 | 17,375,000.00 | 1,508 | 17,375,000.00 | 2.367 | 2.400 | 1,224 |
| 06406RAA5 | 17469 | TREAS | MTN | BANK OF NEW YORK | 04/18/2017 | 10,055,570.86 | 2.600 | 02/07/2022 | 10,000,000.00 | 1,756 | 10,000,000.00 | 2.390 | 2.423 | 1,225 |
| 037833CM0 | 17448 | TREAS | MTN | APPLE INC | 02/21/2017 | 14,975,069.80 | 2.500 | 02/09/2022 | 15,000,000.00 | 1,814 | 15,000,000.00 | 2.518 | 2.553 | 1,227 |
| 037833AY6 | 17470 | TREAS | MTN | APPLE INC | 04/18/2017 | 9,985,646.85 | 2.150 | 02/09/2022 | 10,000,000.00 | 1,758 | 10,000,000.00 | 2.165 | 2.195 | 1,227 |
| 594918BA1 | 17450 | TREAS | MTN | MICROSOFT | 02/21/2017 | 6,441,242.66 | 2.375 | 02/12/2022 | 6,450,000.00 | 1,817 | 6,450,000.00 | 2.385 | 2.418 | 1,230 |
| 13063DAD0 | 17472 | TREAS | MUN | STATE OF CALIFORNIA | 04/27/2017 | 5,000,000.00 | 2.367 | 04/01/2022 | 5,000,000.00 | 1,800 | 5,000,000.00 | 2.335 | 2.367 | 1,278 |
| 13063DAD0 | 17473 | TREAS | MUN | STATE OF CALIFORNIA | 04/27/2017 | 10,540,719.17 | 2.367 | 04/01/2022 | 10,500,000.00 | 1,800 | 10,500,000.00 | 2.219 | 2.249 | 1,278 |
| 13063DAD0 | 17474 | TREAS | MUN | STATE OF CALIFORNIA | 05/03/2017 | 8,021,266.06 | 2.367 | 04/01/2022 | 8,000,000.00 | 1,794 | 8,000,000.00 | 2.255 | 2.286 | 1,278 |
| 037833CQ1 | 17475 | TREAS | MTN | APPLE INC | 05/11/2017 | 19,965,333.33 | 2.300 | 05/11/2022 | 20,000,000.00 | 1,826 | 20,000,000.00 | 2.319 | 2.351 | 1,318 |
| 3133EHJT1 | 17479 | TREAS | FAC | FEDERAL FARM CREDIT | 05/18/2017 | 4,995,861.17 | 2.000 | 05/18/2022 | 5,000,000.00 | 1,826 | 5,000,000.00 | 1.996 | 2.024 | 1,325 |
| 3130ACUZ5 | 17513 | TREAS | FAC | FEDERAL HOME LOAN | 11/24/2017 | 22,982,477.12 | 2.060 | 05/24/2022 | 23,000,000.00 | 1,642 | 23,000,000.00 | 2.053 | 2.082 | 1,331 |
| 3130ACXH2 | 17567 | TREAS | FAC | FEDERAL HOME LOAN | 12/04/2017 | 24,931,424.86 | 2.020 | 05/25/2022 | 25,000,000.00 | 1,633 | 25,000,000.00 | 2.070 | 2.099 | 1,332 |
| 912828XR6 | 17497 | TREAS | TRC | US TREASURY NOTE | 09/27/2017 | 19,936,313.71 | 1.750 | 05/31/2022 | 20,000,000.00 | 1,707 | 20,000,000.00 | 1.816 | 1.841 | 1,338 |
| 313379Q69 | 17485 | TREAS | FAC | FEDERAL HOME LOAN | 06/28/2017 | 5,040,832.07 | 2.125 | 06/10/2022 | 5,000,000.00 | 1,808 | 5,000,000.00 | 1.866 | 1.892 | 1,348 |
| 313379Q69 | 17486 | TREAS | FAC | FEDERAL HOME LOAN | 06/28/2017 | 5,040,869.36 | 2.125 | 06/10/2022 | 5,000,000.00 | 1,808 | 5,000,000.00 | 1.866 | 1.892 | 1,348 |
| 313379Q69 | 17487 | TREAS | FAC | FEDERAL HOME LOAN | 06/28/2017 | 3,851,751.24 | 2.125 | 06/10/2022 | 3,820,000.00 | 1,808 | 3,820,000.00 | 1.862 | 1.888 | 1,348 |
| 313379Q69 | 17488 | TREAS | FAC | FEDERAL HOME LOAN | 07/07/2017 | 13,527,450.80 | 2.125 | 06/10/2022 | 13,470,000.00 | 1,799 | 13,470,000.00 | 1.976 | 2.003 | 1,348 |
| 313379Q69 | 17498 | TREAS | FAC | FEDERAL HOME LOAN | 09/27/2017 | 20,172,228.35 | 2.125 | 06/10/2022 | 20,000,000.00 | 1,717 | 20,000,000.00 | 1.854 | 1.880 | 1,348 |
| 313379Q69 | 17516 | TREAS | FAC | FEDERAL HOME LOAN | 12/01/2017 | 1,999,435.44 | 2.125 | 06/10/2022 | 2,000,000.00 | 1,652 | 2,000,000.00 | 2.104 | 2.133 | 1,348 |
| 313379Q69 | 17527 | TREAS | FAC | FEDERAL HOME LOAN | 12/20/2017 | 1,893,174.39 | 2.125 | 06/10/2022 | 1,900,000.00 | 1,633 | 1,900,000.00 | 2.197 | 2.228 | 1,348 |
| 3130A5P45 | 17528 | TREAS | FAC | FEDERAL HOME LOAN | 12/20/2017 | 1,934,904.38 | 2.375 | 06/10/2022 | 1,925,000.00 | 1,633 | 1,925,000.00 | 2.197 | 2.228 | 1,348 |
| 3133EEY20 | 17495 | TREAS | FAC | FEDERAL FARM CREDIT | 09/21/2017 | 10,166,647.60 | 2.400 | 06/17/2022 | 10,000,000.00 | 1,730 | 10,000,000.00 | 1.901 | 1.928 | 1,355 |
| 3130ACM27 | 17502 | TREAS | FAC | FEDERAL HOME LOAN | 10/12/2017 | 14,987,824.46 | 1.950 | 07/11/2022 | 15,000,000.00 | 1,733 | 15,000,000.00 | 1.946 | 1.973 | 1,379 |
| 3130ACM27 | 17509 | TREAS | FAC | FEDERAL HOME LOAN | 10/19/2017 | 4,446,278.46 | 1.950 | 07/11/2022 | 4,455,000.00 | 1,726 | 4,455,000.00 | 1.977 | 2.005 | 1,379 |
| 91159JAA4 | 17529 | TREAS | MTN | US BANK NA | 12/21/2017 | 10,124,020.25 | 2.950 | 07/15/2022 | 10,004,000.00 | 1,667 | 10,004,000.00 | 2.570 | 2.606 | 1,383 |
| 3130ACKC7 | 17500 | TREAS | FAC | FEDERAL HOME LOAN | 10/18/2017 | 50,000,000.00 | 1.950 | 07/18/2022 | 50,000,000.00 | 1,734 | 50,000,000.00 | 1.924 | 1.950 | 1,386 |
| 95000U2B8 | 17508 | TREAS | MTN | WELLS FARGO | 10/20/2017 | 4,998,158.12 | 2.625 | 07/22/2022 | 5,000,000.00 | 1,736 | 5,000,000.00 | 2.599 | 2.635 | 1,390 |
| 3130ACYP3 | 17515 | TREAS | FAC | FEDERAL HOME LOAN | 12/05/2017 | 19,985,054.93 | 2.100 | 07/27/2022 | 20,000,000.00 | 1,695 | 20,000,000.00 | 2.092 | 2.121 | 1,395 |
| 3130ACUV4 | 17512 | TREAS | FAC | FEDERAL HOME LOAN | 11/30/2017 | 50,000,000.00 | 2.070 | 07/29/2022 | 50,000,000.00 | 1,702 | 50,000,000.00 | 2.042 | 2.070 | 1,397 |
| 3130ACUV4 | 17517 | TREAS | FAC | FEDERAL HOME LOAN | 12/06/2017 | 8,859,626.57 | 2.070 | 07/29/2022 | 8,890,000.00 | 1,696 | 8,890,000.00 | 2.135 | 2.165 | 1,397 |
| 3130AC5A8 | 17494 | TREAS | FAC | FEDERAL HOME LOAN | 09/19/2017 | 9,982,839.43 | 1.850 | 08/15/2022 | 10,000,000.00 | 1,791 | 10,000,000.00 | 1.870 | 1.896 | 1,414 |
| 3130AC5A8 | 17496 | TREAS | FAC | FEDERAL HOME LOAN | 09/27/2017 | 9,254,068.49 | 1.850 | 08/15/2022 | 9,280,000.00 | 1,783 | 9,280,000.00 | 1.899 | 1.926 | 1,414 |

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3133EHVS9 | 17499 | TREAS | FAC | FEDERAL FARM CREDIT | 09/28/2017 | 5,473,131.64 | 1.840 | 08/23/2022 | 5,500,000.00 | 1,790 | 5,500,000.00 | 1.945 | 1.972 | 1,422 |
| 912828L24 | 17510 | TREAS | TRC | US TREASURY NOTE | 10/23/2017 | 19,897,921.95 | 1.875 | 08/31/2022 | 20,000,000.00 | 1,773 | 20,000,000.00 | 1.985 | 2.012 | 1,430 |
| 13063DDF2 | 17504 | TREAS | MUN | STATE OF CALIFORNIA | 10/26/2017 | 10,113,009.58 | 2.500 | 10/01/2022 | 10,000,000.00 | 1,801 | 10,000,000.00 | 2.170 | 2.200 | 1,461 |
| 13063DDF2 | 17505 | TREAS | MUN | STATE OF CALIFORNIA | 10/26/2017 | 10,113,009.58 | 2.500 | 10/01/2022 | 10,000,000.00 | 1,801 | 10,000,000.00 | 2.170 | 2.200 | 1,461 |
| 13063DDF2 | 17519 | TREAS | MUN | STATE OF CALIFORNIA | 12/14/2017 | 20,052,030.11 | 2.500 | 10/01/2022 | 20,000,000.00 | 1,752 | 20,000,000.00 | 2.397 | 2.430 | 1,461 |
| 13063DDF2 | 17532 | TREAS | MUN | STATE OF CALIFORNIA | 01/16/2018 | 4,986,024.78 | 2.500 | 10/01/2022 | 5,000,000.00 | 1,719 | 5,000,000.00 | 2.539 | 2.574 | 1,461 |
| 3135G0T78 | 17501 | TREAS | FAC | FEDERAL NATIONAL | 10/10/2017 | 19,982,430.66 | 2.000 | 10/05/2022 | 20,000,000.00 | 1,821 | 20,000,000.00 | 1.995 | 2.023 | 1,465 |
| 3135G0T78 | 17503 | TREAS | FAC | FEDERAL NATIONAL | 10/12/2017 | 14,985,141.22 | 2.000 | 10/05/2022 | 15,000,000.00 | 1,819 | 15,000,000.00 | 1.998 | 2.026 | 1,465 |
| 3135G0T78 | 17531 | TREAS | FAC | FEDERAL NATIONAL | 01/11/2018 | 4,928,452.51 | 2.000 | 10/05/2022 | 5,000,000.00 | 1,728 | 5,000,000.00 | 2.346 | 2.379 | 1,465 |
| 89233P7F7 | 17538 | TREAS | MTN | TOYOTA MOTOR CREDIT | 03/01/2018 | 4,915,359.40 | 2.625 | 01/10/2023 | 5,000,000.00 | 1,776 | 5,000,000.00 | 3.012 | 3.054 | 1,562 |
| 89236TEL5 | 17539 | TREAS | MTN | TOYOTA MOTOR CREDIT | 03/01/2018 | 4,930,110.40 | 2.700 | 01/11/2023 | 5,000,000.00 | 1,777 | 5,000,000.00 | 3.012 | 3.054 | 1,563 |
| 89236TEL5 | 17542 | TREAS | MTN | TOYOTA MOTOR CREDIT | 04/02/2018 | 19,657,240.26 | 2.700 | 01/11/2023 | 20,000,000.00 | 1,745 | 20,000,000.00 | 3.091 | 3.134 | 1,563 |
| 037833DE7 | 17541 | TREAS | MTN | APPLE INC | 03/01/2018 | 2,434,658.63 | 2.400 | 01/13/2023 | 2,500,000.00 | 1,779 | 2,500,000.00 | 3.018 | 3.060 | 1,565 |
| 3133EH7F4 | 17557 | TREAS | FAC | FEDERAL FARM CREDIT | 04/19/2018 | 19,513,752.77 | 2.350 | 01/17/2023 | 19,869,000.00 | 1,734 | 19,869,000.00 | 2.759 | 2.797 | 1,569 |
| 3135G0T94 | 17533 | TREAS | FAC | FEDERAL NATIONAL | 01/23/2018 | 49,742,933.74 | 2.375 | 01/19/2023 | 50,000,000.00 | 1,822 | 50,000,000.00 | 2.469 | 2.503 | 1,571 |
| 90331HNL3 | 17534 | TREAS | MTN | US BANK NA | 01/24/2018 | 9,984,040.02 | 2.850 | 01/23/2023 | 10,000,000.00 | 1,825 | 10,000,000.00 | 2.850 | 2.890 | 1,575 |
| 90331HNL3 | 17537 | TREAS | MTN | US BANK NA | 03/01/2018 | 4,943,645.31 | 2.850 | 01/23/2023 | 5,000,000.00 | 1,789 | 5,000,000.00 | 3.091 | 3.134 | 1,575 |
| 90331HNL3 | 17556 | TREAS | MTN | US BANK NA | 04/20/2018 | 9,874,979.29 | 2.850 | 01/23/2023 | 10,000,000.00 | 1,739 | 10,000,000.00 | 3.121 | 3.164 | 1,575 |
| 46625HJH4 | 17559 | TREAS | MTN | JP MORGAN | 04/26/2018 | 9,860,240.02 | 3.200 | 01/25/2023 | 10,000,000.00 | 1,735 | 10,000,000.00 | 3.505 | 3.554 | 1,577 |
| 3133EJBP3 | 17535 | TREAS | FAC | FEDERAL FARM CREDIT | 02/07/2018 | 9,962,544.70 | 2.500 | 02/02/2023 | 10,000,000.00 | 1,821 | 10,000,000.00 | 2.557 | 2.593 | 1,585 |
| 3133EJBP3 | 17536 | TREAS | FAC | FEDERAL FARM CREDIT | 02/28/2018 | 50,639,220.46 | 2.500 | 02/02/2023 | 51,180,000.00 | 1,800 | 51,180,000.00 | 2.724 | 2.762 | 1,585 |
| 037833BU3 | 17540 | TREAS | MTN | APPLE INC | 03/01/2018 | 9,913,484.38 | 2.850 | 02/23/2023 | 10,000,000.00 | 1,820 | 10,000,000.00 | 3.022 | 3.064 | 1,606 |
| 594918AT1 | 17580 | TREAS | MTN | MICROSOFT | 06/22/2018 | 9,701,362.81 | 2.375 | 05/01/2023 | 10,000,000.00 | 1,774 | 10,000,000.00 | 3.119 | 3.162 | 1,673 |
| 037833AK6 | 17563 | TREAS | MTN | APPLE INC | 05/03/2018 | 4,815,343.11 | 2.400 | 05/03/2023 | 5,000,000.00 | 1,826 | 5,000,000.00 | 3.234 | 3.279 | 1,675 |
| 037833AK6 | 17564 | TREAS | MTN | APPLE INC | 05/03/2018 | 4,815,159.56 | 2.400 | 05/03/2023 | 5,000,000.00 | 1,826 | 5,000,000.00 | 3.235 | 3.280 | 1,675 |
| 037833AK6 | 17581 | TREAS | MTN | APPLE INC | 06/22/2018 | 9,676,038.46 | 2.400 | 05/03/2023 | 10,000,000.00 | 1,776 | 10,000,000.00 | 3.202 | 3.246 | 1,675 |
| 166764BK5 | 17571 | TREAS | MTN | CHEVRON CORP | 06/08/2018 | 9,699,471.58 | 2.566 | 05/16/2023 | 10,000,000.00 | 1,803 | 10,000,000.00 | 3.267 | 3.313 | 1,688 |
| 166764BK5 | 17579 | TREAS | MTN | CHEVRON CORP | 06/22/2018 | 4,865,032.93 | 2.566 | 05/16/2023 | 5,000,000.00 | 1,789 | 5,000,000.00 | 3.217 | 3.262 | 1,688 |
| 166764BK5 | 17585 | TREAS | MTN | CHEVRON CORP | 07/25/2018 | 6,127,074.95 | 2.566 | 05/16/2023 | 6,288,000.00 | 1,756 | 6,288,000.00 | 3.239 | 3.284 | 1,688 |
| 3130AEEW6 | 17572 | TREAS | FAC | FEDERAL HOME LOAN | 06/07/2018 | 21,033,933.52 | 2.760 | 05/30/2023 | 21,150,000.00 | 1,818 | 21,150,000.00 | 2.853 | 2.893 | 1,702 |
| 3130AEAP5 | 17576 | TREAS | FAC | FEDERAL HOME LOAN | 05/30/2018 | 49,976,260.81 | 2.875 | 05/30/2023 | 50,000,000.00 | 1,826 | 50,000,000.00 | 2.846 | 2.886 | 1,702 |
| 46632FPH2 | 17590 | TREAS | MTN | JP MORGAN | 08/14/2018 | 30,000,000.00 | 3.450 | 07/14/2023 | 30,000,000.00 | 1,795 | 30,000,000.00 | 3.403 | 3.450 | 1,747 |
| 3133EJUS6 | 17584 | TREAS | FAC | FEDERAL FARM CREDIT | 07/17/2018 | 19,997,506.89 | 2.875 | 07/17/2023 | 20,000,000.00 | 1,826 | 20,000,000.00 | 2.838 | 2.878 | 1,750 |
| 3133EJUS6 | 17589 | TREAS | FAC | FEDERAL FARM CREDIT | 07/25/2018 | 29,926,413.43 | 2.875 | 07/17/2023 | 30,000,000.00 | 1,818 | 30,000,000.00 | 2.904 | 2.945 | 1,750 |
| 3133EJUS6 | 17593 | TREAS | FAC | FEDERAL FARM CREDIT | 09/19/2018 | 9,981,010.16 | 2.875 | 07/17/2023 | 10,000,000.00 | 1,762 | 10,000,000.00 | 2.988 | 3.029 | 1,750 |
| 90331HNV1 | 17586 | TREAS | MTN | US BANK NA | 07/25/2018 | 9,988,614.03 | 3.400 | 07/24/2023 | 10,000,000.00 | 1,825 | 10,000,000.00 | 3.381 | 3.428 | 1,757 |
| 90331HNV1 | 17587 | TREAS | MTN | US BANK NA | 07/25/2018 | 1,497,244.51 | 3.400 | 07/24/2023 | 1,500,000.00 | 1,825 | 1,500,000.00 | 3.397 | 3.444 | 1,757 |
| 90331HNV1 | 17588 | TREAS | MTN | US BANK NA | 07/25/2018 | 1,248,191.43 | 3.400 | 07/24/2023 | 1,250,000.00 | 1,825 | 1,250,000.00 | 3.388 | 3.435 | 1,757 |
| 94988J5R4 | 17591 | TREAS | MTN | WELLS FARGO | 08/14/2018 | 9,984,125.61 | 3.550 | 08/14/2023 | 10,000,000.00 | 1,826 | 10,000,000.00 | 3.537 | 3.586 | 1,778 |
| | | | | | **Subtotal and Average** | **3,031,703,699.39** | | | **3,033,719,000.00** | | **3,033,719,000.00** | **1.980** | **2.007** | **931** |

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | **Net Maturities and Average** | **3,031,703,699.39** | | | **3,033,719,000.00** | | **3,033,719,000.00** | **1.980** | **2.007** | **931** |

FTN FINANCIAL
MAIN STREET ADVISORS
A Subsidiary of First Tennessee Bank National Association

# Quarterly Economic and Market Update

## September 2018

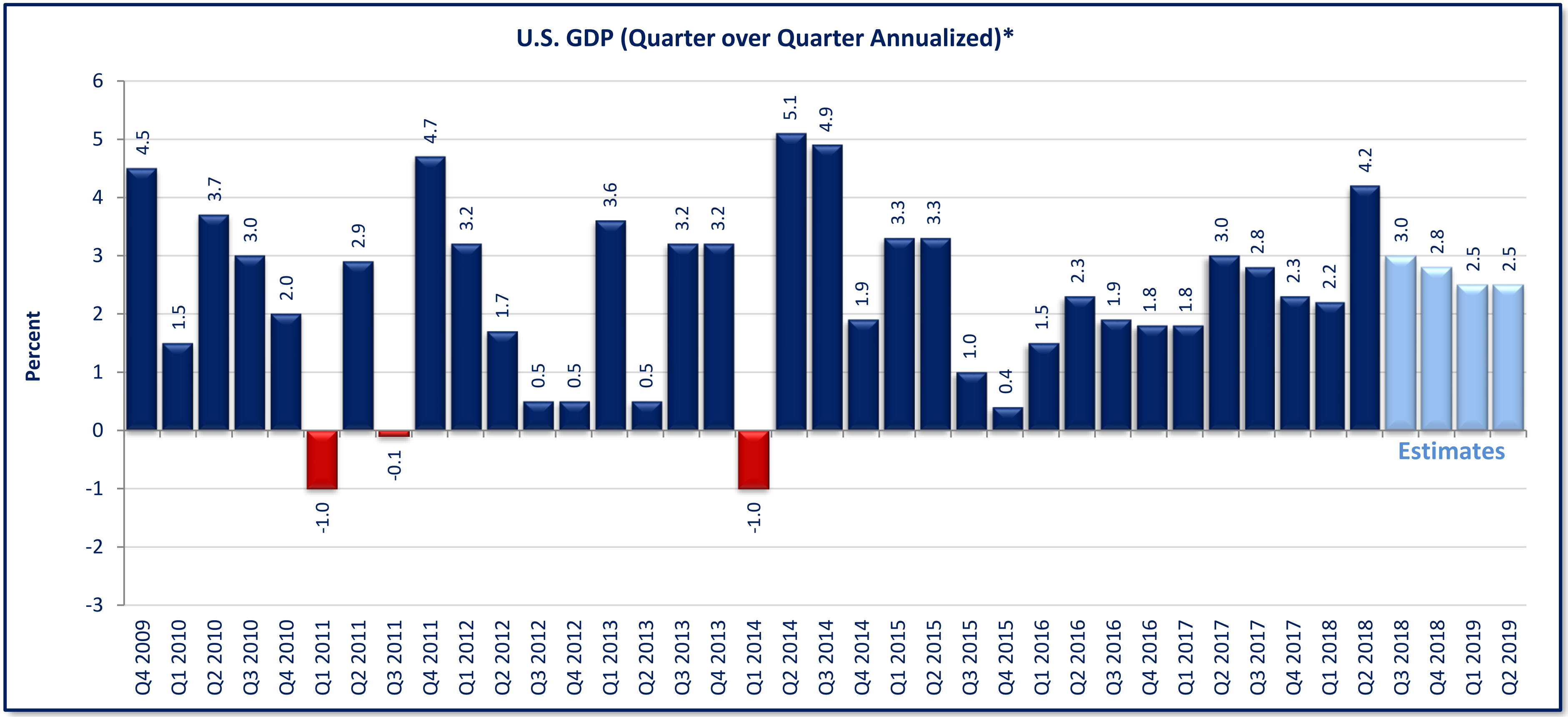
# Economic and Market Update
## 9/30/2018

| Item | 9/30/2018 | 6/30/2018 | Change |
|---|---|---|---|
| U.S. Payrolls Monthly Change | 134,000 | 208,000 | -74,000 |
| Unemployment Rate | 3.7% | 4.0% | -0.3% |
| Labor Force Participation | 62.7% | 62.9% | -0.2% |
| Effective Fed Funds Rate | 2.18% | 1.91% | 0.27% |
| Next Fed Funds Hike** | Feb 2019 | Apr 2019 | - 2 Months |
| 3 Month T-Bill | 2.20% | 1.92% | 0.28% |
| 2 Year T-Note | 2.82% | 2.53% | 0.29% |
| 3 Year T-Note | 2.88% | 2.62% | 0.26% |
| 5 Year T-Note | 2.95% | 2.74% | 0.22% |
| 10 Year T-Note | 3.06% | 2.86% | 0.20% |
| U.S. Fed Debt Avg Yield* | 2.33% | 2.29% | 0.04% |
| 30 Year Mortgage Rate | 4.57% | 4.40% | 0.17% |
| 1-5 Yr Agency Spread | 0.06% | 0.08% | -0.02% |
| 1-5 Yr A-AAA Corporate Spread | 0.53% | 0.69% | -0.16% |
| Dow Jones | 26,458 | 24,271 | 9.0% |
| S&P 500 | 2,914 | 2,718 | 7.2% |
| Consumer Price Index YOY* | 3.1% | 2.9% | 0.2% |
| U.S. Avg Regular Unleaded | $2.88 | $2.85 | $0.02 |
| Retail Sales YOY* | 4.7% | 6.1% | -1.4% |
| Case-Shiller Home Prices YOY* | 5.9% | 6.5% | -0.6% |
| Gold (per ounce) | $1,190.88 | $1,252.60 | -$61.72 |
| Dollar Index | 95.13 | 94.47 | 0.66 |
| Consumer Confidence | 138.40 | 127.10 | 11.30 |

*Estimates for the current quarter/month, some data are lagged

**Next Projected Fed Funds Hike is first month Fed Funds Futures are 2.375% or higher

Sources: FTN Main Street and Bloomberg

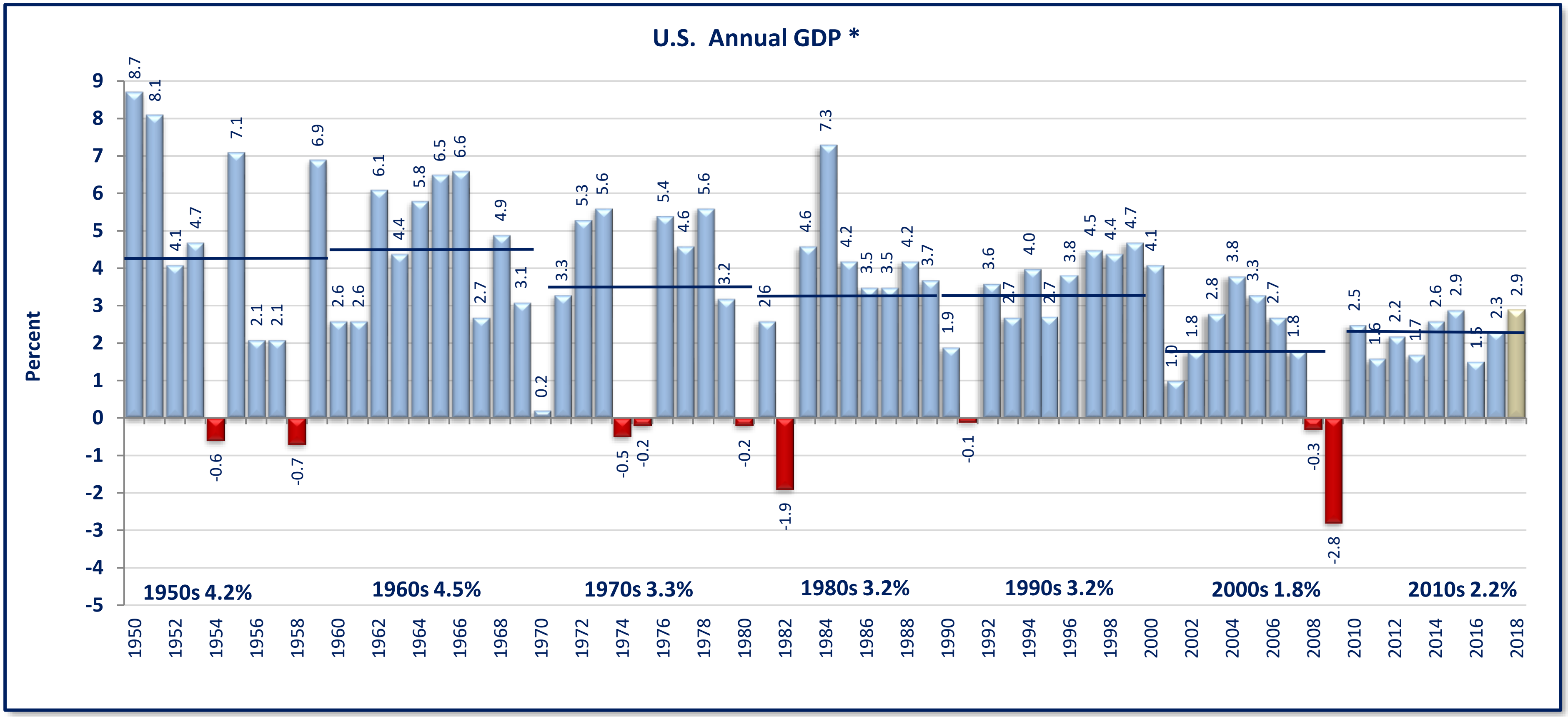



* Real Rate (Inflation Adjusted)

Estimate: Bloomberg's Survey of Economists

Source: Bureau of Economic Analysis

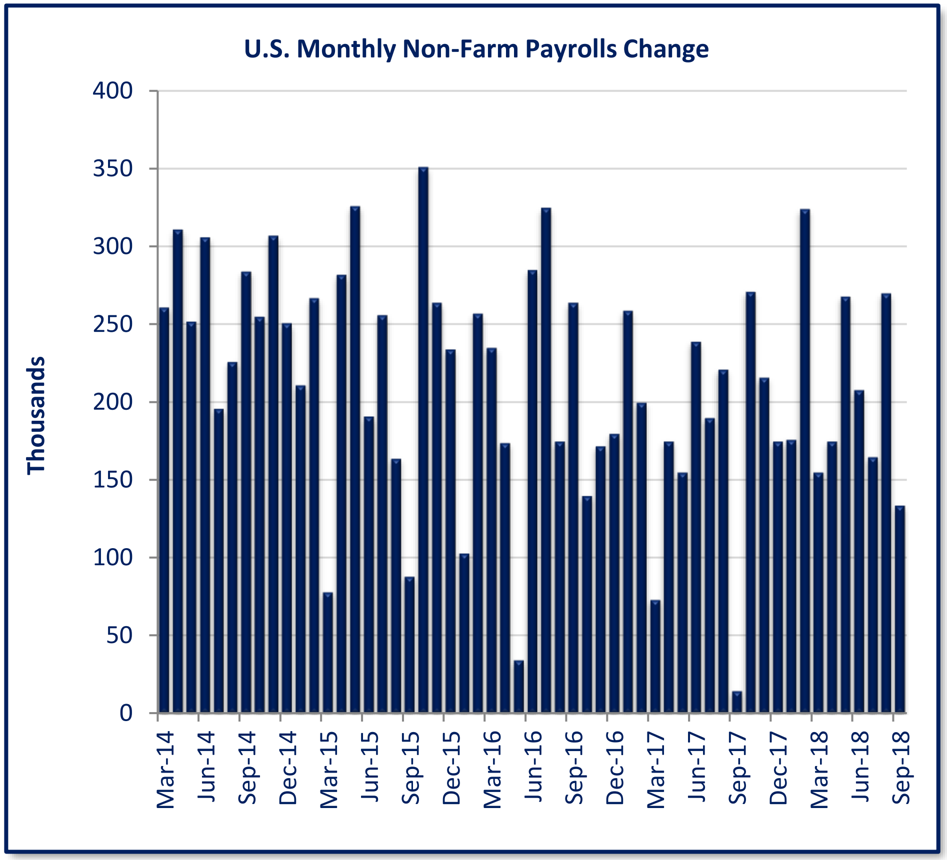
As of: 9/30/18

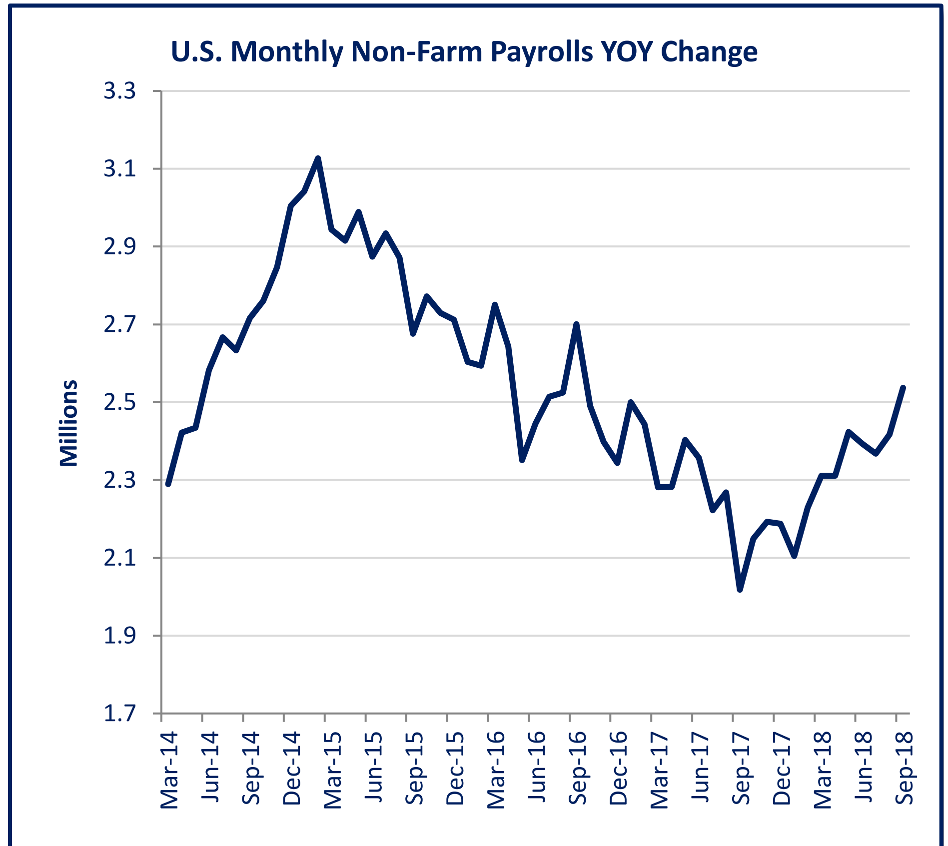



* Real Rate (Inflation Adjusted)

Estimate: Bloomberg's Survey of Economists
As of: 9/30/18

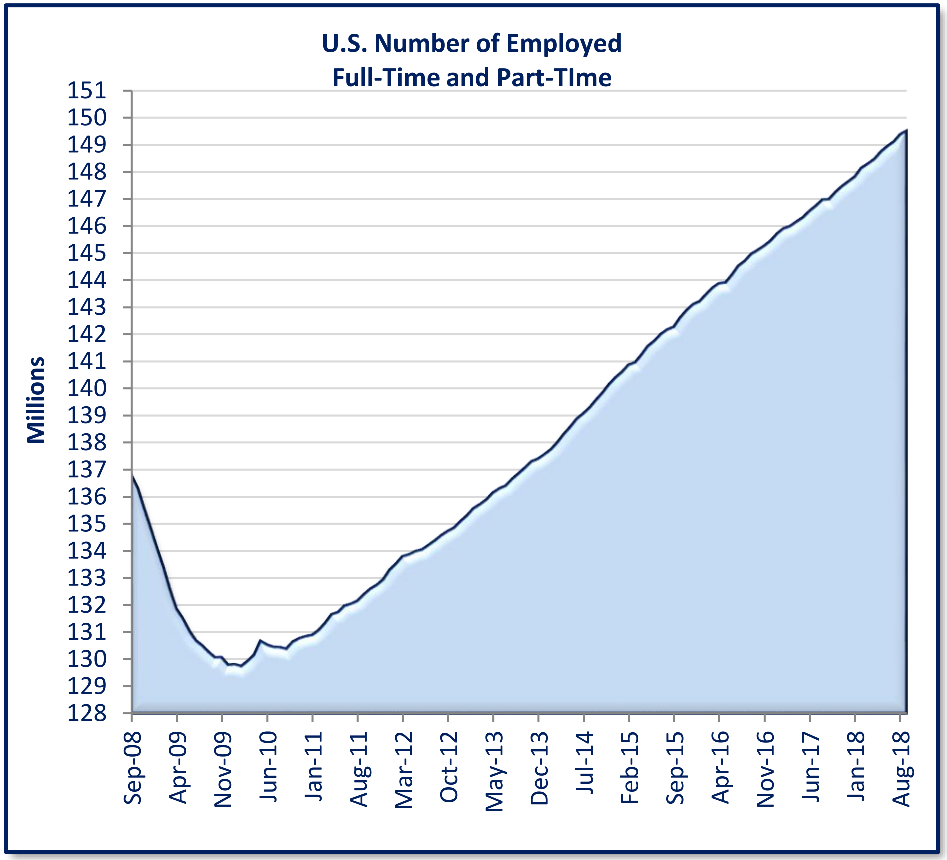
Source: Bureau of Economic Analysis

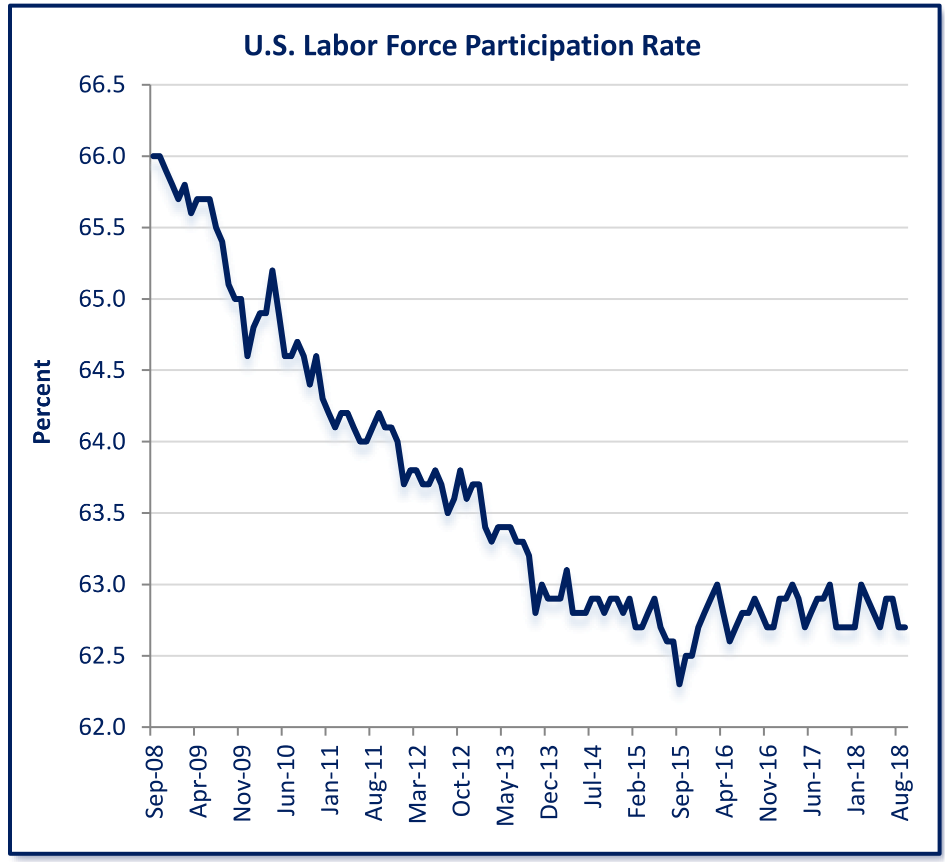



| | |
|---|---|
| **12 Month Average Job Change** | **211,417** |

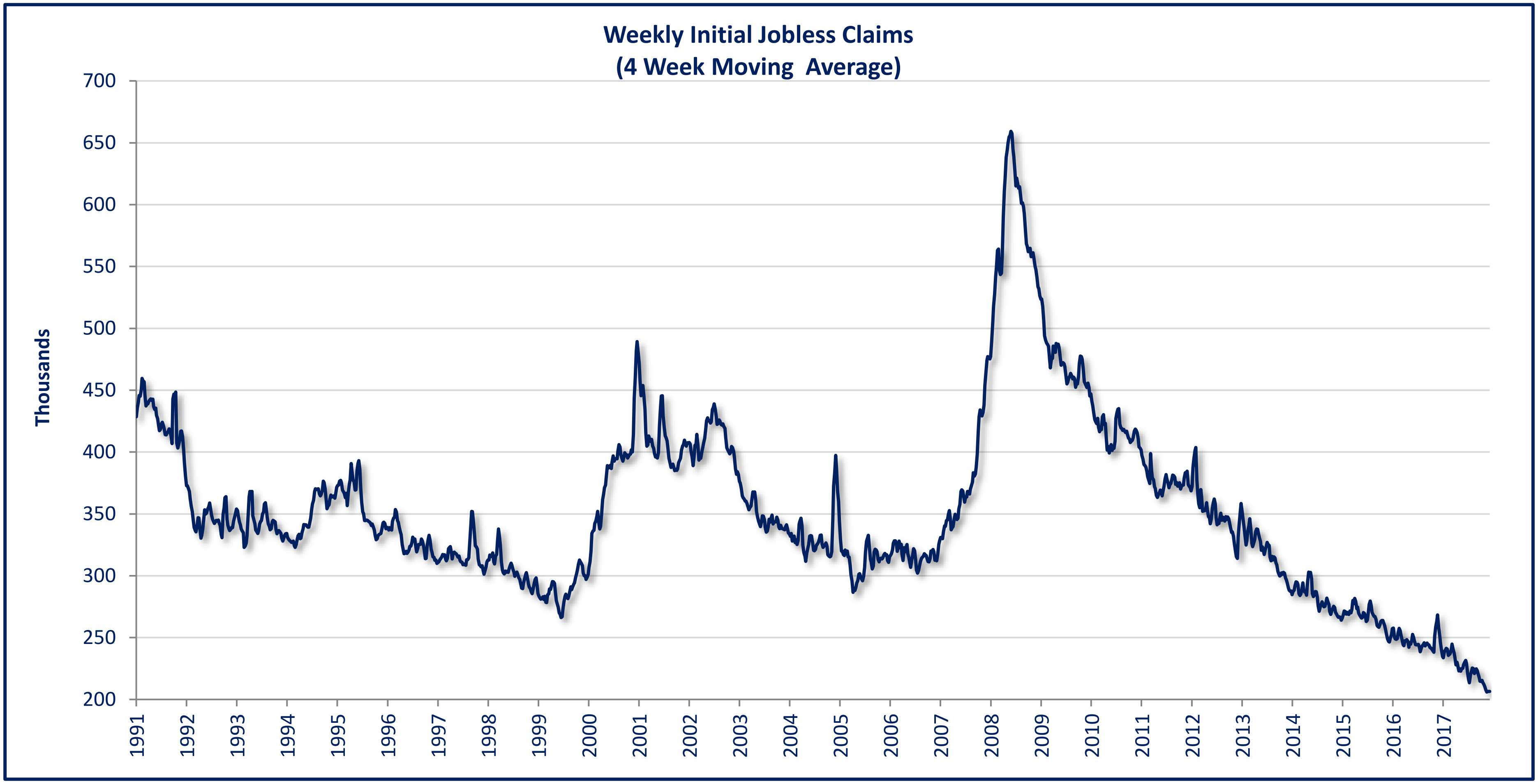
Source: Bureau of Labor Statistics



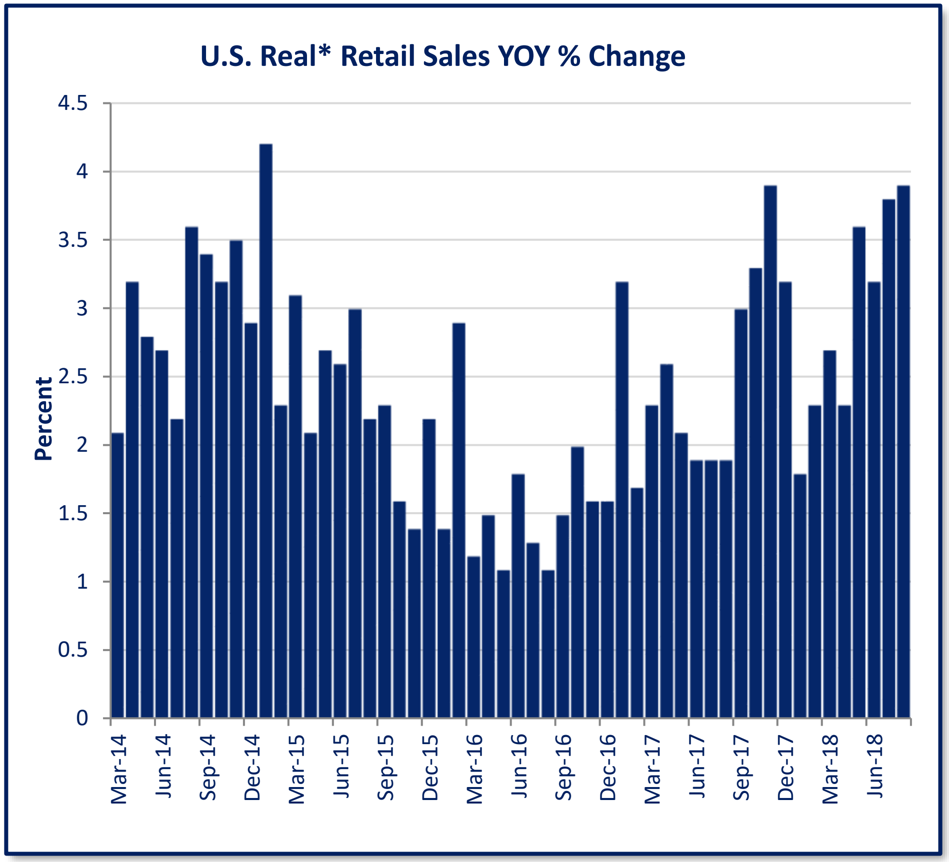

Source: Bureau of Labor Statistics

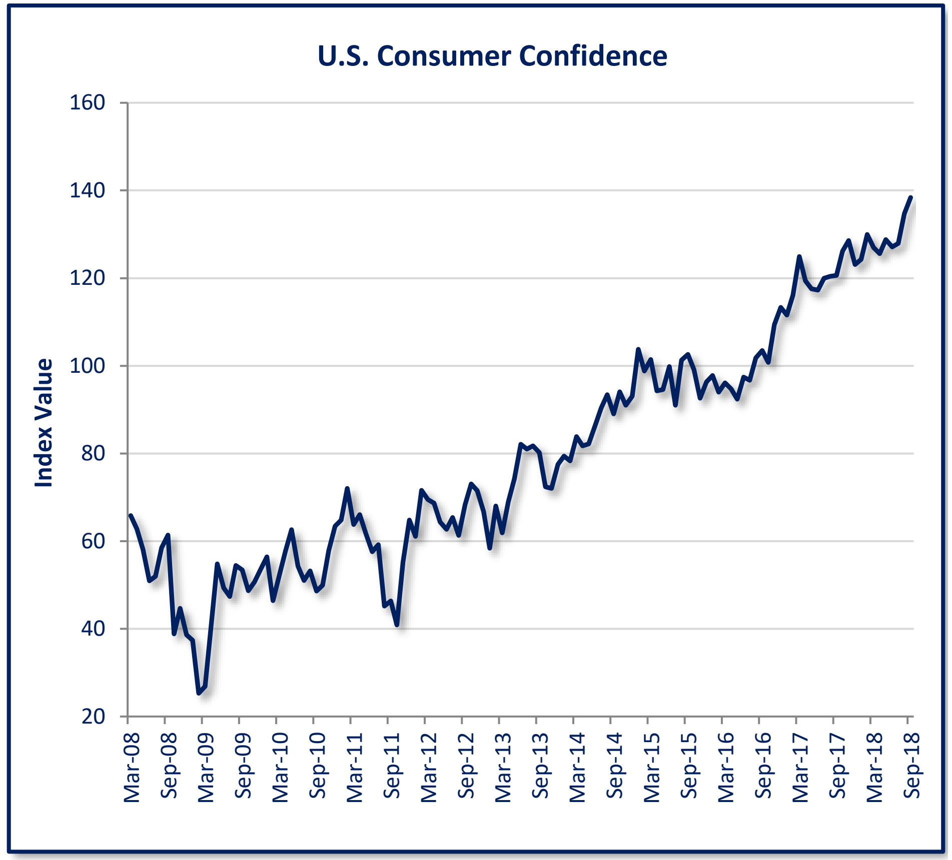
**Economic and Market Update**
**9/30/2018**




Weekly Initial Jobless Claims is the actual number of people who have filed for Unemployment benefits for the first time. The following five eligibility criteria must be met in order to file for unemployment benefits: 1. Meet the requirements of time worked during a 1 year period (full time or not). 2. Become unemployed through no fault of your own (cannot be fired). 3. Must be able to work; no physical or mental holdbacks. 4. Must be available for work. 5. Must be actively seeking work.

Source: Department of Labor and Bloomberg

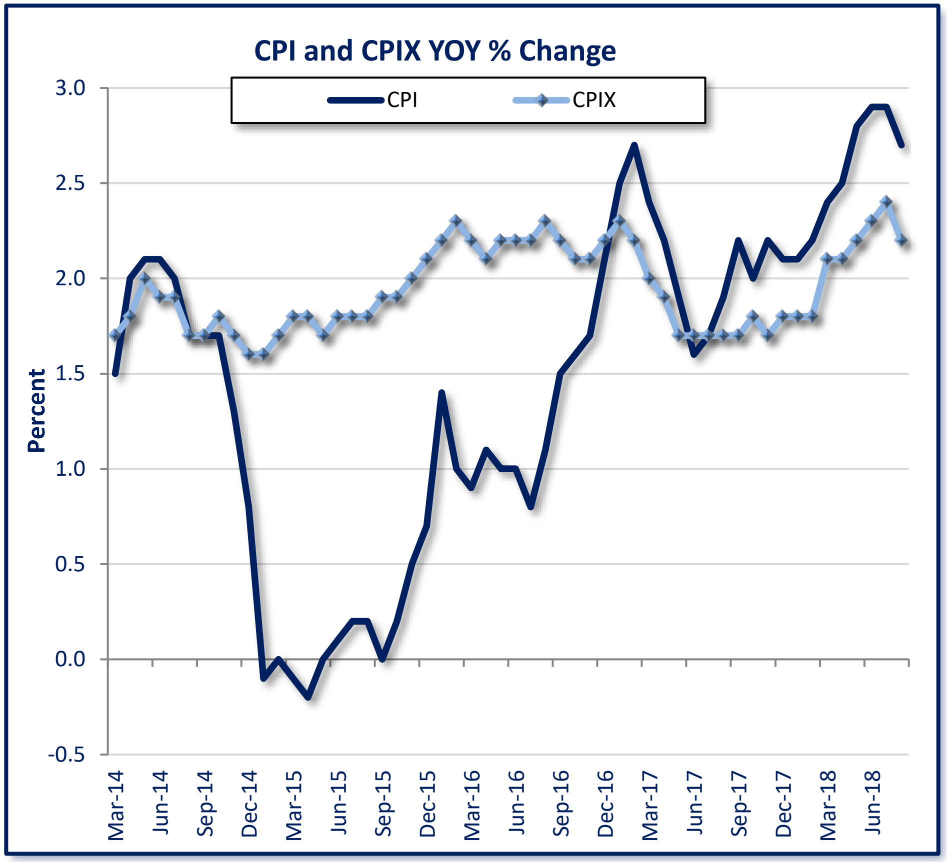


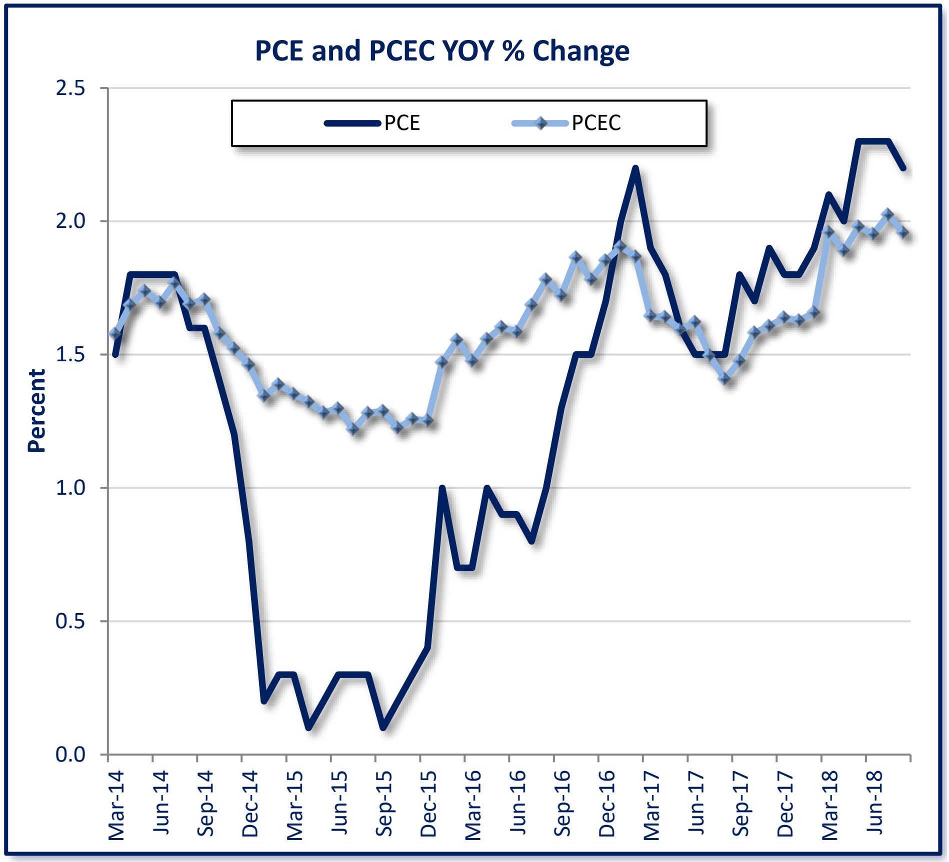

*Real: Inflation Adjusted

Source: U.S. Census Bureau

Source: Conference Board

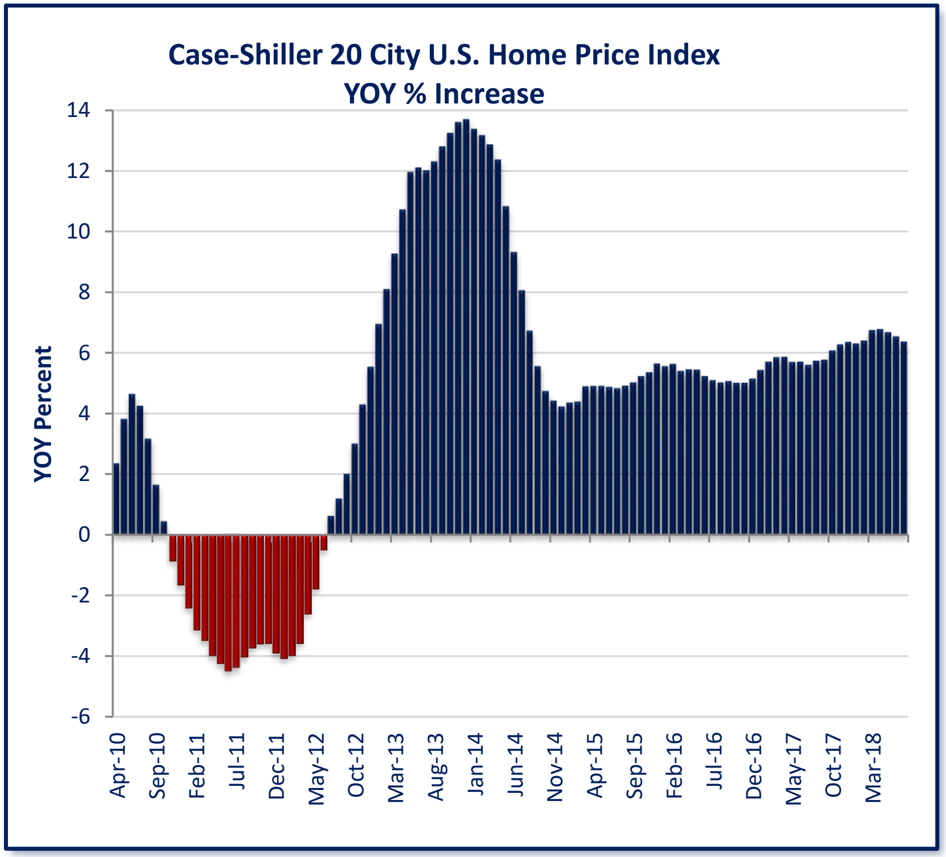


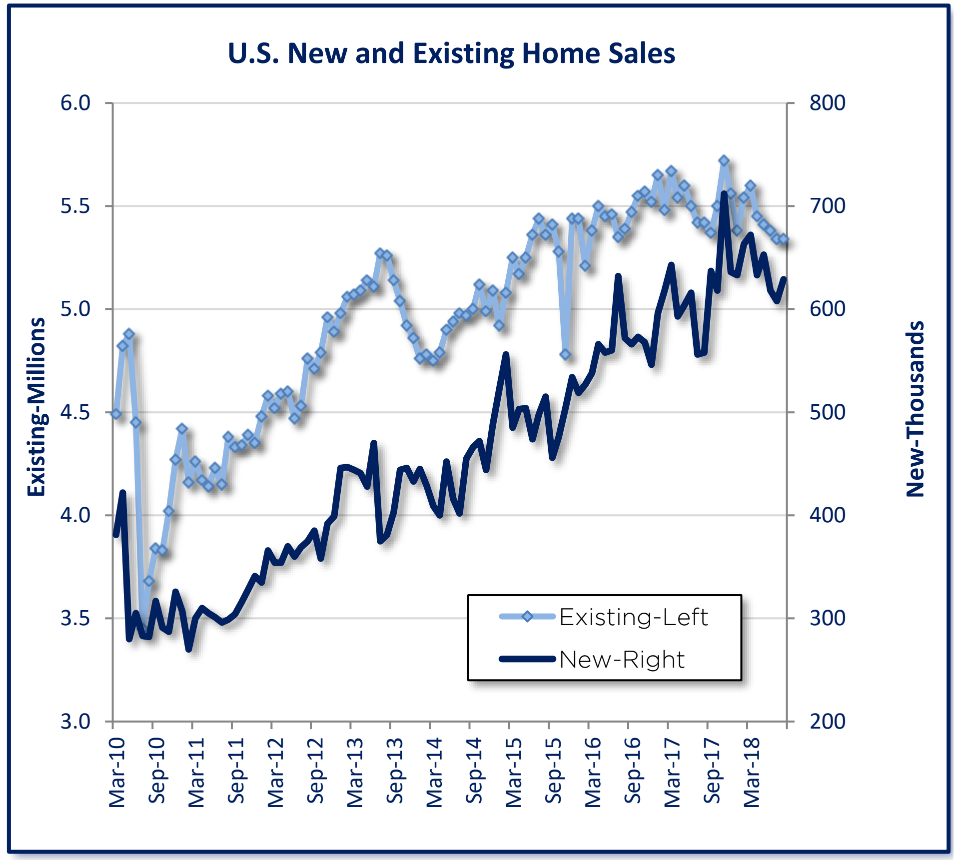

CPIX: Consumer Price Index, excluding food and energy




PCEC: Personal Consumption Expenditure Core

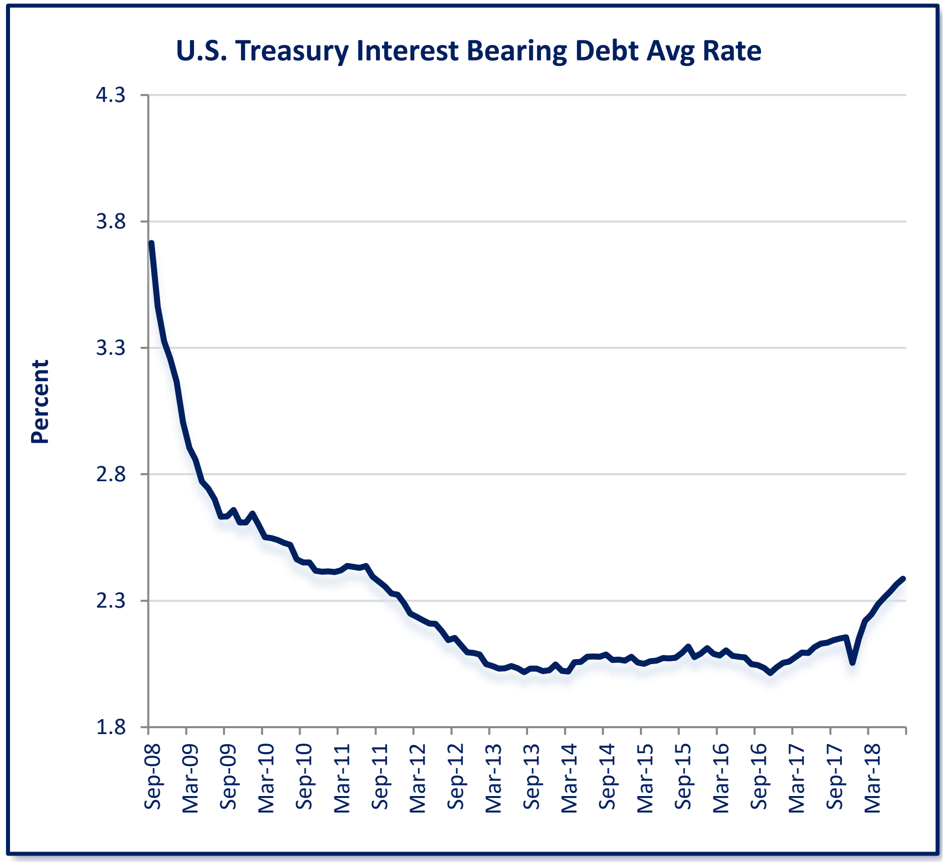
Source: Bureau of Labor Statistics and Bureau of Economic Analysis



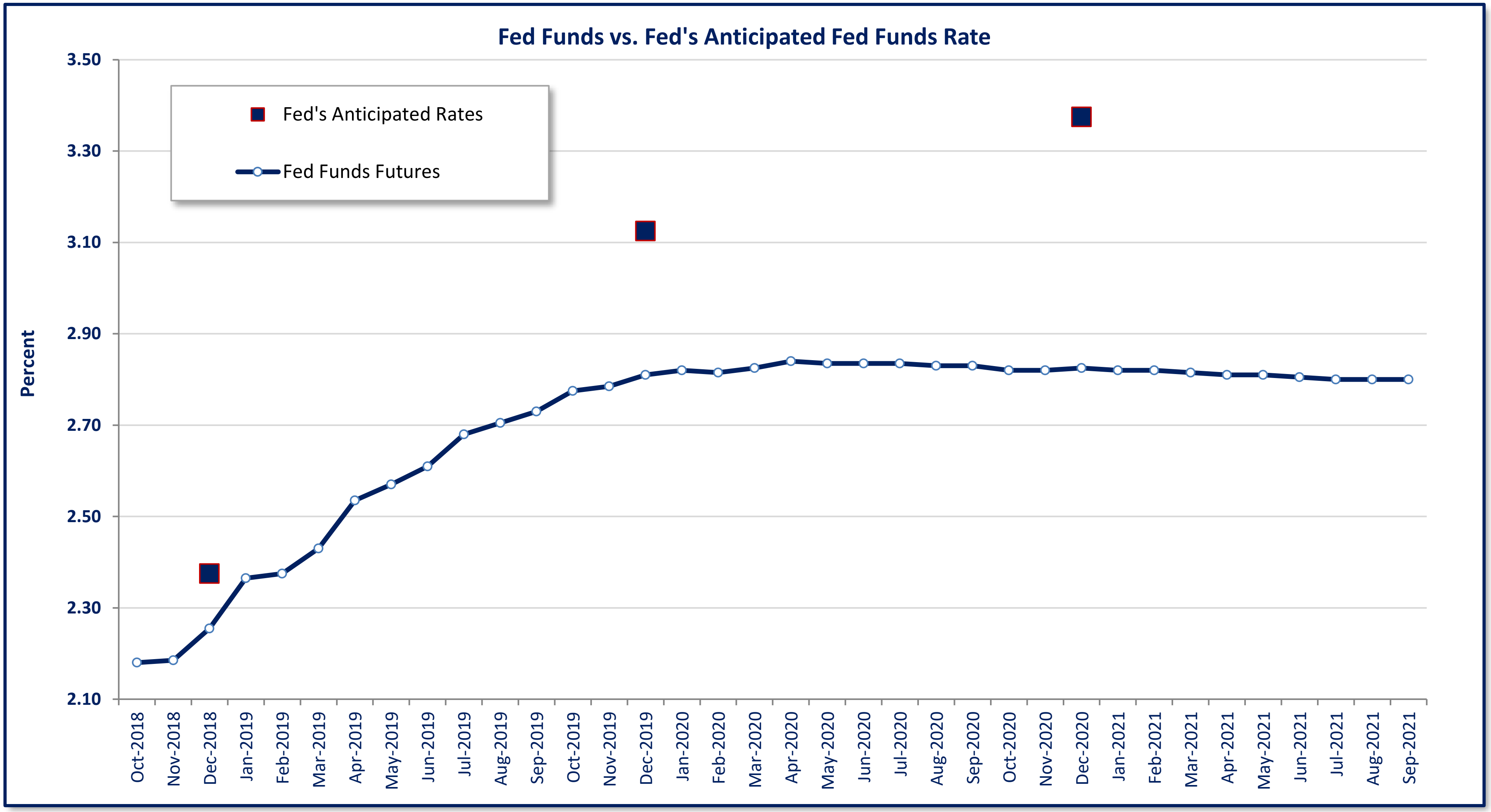




Sources: New (U.S. Census Bureau),Existing (National Assoc. of Realtors)
Seasonally Adjusted Annual Rate

Source: Case-Shiller

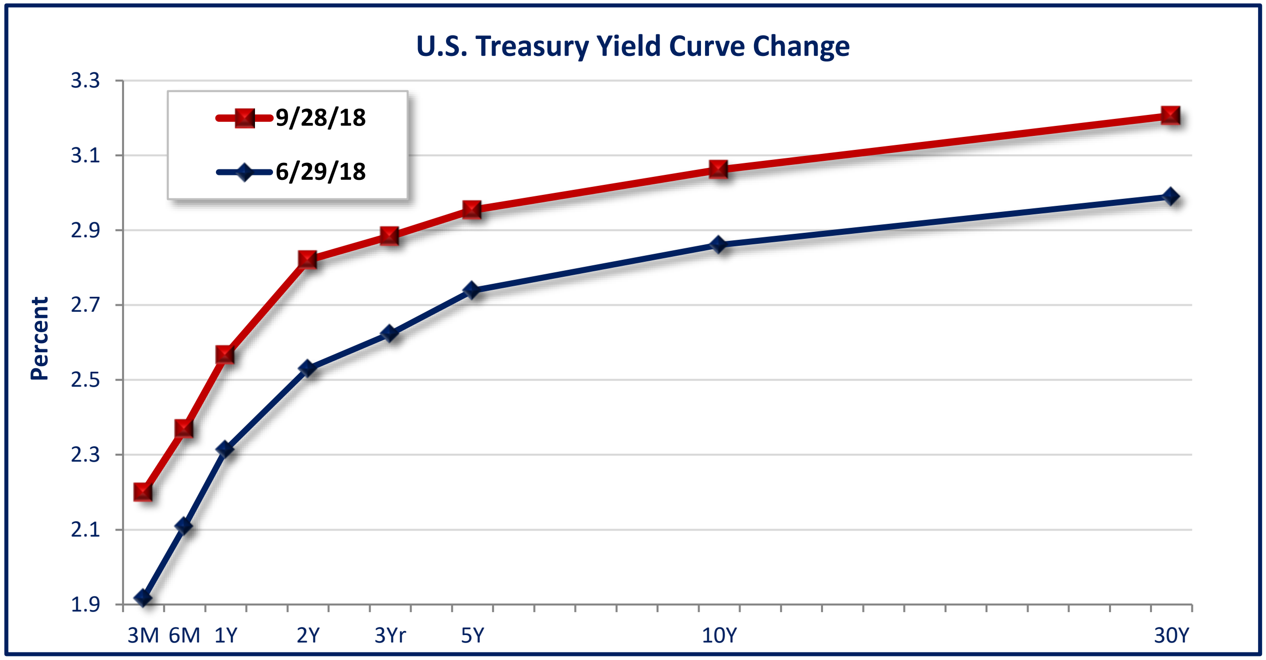




Source: U.S. Treasury

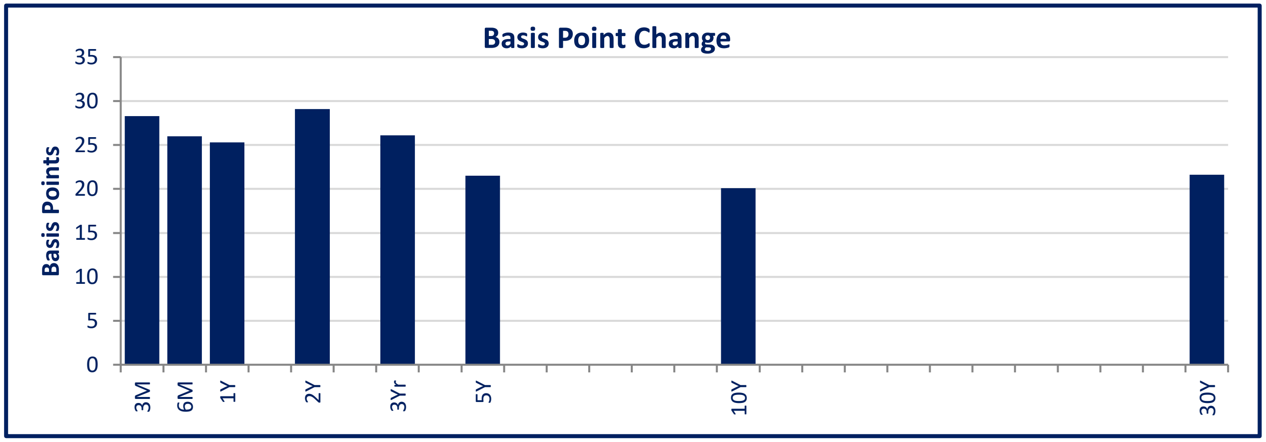



Fed Funds Anticipated Rate from the September, 2018 FOMC Meeting

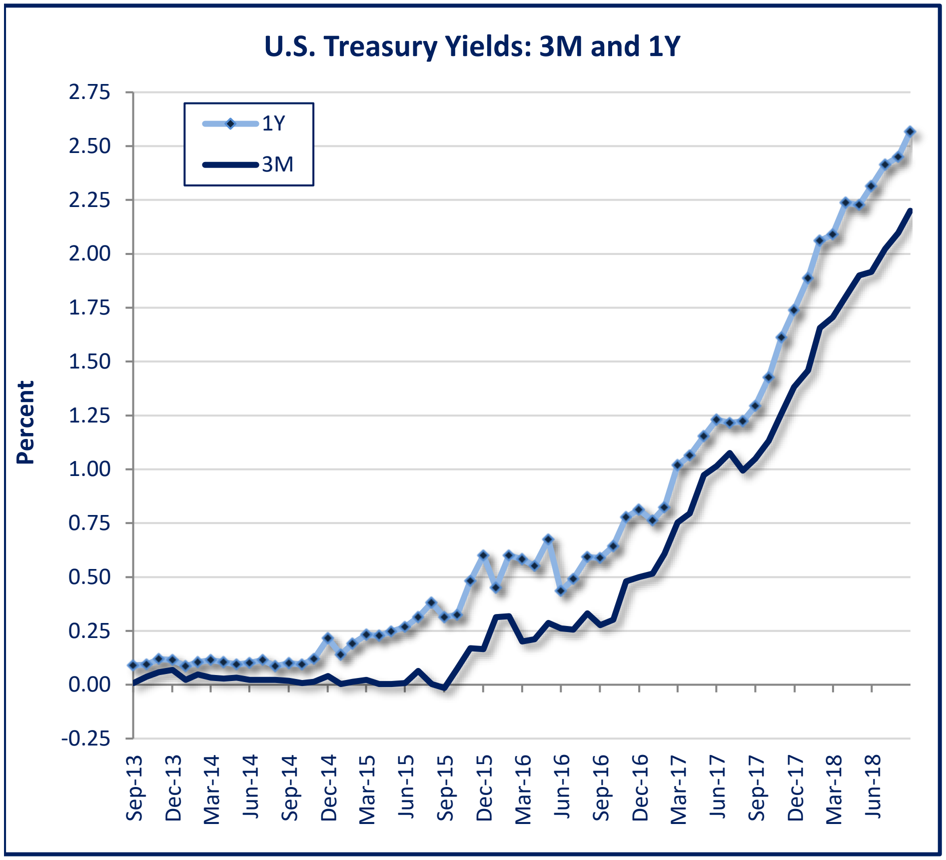
Source: Bloomberg

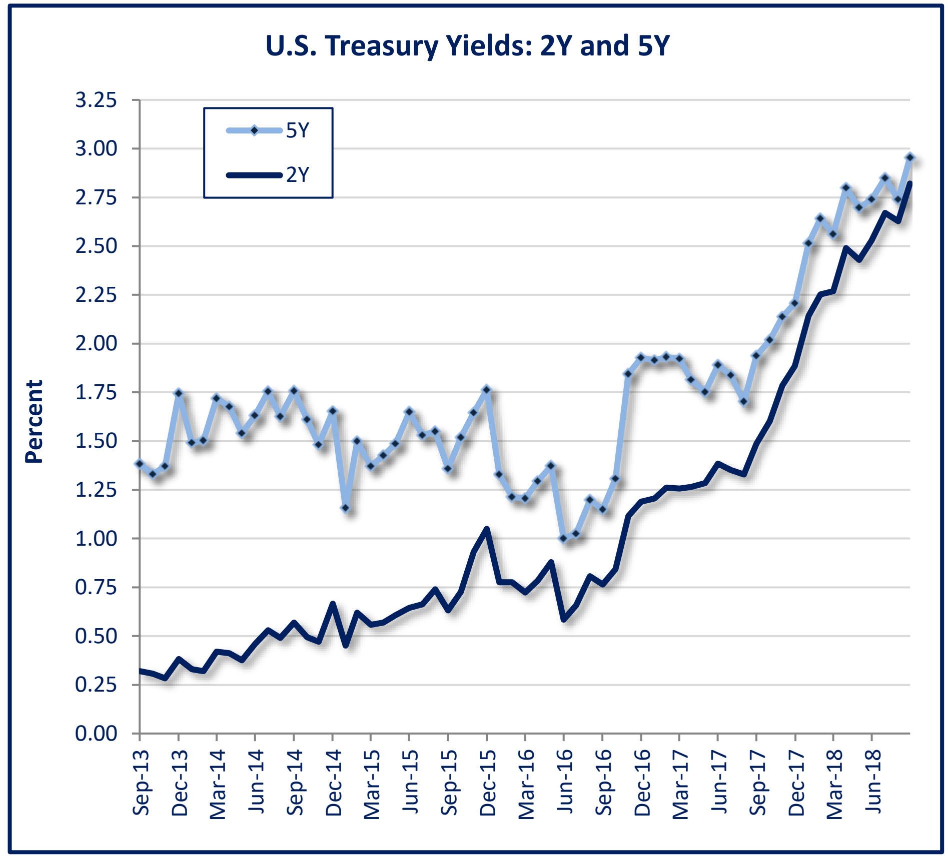



| Maturity | 6/29/18 | 9/28/18 | Change |
|---|---|---|---|
| 3M | 1.92 | 2.20 | 0.28 |
| 6M | 2.11 | 2.37 | 0.26 |
| 1Y | 2.31 | 2.57 | 0.25 |
| 2Y | 2.53 | 2.82 | 0.29 |
| 3Y | 2.62 | 2.88 | 0.26 |
| 5Y | 2.74 | 2.95 | 0.22 |
| 10Y | 2.86 | 3.06 | 0.20 |
| 30Y | 2.99 | 3.21 | 0.22 |

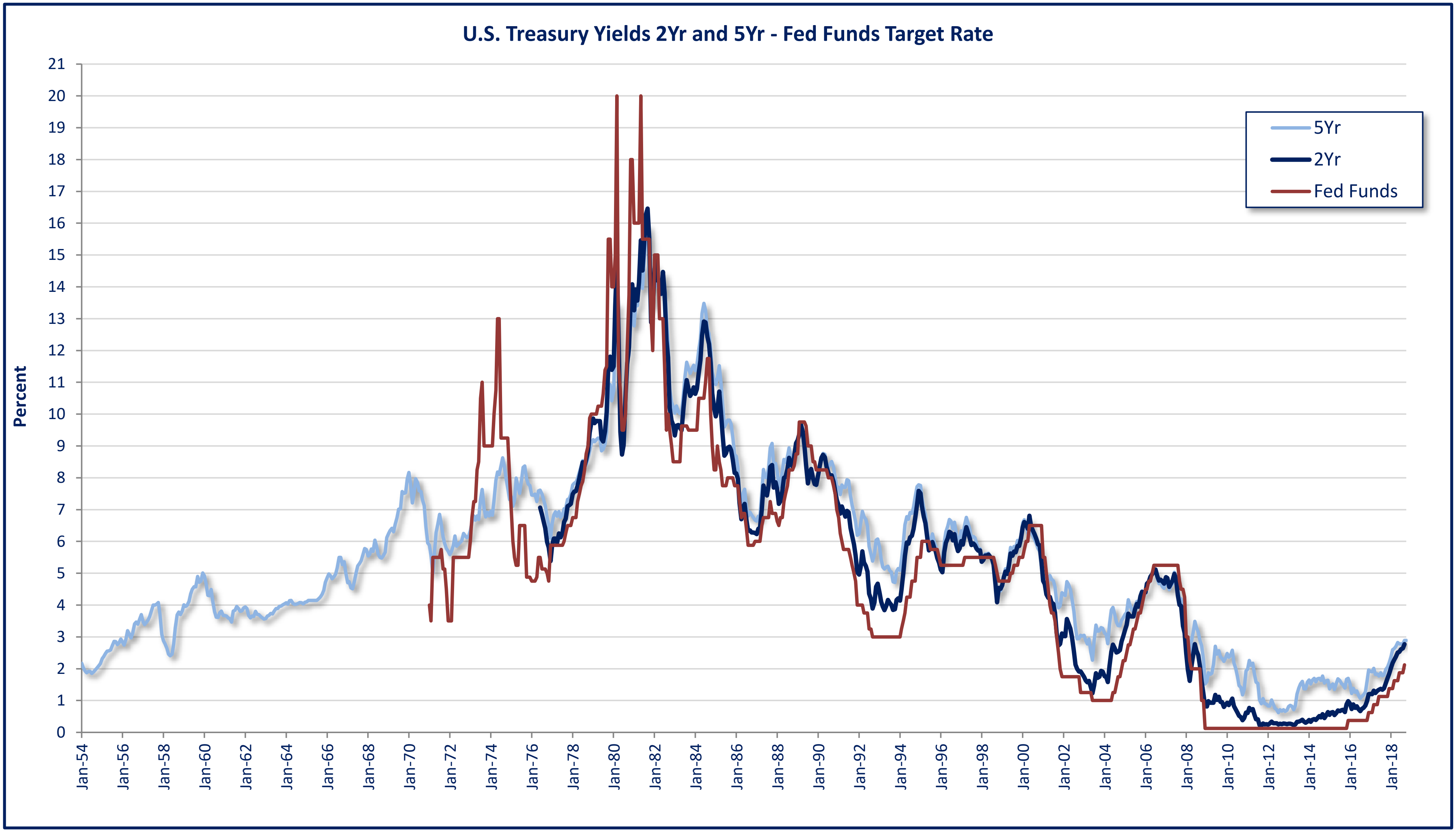



Source: Bloomberg
Figures may not total due to rounding



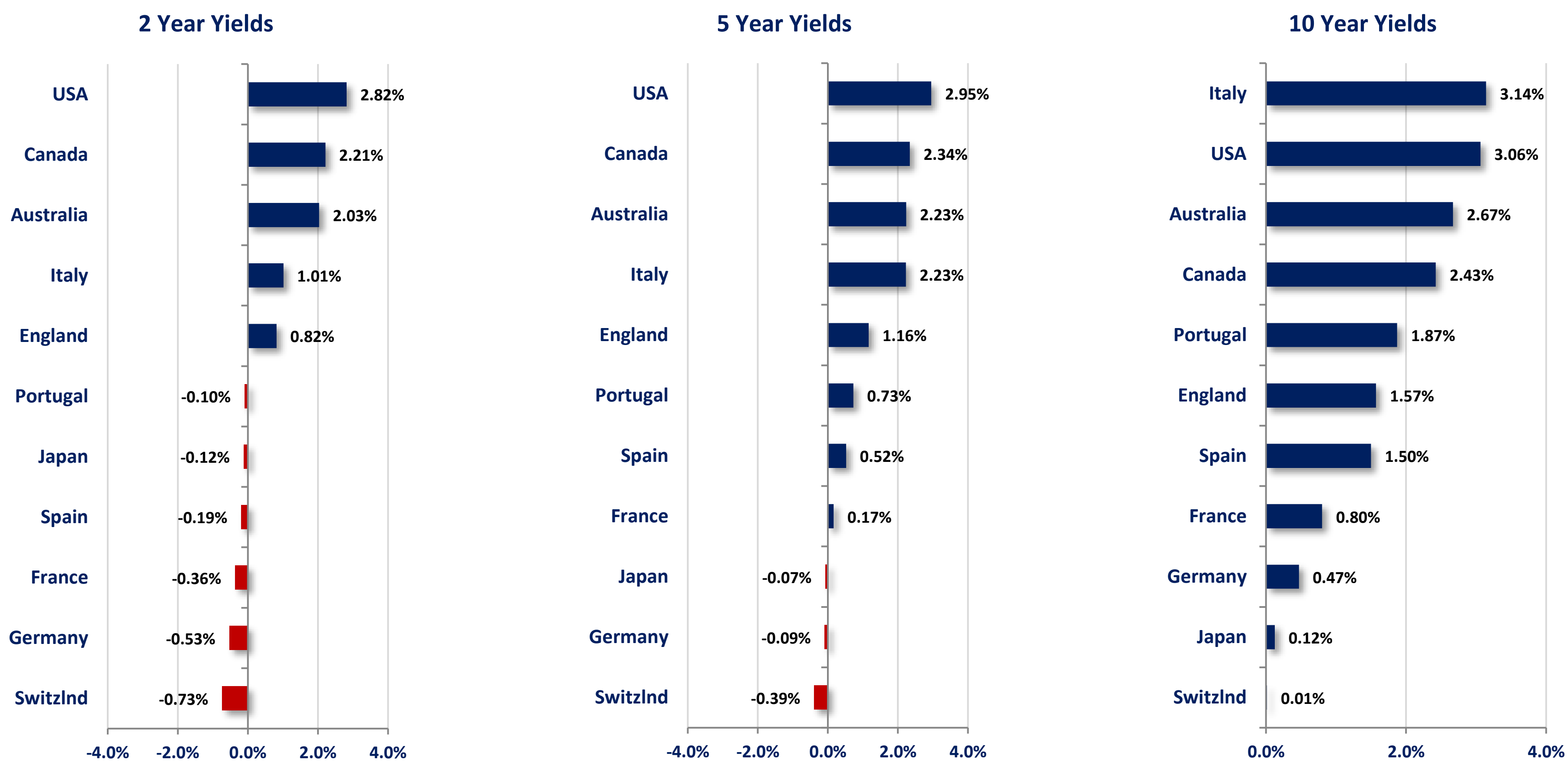




Source: Bloomberg




Source: Bloomberg

## Global Treasury Rates

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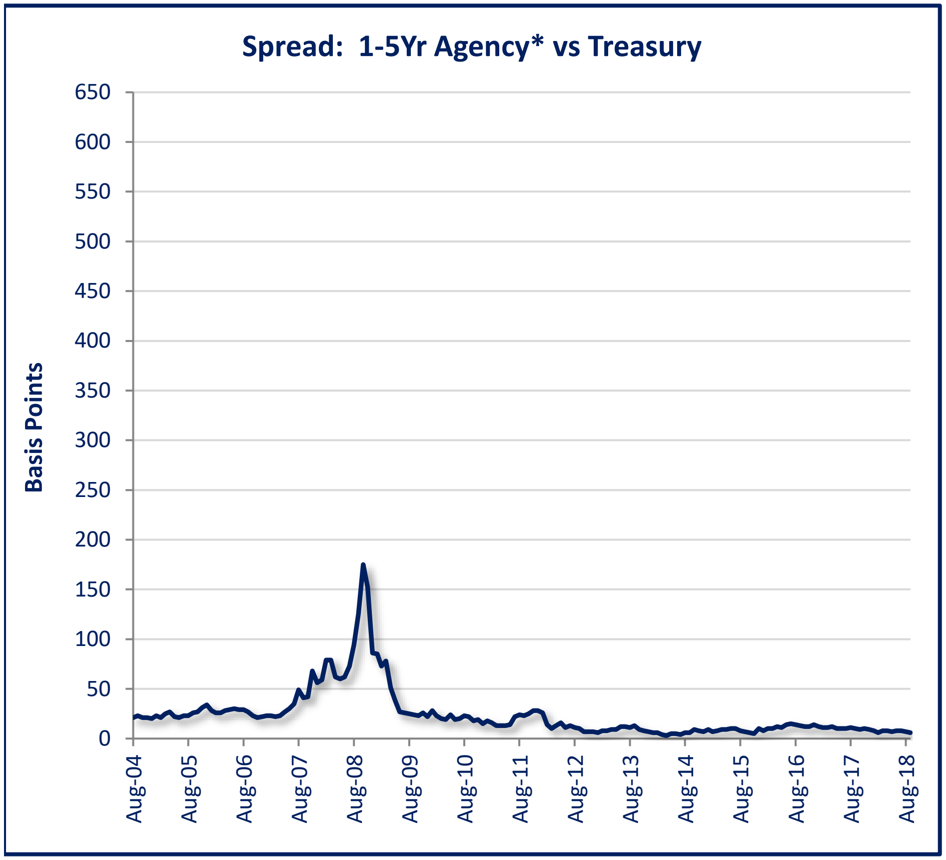
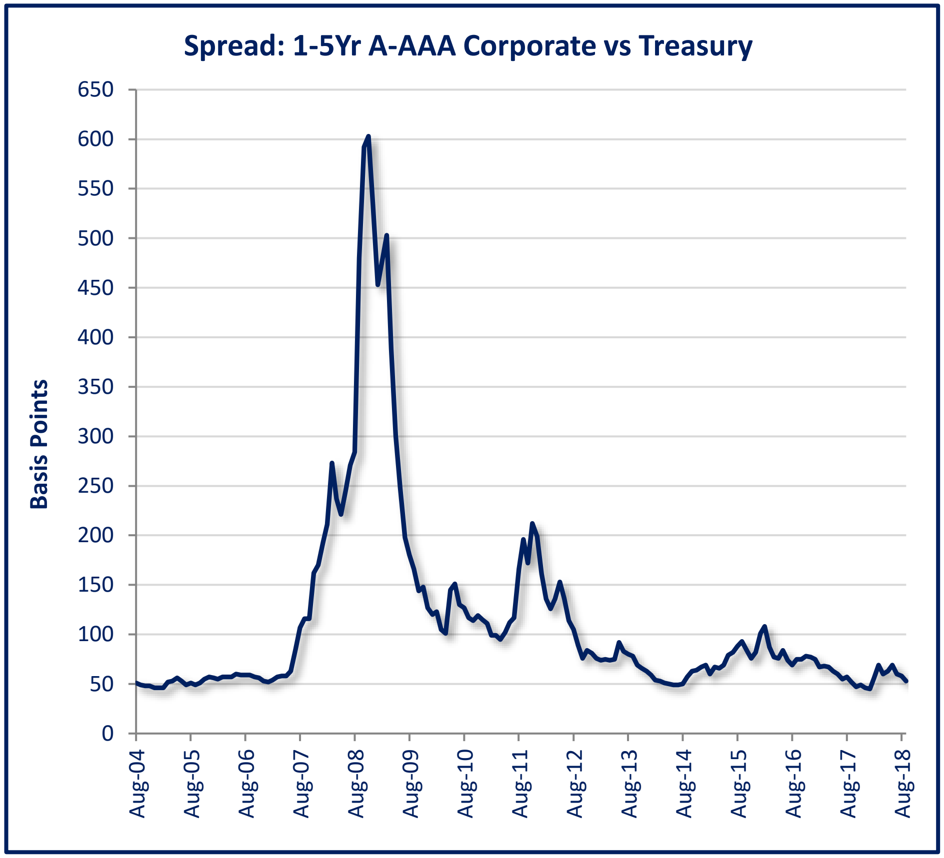



Current Spread is 6

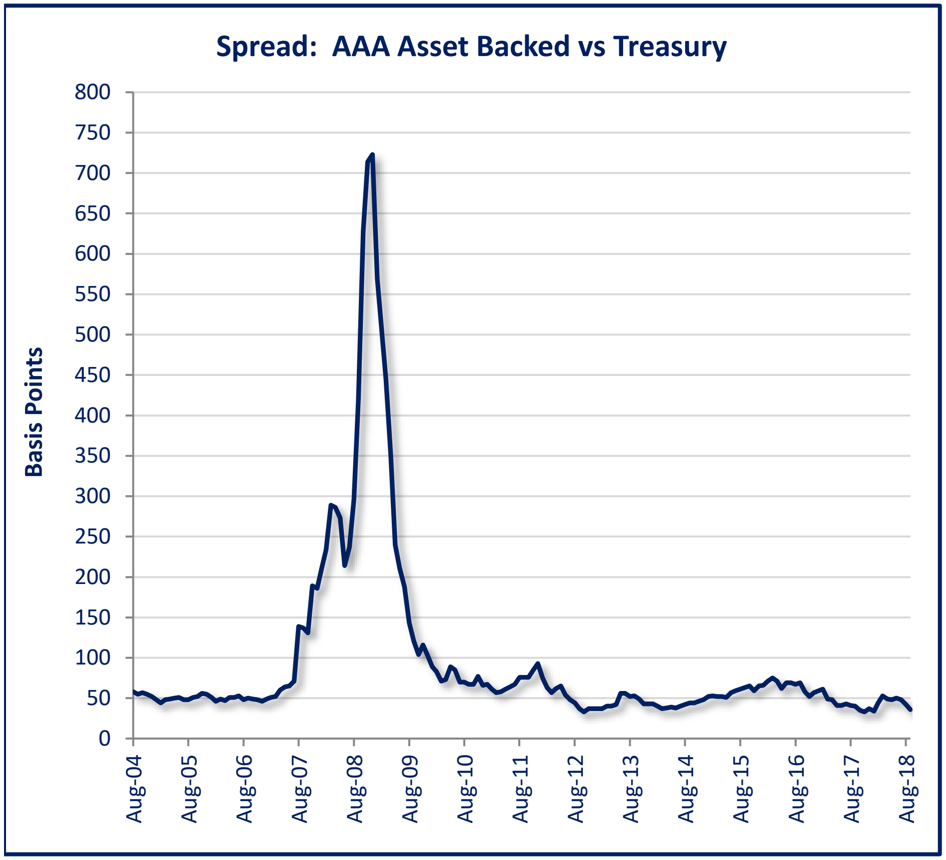



Current Spread is 53

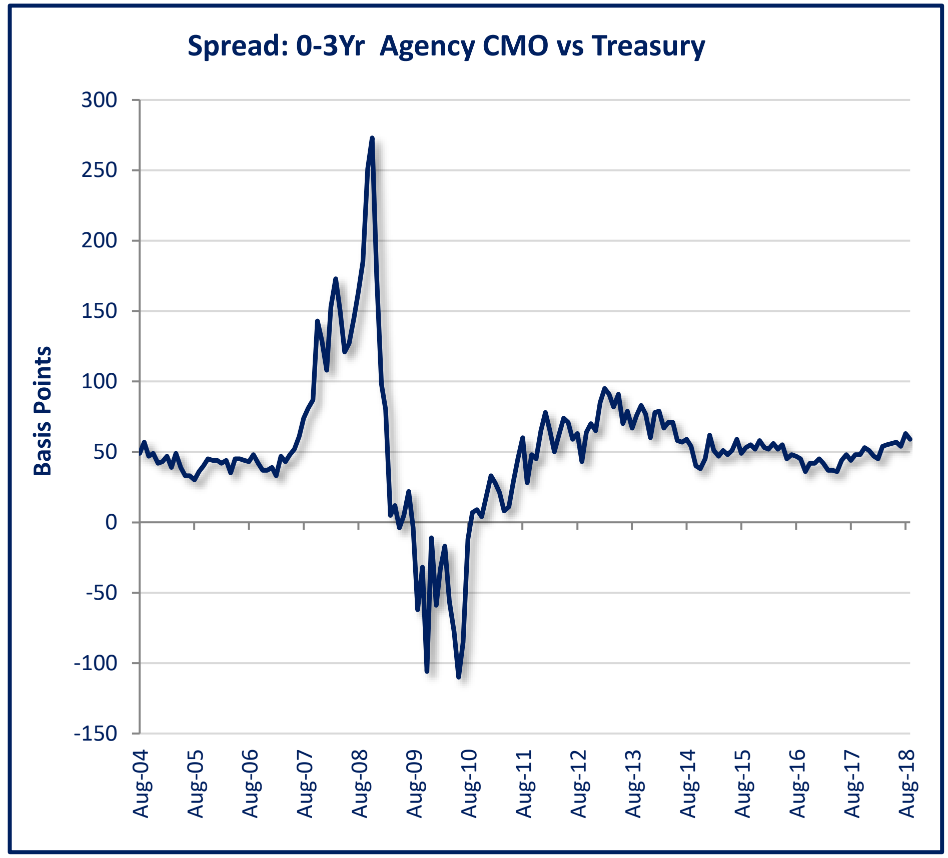
*ICE BofAML Index (option adjusted spread vs. Treasury)
Agency (GVP0)

*ICE BofAML Index (option adjusted spread vs. Treasury)
Corporate A-AAA (CV10)

Source: ICE BofAML Indices




**Current Spread is 36**

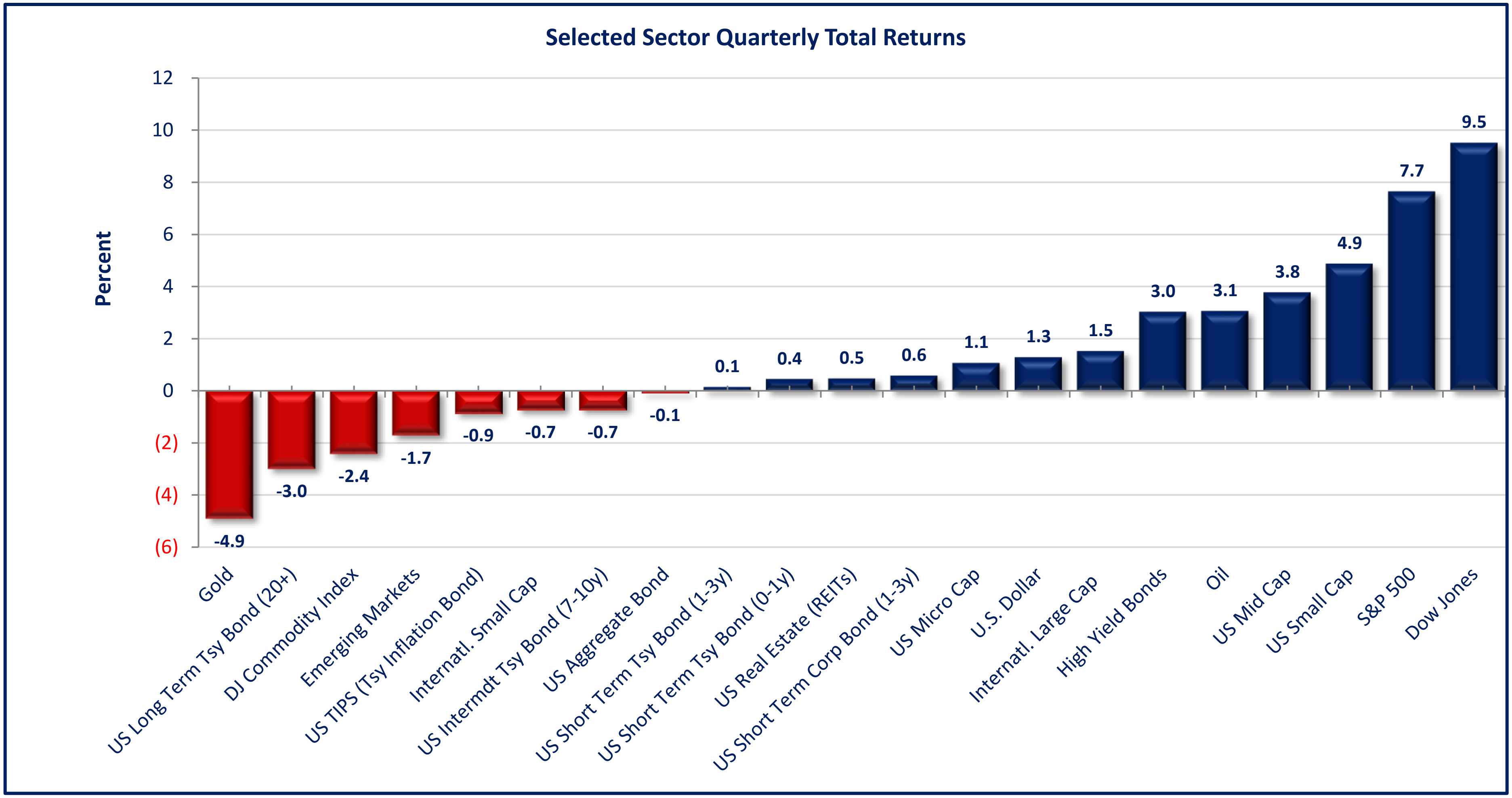



**Current Spread is 59**

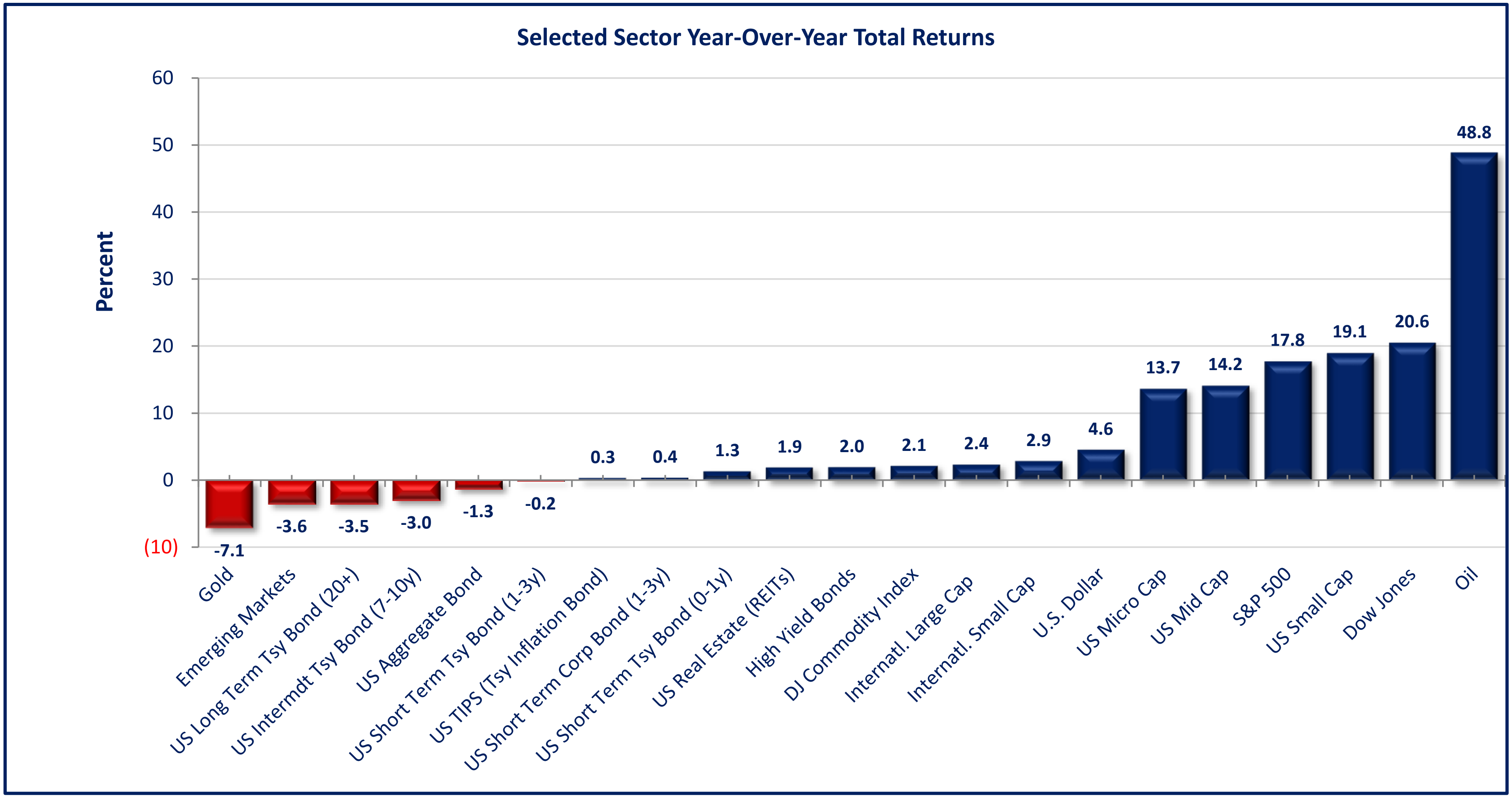
*ICE BofAML Index (option adjusted spread vs. Treasury)
AAA Rated ABS (R0A1)

*ICE BofAML Index (option adjusted spread vs. Treasury)
CMO Agency 0-3Yr PAC (CM1P)

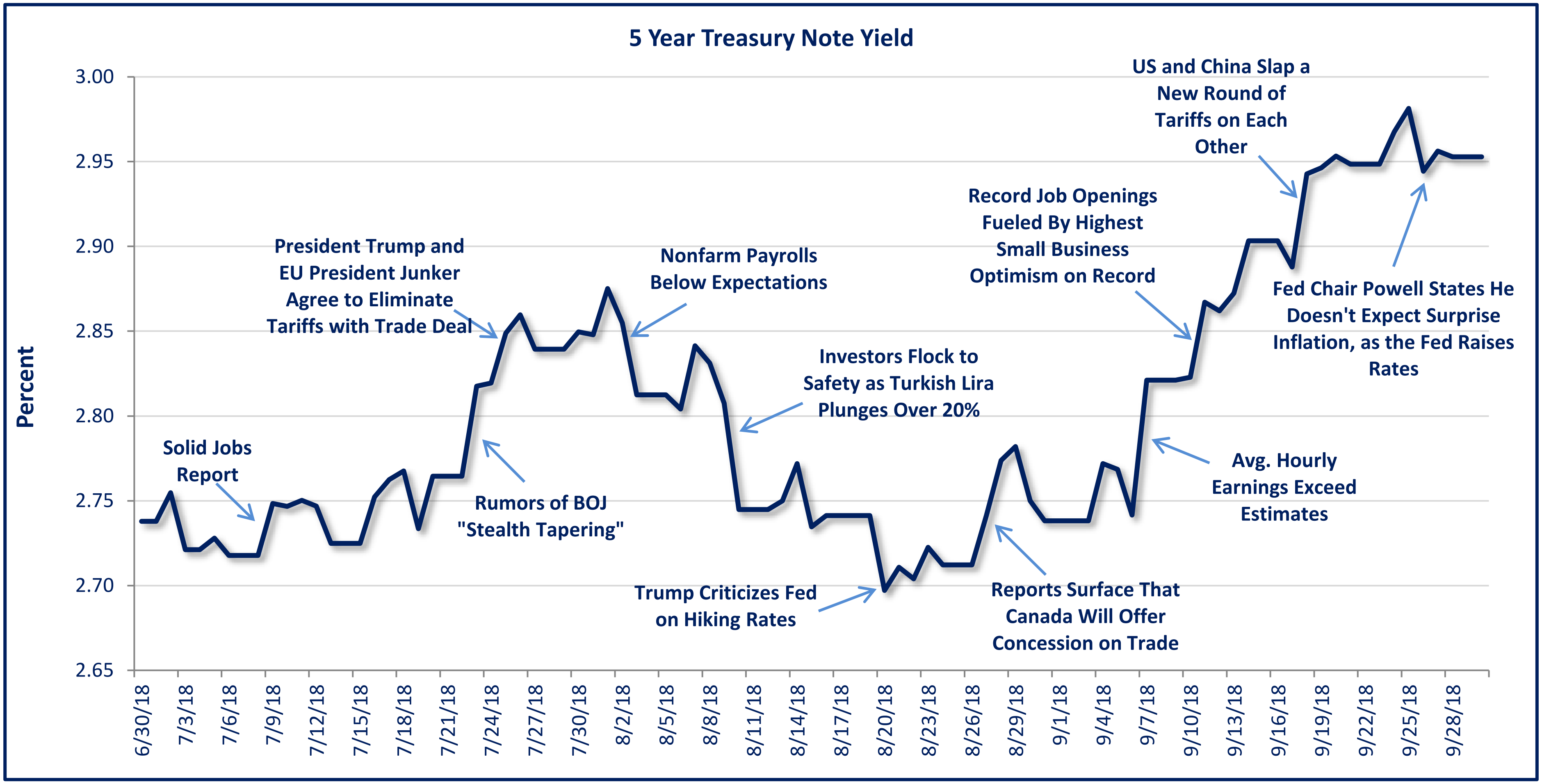
Source: ICE BofAML Indices



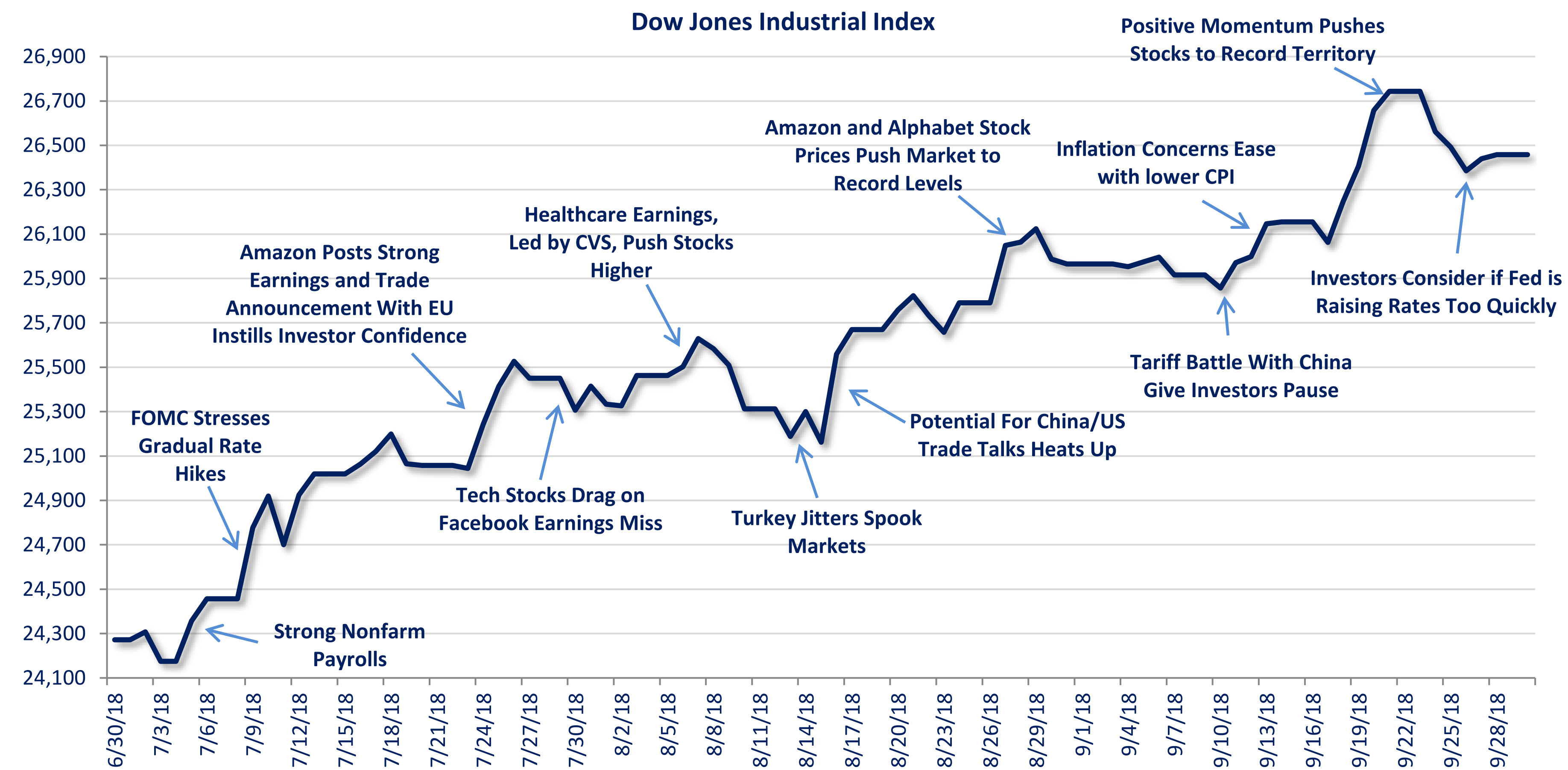

Source: Bloomberg




Source: Bloomberg




Sources: Bloomberg, FTN Main Street




Sources: Bloomberg, FTN Main Street

## Disclosure

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# APPENDIX H

# SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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# MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ________________________________________

Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:
 claims@buildamerica.com
Address:
 1 World Financial Center, 27th floor
 200 Liberty Street
 New York, New York 10281
Telecopy:
 212-235-5214 (attention: Claims)

# CALIFORNIA

# ENDORSEMENT TO

# MUNICIPAL BOND INSURANCE POLICY

# NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

________________________________________

Authorized Officer