PRELIMINARY OFFICIAL STATEMENT DATED MARCH 14, 2019

NEW ISSUE - FULL BOOK-ENTRY
BANK QUALIFIED

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 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 addition, the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$1,000,000*
MONROE ELEMENTARY SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

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

Authority and Purpose. The captioned General Obligation Bonds, Election of 2018, Series A (Bank Qualified) (the "Bonds") are being issued by the Monroe Elementary School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Governing Board of the District adopted on March 12, 2019. The Bonds were authorized at an election of the registered voters of the District held on November 6, 2018, which authorized the issuance of $1,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities (the "2018 Bond Authorization"). The Bonds are expected to be the first and only series of bonds to be issued under the 2018 Bond Authorization. See "THE BONDS – Authority For Issuance" and "THE FINANCING PLAN" herein.

Security. The 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 of Fresno (the "County"). The County Board of Supervisors is empowered and is obligated to annually levy *ad valorem* taxes for the payment by the District of interest on, and principal of, the Bonds 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). See "SECURITY FOR THE BONDS."

Book-Entry Only. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments. The Bonds are dated the date of delivery and are being issued as Current Interest Bonds and Capital Appreciation Bonds (both as defined herein). The Current Interest 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 or earlier redemption, commencing August 1, 2019. The Capital Appreciation Bonds accrete interest at the accretion rates set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing on August 1, 2019 until payment of the accreted value thereof at maturity or upon earlier redemption. Payments of principal and accreted value of and interest on the Bonds will be paid by Wilmington Trust, National Association, as 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 Bonds. See "THE BONDS."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "-Mandatory Sinking Fund Redemption."

Bond Insurance. The scheduled payment of principal of and interest on, or in the case of Capital Appreciation Bonds, the accreted value of, the Bonds, when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Municipal Assurance Corp. ("MAC" or the "Bond Insurer"). See "BOND INSURANCE."

MUNICIPAL ASSURANCE CORP.
AN ASSURED GUARANTY COMPANY

MATURITY SCHEDULE
(See inside cover)

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

The Bonds will be offered when, as and if issued and 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 is also serving as Disclosure Counsel to the District. Dannis Woliver Kelley, Long Beach, California is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about April 3, 2019.

O'CONNOR & COMPANY SECURITIES
PUBLIC FINANCE

The date of this Official Statement is _________, 2019.
**Preliminary, subject to change.*

MATURITY SCHEDULE*

MONROE ELEMENTARY SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

Base CUSIP†: _____

$______ Principal Amount
Current Interest Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP(†)

$______ Denominational Amount
($_______ Maturity Value)
Capital Appreciation Bonds

Maturity Date (August 1)	Denominational Amount	Accretion Rate	Yield to Maturity	Maturity Value	CUSIP(†)

**Preliminary; subject to change.*

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services (CGS) which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP® data is not intended to create a database and does not serve in any way as a substitute for the CUSIP® Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

MONROE ELEMENTARY SCHOOL DISTRICT
(Fresno County, California)

GOVERNING BOARD

Steve Spate, *Member*
Steve Wells, *Member*
Rich Cisneros, *Clerk*

DISTRICT ADMINISTRATION

Shelley Manser, *Superintendent and Principal*
Tonja Griggs, *Chief Business Official*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Isom Advisors, a Division of Urban Futures, Inc.
Walnut Creek, California

BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

Wilmington Trust, National Association
Costa Mesa, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any Bond 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 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. 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.

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.

Bond Insurance Disclaimer. Municipal Assurance Corp. ("MAC" or the "Bond Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, MAC 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 MAC supplied by MAC and presented under the heading "BOND INSURANCE" and in Appendix I.

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

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 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.

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 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

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

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

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$1,000,000*
MONROE ELEMENTARY SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the captioned General Obligation Bonds, Election of 2018, Series A (Bank Qualified) (the **"Bonds"**) by the Monroe Elementary School District (the "**District**").

INTRODUCTION

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 in this Official Statement. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The District. The District was established in 1885, and is located in a rural area in the County of Fresno (the **"County"**), near the community known as Monmouth approximately sixteen miles southeast of the City of Fresno. The District has one school that serves students in grades kindergarten through eight. Enrollment for the 2018-19 school year is budgeted for 160 students. The total assessed value of the District in fiscal year 2018-19 is $104,647,283. See also Appendix C hereto for demographic and other statistical information regarding the City of Fresno and the County.

Purpose. The net proceeds of the Bonds will be used to finance school construction and improvements to the school facilities as authorized by more than the requisite 55% of the voters of the District (the **"2018 Bond Authorization"**) at an election held in the District on November 6, 2018 (the **"Bond Election"**). See "THE FINANCING PLAN" herein.

Authority for Issuance of the Bonds. The Bonds will be issued pursuant to the 2018 Bond Authorization, certain provisions of the Government Code of the State of California (the "**State**"), commencing with Section 53506 thereof (the **"Bond Law"**), and a resolution adopted by the Governing Board of the District on March 12, 2019 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Payment and Registration of the Bonds. The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

**Preliminary; subject to change.*

Form of Bonds. The Bonds are being issued as current interest bonds (the "**Current Interest Bonds**") and capital appreciation bonds (the "**Capital Appreciation Bonds**"). The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be dated their date of original issuance and delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 principal amount or Maturity Value (as defined herein), as applicable, or any integral multiple of $5,000, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("**DTC**"), and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described below. Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS – General Description of the Bonds" and "– Book-Entry Only System," below and "APPENDIX F – DTC and the Book-Entry Only System."

Redemption**.** The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable by the District solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment by the District of the principal of and interest on the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS." The District has no other bonded indebtedness outstanding.

Municipal Bond Insurance. Concurrently with the issuance of the Bonds, Municipal Assurance Corp. ("**MAC**") will issue its Municipal Bond Insurance Policy (the "**Policy**"). The Policy guarantees the scheduled payment of principal of, or in the case of Capital Appreciation Bonds, the Accreted Value of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX I to this Official Statement. See "BOND INSURANCE."

Tax Matters; Bank Qualification. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from the State personal income taxes. The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to interest payable on the Bonds. See "TAX MATTERS" herein.

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 Bonds are available from the Superintendent's Office at 11842 S. Chestnut Street, Fresno, California 93275, Telephone: (559) 834-2895. The District may impose a charge for copying, mailing and handling.

THE FINANCING PLAN

The proceeds of the Bonds will be used to finance projects approved by the voters at an election held in the District on November 6, 2018, which authorized the issuance of $1,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities (the "2018 Bond Authorization"), together with related costs of issuing the Bonds. The abbreviated form of the ballot measure (limited to 75 words or less) presented to voters is as follows:

> *"To improve the quality of education with funding that cannot be taken by the State; repair or replace leaky roofs; and modernize/renovate outdated classrooms, restrooms and school facilities; shall Monroe Elementary School District issue $1,000,000 of bonds at legal interest rates, generating on average $69,000 annually for issued bonds through maturity from levies of approximately $0.03 per $100 assessed value, with annual audits, independent citizens' oversight committee, NO money for salaries and all money for local schools?*

As part of the ballot materials presented to District voters at the Bond Election, the voters authorized a specific list of projects (the **"Project List"**) eligible to be funded with proceeds of bonds sold pursuant to the 2018 Bond Authorization, including the Bonds described herein. The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2018 Bond Authorization will provide sufficient funds to complete any particular project listed in the Project List.

The Bonds are expected to be the first and final series of general obligation bonds issued pursuant to the 2018 Bond Authorization.

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	
Net Original Issue Premium	
Total Sources	
Uses of Funds	
Deposit to Building Fund	
Deposit to Debt Service Fund	
Costs of Issuance(1)	
Total Uses	

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

THE BONDS

Authority for Issuance

The Bonds will be issued under the Bond Law and the Bond Resolution, and are authorized under the 2018 Bond Authorization.

General Description of the Bonds

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

Current Interest Bonds

The Current Interest Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Current Interest Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2019 (each, an **"Interest Payment Date"**). Each Current Interest 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 (15th) 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 of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Current Interest Bond is in default at the time of authentication thereof, such Current Interest 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 Current Interest Bonds will be paid by Wilmington Trust, National Association (the **"Paying Agent"**) to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Current Interest Bonds.

Capital Appreciation Bonds

The following terms used herein are defined in the Bond Resolution to have the following meanings with respect to the Capital Appreciation Bonds:

> **"Accreted Value"** means, with respect to any Capital Appreciation Bond, the total amount of principal thereof and interest payable thereon as of any Compounding Date determined solely by reference to the Table of Accreted Values set forth on such Capital Appreciation Bond, which is attached to this Official Statement as Appendix H. The Accreted Value of any Capital Appreciation Bond as of any date other than a Compounding Date will be the sum of (a) the Accreted Value as of the Compounding Date immediately preceding the date as of which the calculation is being made plus (b) interest on the Accreted Value determined under the preceding clause (a), computed to the

date as of which the calculation is being made at the Accretion Rate set forth on such Capital Appreciation Bond (computed on the basis of a 360-day year of twelve 30-day months).

"Accretion Rate" means the rate which, when applied to the principal amount of any Capital Appreciation Bond and compounded semiannually on each Compounding Date, produces the Maturity Value of such Capital Appreciation Bond on the maturity date thereof.

"Capital Appreciation Bonds" means bonds the interest on which is compounded semiannually on each Compounding Date and is payable in full at maturity as shown in the table of Accreted Value for the Capital Appreciation Bonds and attached to this Official Statement as Appendix H.

"Closing Date" means the date upon which there is a delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Underwriter (as defined herein).

"Compounding Date" means, with respect to any Capital Appreciation Bond, each February 1 and August 1, commencing August 1, 2019, to and including the date of maturity or redemption of such Capital Appreciation Bond.

"Denominational Amount" means, with respect to any Capital Appreciation Bond, the original amount of such Capital Appreciation Bond as of the Closing Date.

"Maturity Value" means, with respect to any Capital Appreciation Bond, the Accreted Value of such Capital Appreciation Bond to be paid at maturity.

As provided in the Bond Resolution, references therein and in this Official Statement to the payment of the principal of and interest on the Bonds includes payment of the Accreted Value and Maturity Value of the Capital Appreciation Bonds, unless otherwise required by the context or by the express provisions of such reference. Further, whenever in the Bond Resolution or in this Official Statement, any reference is made to the rights of the owners of the Bonds as measured by the principal amount of such Bonds, the principal amount of the Capital Appreciation Bonds is deemed to be the Accreted Value thereof as of the date of exercise of such rights.

The Capital Appreciation Bonds are dated the date of delivery, and accrete interest from such date. The Denominational Amount of each maturity of the Capital Appreciation Bonds shall be as shown on the inside cover page hereof. The Capital Appreciation Bonds are issued in denominations such that the Maturity Value thereof shall equal $5,000 or an integral multiple thereof. The Capital Appreciation Bonds are payable only at maturity or upon earlier redemption, in the years and amounts set forth on the inside cover page hereof.

Interest on the Capital Appreciation Bonds is compounded on February 1 and August 1 of each year, commencing August 1, 2019. Each Capital Appreciation Bond accretes in value daily over the term to its maturity, from its Denominational Amount on the Closing Date to its Accreted Value on its maturity date. The Accreted Value payable on any date shall be determined solely by reference to the Table of Accreted Values attached to such Capital Appreciation Bond. See "APPENDIX H– Table of Accreted Values."

The interest portion of the Accreted Value of any Capital Appreciation Bond that is payable on the date of maturity shall represent interest accreted and coming due on such date. The Accreted Value of any Capital Appreciation Bond at maturity shall be payable by check or draft mailed by first-class mail, in lawful money of the United States of America upon presentation and surrender of such Bond at the Office of the Paying Agent. See "APPENDIX F-DTC and the Book-Entry Only System."

Book-Entry Only System

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"). Purchasers of the Bonds (the "**Beneficial Owners**") will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by Wilmington Trust, National Association, Costa Mesa, California (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice. See "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

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

Paying Agent

The Paying Agent will act as the registrar, transfer agent, and paying agent for the Bonds. As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send all payments with respect to principal and interest on the Bonds, and any notice of redemption or other notices to owners of the Bonds, only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action covered by such notice.

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

Optional Redemption

Current Interest Bonds. The Current Interest Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Current Interest Bonds maturing on or after August 1, 20__ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, 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.

Capital Appreciation Bonds. The Capital Appreciation Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Capital Appreciation Bonds maturing on or after August 1, 20__ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a price equal to 100% of the Accreted Value thereof as of the date of redemption, without premium.

Selection of Bonds for Redemption. Whenever less than all of the Outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of $5,000 denominations each, which may be separately redeemed.

Mandatory Sinking Fund Redemption

The Current Interest Bonds maturing on August 1, 20__, and August 1, 20__ (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 will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

If any Term Bonds are redeemed pursuant to the optional redemption provisions described above, the total amount of all future sinking fund payments with respect to such Term Bonds shall 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 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

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 Bonds designated for redemption, at their addresses appearing on the registration books maintained by the Paying Agent. Such notice may be a conditional notice of redemption and subject to rescission as set forth below. Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest on the Bonds so called for redemption have been duly provided, the Bonds called for redemption will cease to be entitled to any benefit under the Bond Resolution other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in the notice.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the Owner thereof a new Bond or Bonds of like maturity and of authorized denominations (or of like Accreted Value in the case of the Capital Appreciation Bonds) equal in transfer amounts to the unredeemed portion of the Bond surrendered. Such partial redemption will be valid upon payment of the amount required to be paid to such Owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

Right to Rescind Notice of Optional Redemption

The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of optional 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 Bonds then called for redemption. The District and the Paying Agent have no liability to the owners of the Bonds or any other party related to or arising from any 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.

Registration, Transfer and Exchange of Bonds

If the book entry system is discontinued, the District will cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond Register will be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond will be made only to or upon the order of that person; neither the District, the County nor the Paying Agent will be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution.

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Costa Mesa, California for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity and series. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 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.

No exchanges of Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Bonds for redemption until the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

Defeasance

The Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds (or the Maturity Value or Accreted Value thereof, in the case of Capital Appreciation 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 Bonds; or

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

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 Bonds, the money or securities so to be deposited or held may be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under 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 Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

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

Upon the deposit, in trust, at or before maturity, of money or Federal Securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption has been given as provided in Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the District in respect of such 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 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 for such payment.

As defined in the Bond Resolution, the term **"Federal Securities"** means 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.

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DEBT SERVICE SCHEDULE

The following table shows the debt service schedule with respect to the Bonds (assuming no optional redemptions). The District does not have any other bonded indebtedness outstanding.

MONROE ELEMENTARY SCHOOL DISTRICT
Bond Debt Service Schedule

Bond Year Ending August 1	Principal	Interest	Total Debt Service
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
Total			

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The 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 principal and Accreted Value of the 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 and Accreted Value of and interest and redemption premium, if any, on the 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 Bonds Payable from Ad Valorem Property Taxes. In addition to the general obligation bonds issued by the District, 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 – Tax Rates" and "- Direct and Overlapping Debt" below.

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 by the District of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Bonds, which is maintained by the County and which is irrevocably pledged by the District for the payment by it of principal of and interest on the 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 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 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 for the District to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, deflation of property 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, drought, 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 a Debt Service Fund (the "**Debt Service Fund**") for the 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 for the payment by the District of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon its receipt. The Debt Service Fund is pledged by the District for the payment by it of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to enable the District to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the County shall apply such amounts to pay debt service on other outstanding general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, shall be transferred 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

No part of any fund or account of the County is pledged or obligated to the payment of the Bonds. The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment by the District of principal of and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt (or a pledge of the full faith and credit) 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. 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. 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 local superior court clerk 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.

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 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 Valuation

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

MONROE ELEMENTARY SCHOOL DISTRICT
Assessed Valuation
Fiscal Year 2009-10 through Fiscal Year 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2009-10	$ 85,805,266	$28,967	$1,860,558	$ 87,694,791	--%
2010-11	85,252,712	28,967	2,079,472	87,361,151	(0.4)
2011-12	94,084,839	38,000	1,526,184	95,649,023	9.5
2012-13	95,589,469	38,000	1,517,852	97,145,321	1.6
2013-14	101,292,953	38,000	1,509,873	102,840,826	5.9
2014-15	101,134,199	38,000	1,535,226	102,707,425	(0.1)
2015-16	103,836,705	38,000	1,481,322	105,356,027	2.6
2016-17	103,284,887	38,000	967,778	104,290,665	(1.0)
2017-18	104,604,966	38,000	1,051,169	105,694,135	1.3
2018-19	103,599,889	38,000	1,009,394	104,647,283	(0.9)

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation 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 man-made or natural disasters such as earthquakes, fires, floods and drought. Notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, and wildfires in different regions of the State, and related flooding and mudslides. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Seismic activity is also a risk in the region where the District is located. Although recent California wildfires have not occurred within District boundaries, the District cannot predict or make any representations regarding the effects that wildfires or any other type of natural or manmade disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

Assessed Valuation by Jurisdiction. The following table shows the assessed valuation by jurisdiction in the District.

MONROE ELEMENTARY SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2018-19

Jurisdiction:	**Assessed Valuation in School District**	**% of School District**	**Assessed Valuation of Jurisdiction**	**% of Jurisdiction in School District**
Unincorporated Fresno County	$104,647,283	100.00%	$23,176,026,651	0.45%
Total District	$104,647,283	100.00%		
Fresno County	$104,647,283	100.00%	$78,519,340,361	0.13%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The table below shows the land use of property within the District, as measured by assessed valuation and the number of parcels for fiscal year 2018-19. As shown, the majority of the District's assessed valuation is represented by residential property.

MONROE ELEMENTARY SCHOOL DISTRICT
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/Rural	$67,498,695	65.15%	197	55.18%
Commercial/Office	128,038	0.12	2	0.56
Industrial	18,155,389	17.52	2	0.56
Government/Social/Institutional	104,311	0.10	2	0.56
Subtotal Non-Residential	$85,886,433	82.90%	203	56.86%
Residential:				
Single Family Residence	$15,942,802	15.39%	106	29.69%
Mobile Home	1,465,657	1.41	29	8.12
Vacant Residential	304,997	0.29	19	5.32
Subtotal Residential	$17,713,456	17.10%	154	43.14%
Total	$103,599,889	100.00%	357	100.00%

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

Assessed Valuation of Single-Family Residential Parcels. The table below shows the breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2018-19, including the median and average assessed value per parcel.

MONROE ELEMENTARY SCHOOL DISTRICT
Per Parcel 2018-19 Assessed Valuation of Single-Family Homes

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	106	$15,942,802	$150,404	$123,383

2018-19 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	5	4.717%	4.717%	$ 91,170	0.572%	0.572%
$25,000 - $49,999	12	11.321	16.038	430,049	2.697	3.269
$50,000 - $74,999	18	16.981	33.019	1,114,159	6.988	10.258
$75,000 - $99,999	11	10.377	43.396	986,469	6.188	16.445
$100,000 - $124,999	8	7.547	50.943	904,703	5.675	22.120
$125,000 - $149,999	10	9.434	60.377	1,366,810	8.573	30.693
$150,000 - $174,999	6	5.660	66.038	969,085	6.079	36.772
$175,000 - $199,999	9	8.491	74.528	1,687,664	10.586	47.357
$200,000 - $224,999	10	9.434	83.962	2,119,167	13.292	60.650
$225,000 - $249,999	4	3.774	87.736	952,862	5.977	66.627
$250,000 - $274,999	3	2.830	90.566	782,480	4.908	71.535
$275,000 - $299,999	1	0.943	91.509	291,124	1.826	73.361
$300,000 - $324,999	2	1.887	93.396	634,010	3.977	77.337
$325,000 - $349,999	0	0.000	93.396	0	0.000	77.337
$350,000 - $374,999	2	1.887	95.283	723,504	4.538	81.876
$375,000 - $399,999	1	0.943	96.226	387,500	2.431	84.306
$400,000 - $424,999	2	1.887	98.113	816,690	5.123	89.429
$425,000 - $449,999	0	0.000	98.113	0	0.000	89.429
$450,000 - $474,999	0	0.000	98.113	0	0.000	89.429
$475,000 - $499,999	0	0.000	98.113	0	0.000	89.429
$500,000 and greater	2	1.887	100.000	1,685,356	10.571	100.000
Total	106	100.000%		$15,942,802	100.000%	

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

Reassessments and Appeals of Assessed Value

Reassessment or appeals of assessed values 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 B.

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

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 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.

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or blanket reassessments 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 Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds) may be paid.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities for property in the District during fiscal years 2014-15 through 2018-19.

MONROE ELEMENTARY SCHOOL DISTRICT
Typical Tax Rates
Dollars per $100 of Assessed Valuation
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General Tax Rate	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
State Center Community College District	.009308	.008064	.008480	.025934	.022966
Caruthers Unified School District	.060000	.050934	.051542	.050052	.052992
Total Tax Rate	$1.069308	$1.058998	$1.060022	$1.075986	$1.075958

Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

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.

The following table shows secured tax charges and delinquencies for secured property in the District for property within the District for fiscal years 2013-14 through 2017-18 without regard to the Teeter Plan.

MONROE ELEMENTARY SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2013-14 Through 2017-18

Fiscal Year	Secured Tax Charge [1]	Amount Delinquent June 30	Percent Delinquent June 30
2013-14	$1,070,258.78	$15,568.71	1.45%
2014-15	1,075,327.30	10,776.11	1.00
2015-16	1,220,369.24	18,192.46	1.49
2016-17	1,224,267.26	56,558.62	4.62
2017-18	1,250,768.02	35,237.76	2.82

[1] All taxes collected within the District.
Source: California Municipal Statistics, Inc.

Major Taxpayers

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations for fiscal year 2018-19:

MONROE ELEMENTARY SCHOOL DISTRICT
Largest 2018-19 Local Secured Taxpayers

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total (1)
1.	Vie-Del Company	Food Processing	$18,996,249	18.34%
2.	Fresno Farming LLC	Agricultural	9,247,648	8.93
3.	Fowler Packing Co. Inc.	Agricultural	3,118,681	3.01
4.	Paul & Swaranjit Kaur Singh, Trustees	Agricultural	2,327,784	2.25
5.	Nirmal S. & Rashpal K. Brar	Agricultural	2,072,788	2.00
6.	Steven R. & Tracy L. Spate	Agricultural	1,972,391	1.90
7.	Gurdev Singh & Sukhdev Kaur Muhar	Agricultural	1,954,493	1.89
8.	Scott C. Critchley, Trustee	Agricultural	1,512,925	1.46
9.	Willy E. Ludtke	Agricultural	1,233,156	1.19
10.	Harbhajan S. & Prem K. Nagra, Trustees	Agricultural	1,201,889	1.16
11.	Erma Lee Raven, Trustee	Agricultural	1,192,798	1.15
12.	Baldev Kishan & Parkash Kaur Singh	Agricultural	1,139,483	1.10
13.	Robert & Edythe Woodruff Stewart	Agricultural	1,131,123	1.09
14.	Guri S. Bhangoo	Agricultural	1,037,033	1.00
15.	William H. & Coleena B. Donovan, Trustees	Agricultural	999,469	0.96
16.	Joe Soghomonian Inc.	Agricultural	930,968	0.90
17.	Satwant & Inderjit Bains	Agricultural	832,241	0.80
18.	Soghomonian Farms LP	Agricultural	711,370	0.69
19.	Bonifacio & Graciela Archan	Agricultural	695,533	0.67
20.	Gurtej Singh	Agricultural	662,052	0.64
			$52,970,074	51.13%

(1) 2018-19 local secured assessed valuation: $103,599,889.
Source: California Municipal Statistics, Inc.

Vie Del Company is the largest secured property taxpayer in the District. Based on publicly available information, Vie Del Company is a privately held company based in Fresno, California, and is in the brandy, wine and juice concentrate business.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of February 1, 2019. 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.

MONROE ELEMENTARY SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of February 1, 2019

2018-19 Assessed Valuation: $104,647,283

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 2/1/19**
State Center Community College District	0.122%	$ 212,872
Caruthers Unified School District	11.311	1,262,604
Monroe School District	**100.000**	**-** (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,475,476
OVERLAPPING GENERAL FUND DEBT:		
Fresno County General Fund Obligations	0.133%	$ 52,229
Fresno County Pension Obligation Bonds	0.133	339,519
Caruthers Unified School District General Fund Obligations	11.311	675,227
TOTAL OVERLAPPING GENERAL FUND DEBT		$1,066,975
COMBINED TOTAL DEBT		$2,542,451 (2)

Ratios to 2018-19 Assessed Valuation:

Direct Debt... - %
Total Direct and Overlapping Tax and Assessment Debt........... 1.41%
Combined Total Debt.. 2.43%

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

BOND INSURANCE

The following information has been furnished by the Bond Insurer 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 I for a specimen of the Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Municipal Assurance Corp. ("**MAC**") will issue its Municipal Bond Insurance Policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the Accreted Value) and interest on the Bonds when due as set forth in the form of the Policy included as Appendix I 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.

Municipal Assurance Corp.

MAC is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (**"AGL"**), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of the shareholders or affiliates of AGL, other than MAC, is obligated to pay any debts of MAC or any claims under any insurance policy issued by MAC.

MAC is wholly owned by Municipal Assurance Holdings Inc., which, in turn, is owned 61% by Assured Guaranty Municipal Corp. and 39% by Assured Guaranty Corp.

MAC's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. (**"KBRA"**). Each rating of MAC should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of MAC in its sole discretion. In addition, the rating agencies may at any time change MAC's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by MAC. MAC only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by MAC 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 12, 2018, KBRA announced it had affirmed MAC's financial strength rating of "AA+" (stable outlook). MAC can give no assurance as to any further ratings action that KBRA may take.

On June 26, 2018, S&P announced it had affirmed MAC's financial strength rating of "AA" (stable outlook). MAC can give no assurance as to any further ratings action that S&P may take.

For more information regarding MAC's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Capitalization of MAC

As of December 31, 2018, MAC's policyholders' surplus and contingency reserve were approximately $521 million and its unearned premium reserve was approximately $195 million, in each case, determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to MAC are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019).

All financial statements of MAC and all other information relating to MAC included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Municipal Assurance Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding MAC included herein under the caption "BOND INSURANCE – Municipal Assurance Corp." or included in a document incorporated by reference herein (collectively, the "MAC Information") shall be modified or superseded to the extent that any subsequently included MAC Information (either directly or through incorporation by reference) modifies or supersedes such previously included MAC Information. Any MAC Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

MAC makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, MAC 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 MAC supplied by MAC and presented under the heading “BOND INSURANCE”.

TAX MATTERS

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 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. Furthermore, the Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the **“Tax Code”**) such that, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes, and in order for the Bonds to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds, or may cause the Bonds to lose their status as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the 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 is 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 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 Bonds who purchase the 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, to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the 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 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 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 Bonds is exempt from California personal income taxes.

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

In addition, future legislation, if enacted into law, or clarification of the Tax Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Tax Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

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

CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the 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 retire the Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

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, Dannis Woliver Kelley, as Underwriter's Counsel, and Isom Advisors, a Division of Urban Futures, Inc., as municipal advisor to the District, is contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2020 with the report for the 2018-19 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such 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 an Annual Report or the notices of enumerated events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**). The undertaking with respect to the Bonds is the District's first undertaking pursuant to the Rule.

In order to assist in future timely compliance with its disclosure undertakings for its outstanding obligations and the Bonds, the District has contracted with Isom Advisors, a Division of Urban Futures, Inc. to serve as dissemination agent for the Bonds.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") is expected to assign their ratings of "AA" to the Bonds, based on the understanding that the Bond Insurer will deliver its Policy with respect to the Bonds at the time of delivery of the Bonds. See "BOND INSURANCE." S&P has assigned an underlying rating of "A" to the Bonds.

The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). Such ratings reflect only the view of S&P and explanations of the significance of such ratings may be obtained only from S&P. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in such agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by O'Connor & Company Securities, Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $__________ (which is equal to the initial principal amount of the Bonds, plus net original issue premium of $__________ and less Underwriter's discount of $__________). The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the 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 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.

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 mentioned are available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in Costa Mesa, 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.

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 Bonds.

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

MONROE ELEMENTARY SCHOOL DISTRICT

By: ____________________________________
Superintendent

APPENDIX A

MONROE ELEMENTARY SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017-18

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MONROE ELEMENTARY SCHOOL DISTRICT
COUNTY OF FRESNO
FRESNO, CALIFORNIA

AUDIT REPORT

JUNE 30, 2018

BORCHARDT, CORONA, FAETH & ZAKARIAN
Certified Public Accountants
1180 E. Shaw Ave., Ste. 110
Fresno, California 93710-7809

MONROE ELEMENTARY SCHOOL DISTRICT
AUDIT REPORT
YEAR ENDED JUNE 30, 2018

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BORCHARDT, CORONA, FAETH & ZAKARIAN
Certified Public Accountants

Gustavo M. Corona, CPA
Scott A. Faeth, CPA
Christina J. Zakarian, CPA
Thomas R. Borchardt, CPA
Consultant

Independent Auditor's Report

Board of Trustees
Monroe Elementary School District
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Elementary 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 of material misstatement.

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

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

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 Monroe Elementary 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.

Emphasis of Matter – Change in Accounting Principle

As described in Note A.2.a. to the financial statements, for the fiscal year ended June 30, 2018, Monroe Elementary School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

1180 E. Shaw Avenue, Suite 110, Fresno, California 93710-7809 • (559) 225-6891 • Fax (559) 225-6951 • http://www.bcfz-cpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, Schedules of the District's Proportionate Share of the Net Pension Liability, Schedules of District's Pension Contributions and Schedule of Changes in the Total OPEB Liability and Related Ratios, as listed 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 Monroe Elementary School District's basic financial statements. The other supplementary information schedules listed in the table of contents are 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*, published by the Education Audit Appeals Panel, and are not a required part of the basic financial statements.

The other supplementary information schedules listed in the table of contents 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 other supplementary information schedules listed in the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of Monroe Elementary 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 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 Monroe Elementary School District's the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe Elementary School District's internal control over financial reporting and compliance.

Borchardt, Corona, Faeth & Zakarian

Fresno, California
December 14, 2018

Introductory Section

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

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

- In 2018, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This statement improves accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). The financial statements and note disclosures have been updated for the effect of the adoption of GASB Statement No. 75. The cumulative effect of implementing these statements resulted in a restatement of beginning net position as detailed in Note A.2.a to the financial statements.

- Total net position for the District was $(592,861) at June 30, 2018. Net position decreased by $459,426 during the 2017-18 fiscal year primarily relating to the decrease in the District's Local Control Funding Formula (LCFF) revenue due to the district's declining enrollment. Expenditures have also increased due to several factors including ongoing issues with aging facilities; costs for well/pump repairs; playground/ fields work including adding dirt to fill sinkholes; maintenance to buildings, staff salaries at or near the top of their scale; continued increases in minimum wage and pension costs (STRS and PERS); and contributions to Special Ed costs. The amount at June 30, 2018 includes capital assets, primarily buildings and equipment, of $200,731, net of accumulated depreciation and the District's net pension liability of $1,932,660.

- Overall revenues were $2,574,671.

- Long-term debt is $2,194,273. This is comprised of early retirement incentive–PARS, other post-employment benefits and net pension liability.

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.

    - Government 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.

District-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 District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position, the difference between the assets and liabilities, 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 non-financial 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 District-wide financial statements include District 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) funding 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:

- Government 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 at the bottom of the government funds statements that explain 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 and a statement of changes in 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 $(592,861) at June 30, 2018. See Table 1.

Table 1
Net Position

	Governmental Activities 2018	Governmental Activities 2017	Total Percentage Change 2018-2017
Assets:			
Cash	$ 970,765	$ 1,144,654	(15.19%)
Accounts Receivable	130,127	121,832	6.81%
Stores Inventories	1,600	1,600	0.00%
Capital Assets, Net of Accumulated Depreciation	200,731	218,643	(8.19%)
TOTAL ASSETS	1,303,223	1,486,729	(12.34%)
Deferred Outflows of Resources	614,034	350,992	74.94%
Liabilities:			
Accounts Payable	182,703	227,596	(19.72%)
Unearned Revenue	109	-	N/A
Long-Term Debt	2,194,273	1,620,879	35.38%
TOTAL LIABILITIES	2,377,085	1,848,475	28.60%
Deferred Inflows of Resources	133,033	122,681	8.44%
Net Position:			
Net Investment in Capital Assets	200,731	218,643	(8.19%)
Restricted	273,843	62,822	>100.00%
Unrestricted	(1,067,435)	(414,900)	>(100.00%)
TOTAL NET POSITION	$ (592,861)	$ (133,435)	>(100.00%)

Change in Net Position

The District's total revenues were $ 2,574,671. A majority of the revenue comes from LCFF Sources (68.05%). Operating grants and contributions accounted for another 27.57% of total revenues.

The total cost of all programs and services was $2,918,806. The District's expenses are predominately related to educating and caring for students (77.73%).

Table 2
Change in Net Position

	Total Activities 2018	Total Activities 2017	Total Percentage Change 2018-2017
Revenues:			
Program Revenues:			
Charges for Services	$ 1,494	$ 2,291	(34.79%)
Operating Grants and Contributions	709,864	497,252	42.76%
General Revenues:			
LCFF Sources	1,752,105	1,714,646	2.18%
State Revenues	73,325	80,175	(8.54%)
Local Revenues	37,883	40,364	(6.15%)
TOTAL REVENUES	2,574,671	2,334,728	10.28%
Expenses:			
Instruction	1,397,095	1,235,032	13.12%
Instruction-Related Services	474,213	464,931	2.00%
Pupil Services	397,353	402,157	(1.19%)
Ancillary Services	-	2,900	(100.00%)
General Administration	270,907	179,600	50.84%
Plant Services	299,352	205,830	45.44%
Other Outgo	79,886	88,457	(9.69%)
Interest on Long-Term Obligations	-	36	(100.00%)
TOTAL EXPENSES	2,918,806	2,578,943	13.18%
INCREASE (DECREASE) IN NET POSITION	$ (344,135)	$ (244,215)	40.91%
BEGINNING NET POSITION	$ (133,435)	$ 110,780	>(100.00%)
PRIOR PERIOD ADJUSTMENT	(115,291)	-	N/A
ENDING NET POSITION	$ (592,861)	$ (133,435)	>(100.00%)

Governmental Activities

The cost of all district activities this year was $2,918,806. 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

	Total Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2018	Net Cost of Services 2017
Instruction	1,397,095	1,235,032	$ 1,079,147	$ 1,039,680
Instruction-Related Services	474,213	464,931	371,868	393,891
Pupil Services	397,353	402,157	237,465	231,023
Ancillary Services	-	2,900		2,470
General Administration	270,907	179,600	208,879	152,661
Plant Services	299,352	205,830	230,203	171,182
Other Outgo	79,886	88,457	79,886	88,457
Interest on Long-Term Obligations	-	36	-	36
TOTAL	$ 2,918,806	$ 2,578,943	$ 2,207,448	$ 2,079,400

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Fund and Budgetary Highlights

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $919,680. This is a decrease of $120,810 from the prior year combined fund balance of $1,040,490.

Table 4
Governmental Funds Balances and Activity

		Balances and Activity		
	July 1, 2017	Revenues & Other Sources	Expenditures & Other Uses	June 30, 2018
General	$ 566,108	$ 2,569,581	$ 2,630,518	$ 505,171
Cafeteria	80,776	115,393	182,196	13,973
Deferred Maintenance	18	-	-	18
Special Reserve Fund for Other than Capital Outlay Projects	387,864	6,829	-	394,693
Capital Facilities	5,724	101	-	5,825
Total	$ 1,040,490	$ 2,691,904	$ 2,812,714	$ 919,680

The primary reason for this decrease is due to the decrease in the District's Local Control Funding Formula (LCFF) revenue due to the district's declining enrollment. Expenditures have also increased due to several factors including ongoing issues with aging facilities; costs for well/pump repairs; playground/ fields work including adding dirt to fill sinkholes; maintenance to buildings, staff salaries at or near the top of their scale; continued increases in minimum wage and pension costs (STRS and PERS); and contributions to Special Ed costs.

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 expenses is provided in the supplemental section of the audited financial report.

The primary factors for the variation between original and final budget amounts are as follows:

Revenues – increased by $250,186 primarily due to the receipt of Prop 39 funds as well as a one-time MTSS Grant and an increase in LCFF funding.
Salaries and Benefits - increased by $38,203 due to addition of the Director of curriculum, instruction and Assessment Salary schedule; payment for Dir. Of CIA summer salary; the addition of a bilingual intervention tutor and a classified substitute for a tutor out on medical leave.
Other non-personnel expenditures – increased by $5,339 due to replacement of well pump, no curriculum adoption and less material and supplies purchased.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had invested $200,731 (Net of Depreciation) in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles. See Table 5. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table 5
Capital Assets

	Governmental Activities		Percentage of Change
	2018	2017	2018-2017
Land	$ 563	$ 563	0.00%
Buildings	491,379	481,473	2.06%
Site Improvements	262,094	262,094	0.00%
Equipment	137,074	137,074	0.00%
Total at Historical Cost	891,110	881,204	1.12%
Total Accumulated Depreciation	(690,379)	(662,561)	4.20%
NET CAPITAL ASSETS	$ 200,731	$ 218,643	(8.19%)

Long-Term Debt

At year-end, the District had $2,194,273 in debt due to Early Retirement Incentive-PARS, Retiree Benefits, and Net Pension Liability. More detailed information about long term debt can be found in the notes to the financial statements.

Table 6
Long-Term Debt

	Governmental Activities		Total Percentage Change
	2018	2017	2018-2017
Net Pension Liability	$ 1,932,660	$ 1,599,780	20.81%
Early Retirement Incentive-PARS	131,965	-	N/A
Post-Employment Health Benefits	129,648	21,099	>100.00%
TOTAL LONG TERM DEBT	2,194,273	1,620,879	35.38%

FACTORS BEARING ON THE DISTRICT'S FUTURE

In 2017-18 the District adjusted all salary schedules for Administration, Certificated and Classified, resulting in an approximate 3% salary increase to all employees. Enrollment for the 2018-19 school year has decreased by 2.35% (4 students) due mostly to moves out of District. Unless enrollment increases, this will decrease the District's 2018-19 P-2 ADA affecting future LCFF funding. In 2017-18 the District contracted for routine maintenance including replacing the carpet in one of the portables and painting all buildings. Additionally, two air conditioning units were replaced. In the future, the District plans to become ADA (Americans with Disabilities Act) compliant by implementing a complete remodel of the school and grounds. In the meantime the District plans the following:

- Update the phone and intercom system
- Replace ceiling tiles in designated areas of need
- Repair or replace aging A/C / heating units
- Remodel and update kitchen
- Level, weed and seed grounds
- Replace fire alarm system
- Cut, remove or bury tree roots in park area
- Remove stairs in bus barn
- Continue to eradicate vermin on grounds
- Replace sprinklers
- Repair or replace aging plumbing fixtures due to breakage and leaks

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 of the money it receives. If you have questions about this report, or need additional financial information, contact Shelley Manser or Tonja Griggs, Monroe Elementary School District, 11842 S. Chestnut Ave., Fresno CA 93725.

Financial Section

MONROE ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

		Governmental Activities
ASSETS:		
Cash in County Treasury	$	965,765
Cash in Revolving Fund		5,000
Accounts Receivable		130,127
Stores Inventories		1,600
Capital Assets:		
Land		563
Land Improvements, Net		84,184
Buildings, Net		69,416
Equipment, Net		46,568
Total Assets		1,303,223
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources - Pensions		614,034
Total Deferred Outflows of Resources		614,034
LIABILITIES:		
Accounts Payable		182,703
Unearned Revenue		109
Noncurrent Liabilities:		
Net Pension Liability		1,932,660
Total OPEB Liability		129,648
Due within one year		26,393
Due in more than one year		105,572
Total Liabilities		2,377,085
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources - Pensions		133,033
Total Deferred Inflows of Resources		133,033
NET POSITION:		
Net Investment in Capital Assets		200,731
Restricted For:		
Federal and State Programs		268,016
Capital Projects		5,827
Unrestricted		(1,067,435)
Total Net Position	$	(592,861)

The accompanying notes are an integral part of this statement.

MONROE ELEMENTARY 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	$ 1,397,095	$ --	$ 317,948	$ (1,079,147)
Instruction-Related Services	474,213	--	102,345	(371,868)
Pupil Services	397,353	1,441	158,447	(237,465)
General Administration	270,907	--	62,028	(208,879)
Plant Services	299,352	53	69,096	(230,203)
Other Outgo	79,886	--	--	(79,886)
Total Governmental Activities	2,918,806	1,494	709,864	(2,207,448)
Total Primary Government	$ 2,918,806	$ 1,494	$ 709,864	(2,207,448)
General Revenues:				
LCFF Sources				1,752,105
State Revenues				73,325
Local Revenues				37,883
Total General Revenues				1,863,313
Change in Net Position				(344,135)
Net Position - Beginning				(133,435)
Prior Period Adjustment				(115,291)
Net Position - Ending				$ (592,861)

The accompanying notes are an integral part of this statement.

MONROE ELEMENTARY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash in County Treasury	$ 959,877	$ 5,888	$ 965,765
Cash in Revolving Fund	5,000	--	5,000
Accounts Receivable	109,483	20,644	130,127
Due from Other Funds	9,284	5,826	15,110
Stores Inventories	--	1,600	1,600
Total Assets	1,083,644	33,958	1,117,602
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 177,827	$ 4,876	$ 182,703
Due to Other Funds	5,826	9,284	15,110
Unearned Revenue	109	--	109
Total Liabilities	183,762	14,160	197,922
Fund Balance:			
Nonspendable Fund Balances:			
Revolving Cash	5,000	--	5,000
Stores Inventories	--	1,600	1,600
Restricted Fund Balances	268,016	8,959	276,975
Assigned Fund Balances	18	9,239	9,257
Unassigned:			
Reserve for Economic Uncertainty	394,693	--	394,693
Other Unassigned	232,155	--	232,155
Total Fund Balance	899,882	19,798	919,680
Total Liabilities and Fund Balances	$ 1,083,644	$ 33,958	$ 1,117,602

The accompanying notes are an integral part of this statement.

MONROE ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances - governmental funds balance sheet	$	919,680
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		200,731
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.		(131,965)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(1,932,660)
Deferred Resource Inflows related to the pension plans are not reported in the funds.		(133,033)
Deferred Resource Outflows related to the pension plans are not reported in the funds.		614,034
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(129,648)
Net position of governmental activities - Statement of Net Position	$	(592,861)

The accompanying notes are an integral part of this statement.

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
LCFF Sources:			
State Apportionment or State Aid	$ 1,364,039	$ --	$ 1,364,039
Education Protection Account Funds	231,510	--	231,510
Local Sources	156,556	--	156,556
Federal Revenue	185,131	105,787	290,918
Other State Revenue	384,068	7,663	391,731
Other Local Revenue	123,141	2,044	125,185
Total Revenues	2,444,445	115,494	2,559,939
Expenditures:			
Current:			
Instruction	1,322,281	--	1,322,281
Instruction - Related Services	451,394	--	451,394
Pupil Services	215,990	175,726	391,716
General Administration	274,082	--	274,082
Plant Services	276,979	6,470	283,449
Other Outgo	79,886	--	79,886
Capital Outlay	9,906	--	9,906
Total Expenditures	2,630,518	182,196	2,812,714
Excess (Deficiency) of Revenues Over (Under) Expenditures	(186,073)	(66,702)	(252,775)
Other Financing Sources (Uses):			
Other Sources	131,965	--	131,965
Total Other Financing Sources (Uses)	131,965	--	131,965
Net Change in Fund Balance	(54,108)	(66,702)	(120,810)
Fund Balance, July 1	953,990	86,500	1,040,490
Fund Balance, June 30	$ 899,882	$ 19,798	$ 919,680

The accompanying notes are an integral part of this statement.

MONROE ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds	$	(120,810)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		9,906
The depreciation of capital assets used in governmental activities is not reported in the funds.		(27,818)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.		(131,965)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as DRO.		175,177
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		(255,367)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.		6,742
Change in net position of governmental activities - Statement of Activities	$	(344,135)

The accompanying notes are an integral part of this statement.

MONROE ELEMENTARY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	$ 1,401
Total Assets	1,401
LIABILITIES:	
Due to Student Groups	$ 1,401
Total Liabilities	1,401
NET POSITION:	
Total Net Position	$ --

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (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 (as amended), *The Financial Reporting Entity*, include whether:

- the organization is legally separate organization (can sue and be sued in its name) for which the primary government is financially accountable.
- 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. Change in Accounting Policies

The District has adopted accounting policies compliant with new pronouncements issued by the Governmental Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2018. Those newly implemented pronouncements are 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 employees of state and local governmental employers.

The financial statements and note disclosures have been updated for the effect of the adoption of GASB Statement No. 75. As a result of implementation of this statement, beginning net position has been restated as follows:

Net position previously reported, July 1, 2017	$ (133,435)
Change in total OPEB liability from adoption of GASB Statement No. 75	(115,291)
Total restatement	(115,291)
Net position as restated	$ (248,726)

GASB Statement No. 85 – Omnibus 2017

The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

The District has implemented the provisions of this statement as of June 30, 2018.

GASB Statement No. 86 – Certain Debt Extinguishment Issues

The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The District has implemented the provisions of this statement as of June 30, 2018.

b. 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 non exchange 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 non-major funds.

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported for in another fund.

The District reports the following non-major governmental funds:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following special revenue fund is utilized by the District:

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

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The District maintains the following capital projects fund:

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

In addition, the District reports the following fund types:

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.

- Agency Funds are used to report resources held by the District in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

c. Measurement Focus, Basis of Accounting

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. Non-exchange 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 one year after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues 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 accounting principles generally accepted in the United States of America for all government funds. By state law, the District's Board of Trustees 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 Board of Trustees satisfied these requirements.

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

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

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured up 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 of its cash in the Fresno County Treasury. The County pools these funds with those of other entities 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. 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 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 expenditures in governmental funds for prepaid items either when purchased or during the benefitting 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	Estimated Useful Lives
Buildings	20-50
Improvements	20
Equipment	5-15

d. Receivable and Payable Balances

The District has provided detail of the receivable balances in Note F. The District believes that sufficient detail of payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates the payable 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, if any, are recognized as liabilities of the District. The current portion of the liabilities is recognized in the Statement of Net Position and is included in Noncurrent liabilities - Due within one year.

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

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

g. Long-Term Obligation

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

h. 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 benefitting 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.

i. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on December 10 and April 10. 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.

j. Deferred Outflows/Inflows of Resources

Deferred outflows of resources is a consumption of net assets or 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 and 65.

k. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the District:

Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board, the District's highest level of decision-making authority. This formal action is the approval of the interim report adoption.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent or the Chief Business Official pursuant to authorization established by Board policy 3100.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When expenditures/expenses are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amount in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts and consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education. The District maintains a Reserve for Economic Uncertainties to safeguard the District's financial stability. The Board intends to maintain a minimum fund balance of 5% of the District's General Fund annual operating expenditures.

l. 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)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

m. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the District's single-employer defined benefit OPEB Plan ("the Plan") have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

n. Use of Estimates

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

C. Excess of Expenditures over Appropriations

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

Appropriations Category	Excess Expenditures
General Fund:	
Employee Benefits	$ 131,965
Services and Other Operating Expenditures	15,783

The District incurred additional expenditures related to Employee Benefits for the offering of PARS early retirement incentives and services and other operating expenditures for the gross-up of expenses related to E-rate.

D. Cash and Investments

Summary of Cash and Investments

Cash and investments at June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Governmental Activities:	
Cash in County Treasury	$ 965,765
Cash in Revolving Fund	5,000
Total	970,765
Fiduciary Funds:	
Cash in Banks	1,401
Grand Total Cash and Investments	$ 972,166

Cash and investments as of June 30, 2018 consist of the following:

Deposits with Financial Institutions	$ 6,401
Deposits with County Treasury	965,765
Total Cash and Investments	$ 972,166

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 (the District's portion was $965,765 as of June 30, 2018). The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's portion of this pool as of June 30, 2018, as provided by the pool sponsor, was $951,217. Assumptions made in determining the fair value of the District's pooled investment portfolios are available from the County Treasurer. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest 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 amount recorded on these financial statements is the balance available for withdrawal based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Cash in Banks and in Revolving Fund

Cash balances held in financial institutions including cash in banks ($1,401 as of June 30, 2018) and in the revolving fund ($5,000) are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institution is fully insured or collateralized.

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 at an amount determined by the fair value per share of the pools underlying portfolio, 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. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment, generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Disclosures Relating to Credit Risk

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

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District has no investments.

Custodial Credit Risk

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

None of the District's deposits with financial institutions are in excess of federal depository insurance limits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds of government investment pools.

E. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure as asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical of similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized – Cash in County Treasury (Investments in county treasury) in the Fresno County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements at June 30, 2018 were as follows:

	Uncategorized	Total
Cash in County Treasury (Investments in county treasury)	$ 965,765	$ 965,765

F. Accounts Receivable

Accounts receivable as of June 30, 2018, consist of the following:

	General Fund	All Other Governmental Funds	Total
Apportionment:	$ 69	$ -	$ 69
Federal Government:			
Federal Programs	15,641	18,830	34,471
State Government:			
Categorical Aid Programs	41,238	-	41,238
Lottery	7,466	-	7,466
Other	-	1,390	1,390
Total State Government	48,704	1,390	50,094
Local Government:			
Other	25,873	324	26,197
Total Local Government	25,873	324	26,197
Interest	3,642	100	3,742
Miscellaneous	15,554	-	15,554
Totals	$ 109,483	$ 20,644	$ 130,127

G. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 563	$ -	$ -	$ 563
Total capital assets not being depreciated	563	-	-	563
Capital assets being depreciated:				
Buildings	481,473	9,906	-	491,379
Land Improvements	262,094	-	-	262,094
Equipment	137,074	-	-	137,074
Total capital assets being depreciated	880,641	9,906	-	890,547
Less accumulated depreciation for:				
Buildings	406,549	15,414	-	421,963
Land Improvements	173,197	4,713	-	177,910
Equipment	82,815	7,691	-	90,506
Total accumulated depreciation	662,561	27,818	-	690,379
Total capital assets being depreciated, net	218,080	(17,912)	-	200,168
Governmental activities capital assets, net	$218,643	$(17,912)	$ -	$200,731

Depreciation was charged to functions as follows:

Instruction	$ 13,548
Instruction-Related Services	2,322
Pupil Services	738
Plant Services	11,210
	$ 27,818

H. 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:

Due To Other Fund	Due From Other Fund	Amount	Purpose
Cafeteria Special Revenue Fund	General Fund	$ 9,284	Reimbursement for workers compensation and health and benefit expenses paid from the general fund in 2016-17. Temporary fund transfer to cover accounts payable in 2017-18.
General Fund	Cafeteria Fund	$ 5,826	Health and Welfare of employees' portion that were not deposited in the Cafeteria Fund.
		$ 15,110	

All amounts due are scheduled to be repaid within one year

I. Long-Term Obligations

1. Due Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Early Retirement Incentive - PARS	$ -	$ 131,965	$ -	$ 131,965	$ 26,393

2. Early Retirement Incentive Program - PARS

The District adopted an Early Retirement Incentive Program for certain eligible certificated and classified employees. Employees who wish to participate must apply prior to July 1 of each year. At June 30, 2018, four employees are participating in the program.

Year Ended June 30	
2019	$ 26,393
2020	26,393
2021	26,393
2022	26,393
2023	26,393
Total	$ 131,965

During the year, the District did not make payments on the Early Retirement Incentive Program.

J. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for office equipment provide for minimum future rental payments as of June 30, 2018, as follows:

Year Ended June 30	Lease Payments
2019	$ 7,007
2020	4,375
2021	3,497
2022	1,166
Total	$ 16,045

The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

The District made lease payments of $8,673 for these leases during the year ended June 30,

K. Detail of Fund Balance Classifications

Details of assigned Fund Balances are as follows:

	General Fund	Other Governmental Funds
Assigned for Deferred Maintenance	$ 18	$ -
Assigned for Capital Projects	-	5,827
Assigned for Child Nutrition Programs	-	3,412
Total	$ 18	$ 9,239

L. Joint Ventures (Joint Powers Agreements)

The District participates in joint ventures under joint powers agreements (JPAs) with the Organization of Self-Insured Schools, the Fresno County Self-Insurance Group and the Southwest Transportation Agency. The relationship between the District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes.

Condensed audited financial information for the above JPAs (the most current information available) can be obtained through each respective authority.

Organization of Self-Insured Schools (OSS)

OSS arranges for and provides property and liability insurance for its member districts. OSS is governed by a Board consisting of a representative from each member district. The Board controls the operations of OSS, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in OSS.

Fresno County Self-Insurance Group (FCSIG)

FCSIG arranges for and provides workers' compensation insurance for its member districts. FCSIG is governed by a Board consisting of a representative from each member district. The Board controls the operations of FCSIG, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in FCSIG.

Southwest Transportation Agency (STA)

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

M. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

Qualified employees are covered under cost-sharing 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 for the measurement period ending June 30, 2017 are summarized as follows:

	CalSTRS		CalPERS	
Hire Date	Before Jan. 1, 2013	After Jan. 1, 2013	Before Jan. 1, 2013	After Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-62	55-67	50-62	52-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%	1.0 - 2.4%*	1.1 - 2.5%	1.0 - 2.5%

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

c. Contributions – CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. 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 year ended June 30, 2018, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 6.50% of annual pay, and the employer's contribution rate is 15.531% of annual payroll. District contributions to the pension plan were $62,783 for the year ended June 30,

d. Contributions – CalSTRS

For the year ended June 30, 2018, Section 22950 of the California Education code requires CalSTRS 2% at 60 and 2% at 62 members to contribute monthly to the system 10.25% and 9.205% of the creditable compensation, respectively, upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 14.43% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each 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. District contributions to the pension plan were $112,394 for the year ended June 30, 2018, and equal 100% of the required contributions for the year.

e. 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 year ended June 30, 2018 the State contributed $61,247 on behalf of the District 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.

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. The CalSTRS net pension liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability of each plan, the related CalSTRS State support, and the total portion of the net pension liability that is associated with the District is as follows:

	CalSTRS	CalPERS	Total
District's proportionate share of the net pension liability	$ 1,276,032	$ 656,628	$ 1,932,660
State's proportionate share of the net pension liability associated with the District	754,896	-	754,896
Total	$ 2,030,928	$ 656,628	$ 2,687,556

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 the 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, 2016 and 2017 was as follows:

	CalSTRS	CalPERS
Proportion - June 30, 2016	0.001384%	0.002434%
Proportion - June 30, 2017	0.001380%	0.002751%
Change - Increase (Decrease)	(0.000004%)	0.000317%

For the year ended June 30, 2018, the District recognized pension expense of $331,346 and revenue of $75,979 for support provided by the State. 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	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 175,177	$ -
Differences between actual and expected experience	28,243	22,256
Change in assumptions	332,311	7,731
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	55,588	69,061
Net difference between projected and actual earnings on plan investments	22,715	33,985
Total	$ 614,034	$ 133,033

$175,177 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2019	$ (51,677)
2020	(127,862)
2021	(81,053)
2022	21,874
2023	(27,334)
Thereafter	(39,772)
Total	$ (305,824)

a. Actuarial Assumptions

The total pension liabilities in the June 30, 2016 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 Cost Method		Entry Age - Normal Cost Method	
Actuarial Assumptions:				
Discount Rate	7.10%		7.15%	
Inflation	2.75%		2.75%	
Payroll Growth	3.50%		3.00%	
Projected Salary Increase	0.50-6.40%	(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

b. 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 that 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 CalSTRS and CalPERS websites.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expenses. 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 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 and 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.

CalPERS

Asset Class	Assumed Asset Allocation	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%
	100.00%		

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

CalSTRS

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of 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%
Absolue Return	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%
	100.00%	

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

c. 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	$ 1,873,620	$ 966,110
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 1,276,032	$ 656,628
1% Increase	8.10%	8.15%
Net Pension Liability	$ 791,049	$ 399,887

d. Pension Plan Fiduciary Net Position

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

N. Post-Employment Benefits Other than Pension Benefits

1. General Information about the OPEB Plan

Plan Description

In addition to the pension benefits described in Note M, the District provides lifetime post-employment health care benefits to the surviving spouse of a former Superintendent of the District. The plan is a single-employer defined benefit OPEB plan administered by District's board of directors. Authority to establish and amend the benefit terms and financing requirements lies with the District's board of directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB 75 statement. The District no longer offers post-employment health benefits to employees.

Employees Covered by Benefit Terms

As of June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	1
Inactive Employees Entitled to But Not Yet Receiving Benefits	-
Participating Active Employees	-
Total Number of participants	1

Contributions

The contribution requirements of OPEB Plan members and the District are established and may be amended through negotiations between the District and the respective bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2018, the District contributed $11,702 to the Plan, of which $11,702 was used for current premiums.

An actuarially determined contribution was not calculated for OPEB for the fiscal year, therefore a 10-year schedule is not presented in the required supplementary information.

2. Total OPEB Liability

The District's total OPEB liability of $129,648 was measured as of June 30, 2018 and was determined by an actuarial valuation date of June 30, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 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 percent
Salary Increases	2.75 percent, average, including inflation
Discount Rate	3.80 percent
Healthcare Cost Trend Rates	4.00 percent

Mortality assumptions were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees.

The actuarial assumptions used on the June 30, 2018 valuation were based on a review of plan experience which included a validation of experience studies prepared by CalSTRS and CalPERS for retirement and turnover assumptions during the period of 1997 through 2007 for CalSTRS and during the period of 1999 through 2009 for CalPERS. For other assumptions, actual plan provisions and data were used.

Discount Rate

The discount rate was based on the Bond Buyer 20-bond General Obligation Index. It was assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

3. Changes in Total OPEB Liability

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 136,390
(Valuation Date of June 30, 2018)	
Changes for the year:	
Interest	4,960
Benefit payments	(11,702)
Net changes	(6,742)
Balance at June 30, 2018	$ 129,648
Measurement Date of June 30, 2018)	

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 Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

		District's OPEB Plan
1% decrease		2.80%
Total OPEB Liability	$	137,892
Current discount rate		3.80%
Total OPEB Liability	$	129,648
1% increase		3.00%
Total OPEB Liability	$	122,235

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

The following presents the total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

		District's OPEB Plan
1% decrease		3.00%
Total OPEB Liability	$	122,180
Current discount rate		4.00%
Total OPEB Liability	$	129,648
1% increase		5.00%
Total OPEB Liability	$	137,792

4. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related OPEB

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of $4,960. As of fiscal year ended June 30, 2018, the District did not have deferred outflows of resources and deferred inflows of resources related to OPEB.

O. Commitments and Contingencies

State and Federal Allowances, Awards and Grants

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

Contingent Liability

The District as a participating member in the Southwest Transportation Agency, a joint powers agency (JPA), is contingently liable for a portion of the debt incurred by the JPA from the California Infrastructure and Economic Development Bank. The original loan was for $4,685,500 payable in annual installments of $292,176. The District's obligation is 6% of said payment amount and loan balance. As of June 30, 2018 the balance outstanding on the loan is $1,254,055.

Required Supplementary Information

MONROE ELEMENTARY SCHOOL DISTRICT

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 1,389,566	$ 1,364,039	$ 1,364,039	$ --
Education Protection Account Funds	212,074	231,510	231,510	--
Local Sources	149,671	156,556	156,556	--
Federal Revenue	230,488	201,123	185,131	(15,992)
Other State Revenue	129,574	384,068	384,068	--
Other Local Revenue	81,425	105,689	123,141	17,452
Total Revenues	2,192,798	2,442,985	2,444,445	1,460
Expenditures:				
Current:				
Certificated Salaries	818,720	833,436	833,436	--
Classified Salaries	349,707	376,159	376,159	--
Employee Benefits	600,875	597,910	729,875	(131,965)
Books And Supplies	99,870	78,408	78,385	23
Services And Other Operating Expenditures	500,296	507,088	522,871	(15,783)
Other Outgo	69,783	79,886	79,886	--
Capital Outlay	--	9,906	9,906	--
Total Expenditures	2,439,251	2,482,793	2,630,518	(147,725)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(246,453)	(39,808)	(186,073)	(146,265)
Other Financing Sources (Uses):				
Other Sources	--	--	131,965	131,965
Total Other Financing Sources (Uses)	--	--	131,965	131,965
Net Change in Fund Balance	(246,453)	(39,808)	(54,108)	(14,300)
Fund Balance, July 1	953,990	953,990	953,990	--
Fund Balance, June 30	$ 707,537	$ 914,182	$ 899,882	$ (14,300)

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

	Fiscal Year**			
	2015	2016	2017	2018
District's proportion of the net pension liability (asset)	0.001517%	0.001479%	0.001384%	0.001380%
District's proportionate share of the net pension liability (asset)	$ 886,529	$ 995,568	$ 1,119,135	$ 1,276,032
State's proportionate share of the net pension liability (asset)	535,330	526,544	637,197	754,896
Total	$ 1,421,859	$ 1,522,112	$ 1,756,332	$ 2,030,928
District's covered-employee payroll	$ 673,689	$ 705,375	$ 690,820	$ 733,736
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	131.59%	141.14%	162.00%	173.91%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

* 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.

** Information presented is for the fiscal year ended on the measurement date of the net pension liability.

MONROE ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	Fiscal Years			
	2015	2016	2017	2018
Contractually required contribution	$ 62,704	$ 74,125	$ 92,304	$ 112,394
Contributions in relation to the contractually required contributions	(62,704)	(74,125)	(92,304)	(112,394)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 705,375	$ 690,820	$ 733,736	$ 779,138
Contributions as a percentage of covered-employee payroll	8.89%	10.73%	12.58%	14.43%

* 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.

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

	Fiscal Years**			
	2015	2016	2017	2018
District's proportion of the net pension liability (asset)	0.002218%	0.002207%	0.002434%	0.002751%
District's proportionate share of the net pension liability (asset)	$ 251,749	$ 325,373	$ 480,645	$ 656,628
District's covered-employee payroll	$ 233,188	$ 244,363	$ 292,377	$ 350,745
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	107.96%	133.15%	164.39%	187.21%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%	71.87%

* 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.

** Information presented is for the fiscal year ended on the measurement date of the net pension liability.

MONROE ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	Fiscal Years			
	2015	2016	2017	2018
Contractually required contribution	$ 28,777	$ 34,638	$ 48,712	$ 62,783
Contributions in relation to the contractually required contribution	(28,777)	(34,638)	(48,712)	(62,783)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 244,363	$ 292,377	$ 350,745	$ 404,247
Contributions as a percentage of covered-employee payroll	11.776%	11.847%	13.888%	15.531%

* 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.

MONROE ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

	Fiscal Year** 2018
Total OPEB Liability	
Interest	$ 4,960
Benefit payments	(11,702)
Net change in total OPEB liability	(6,742)
Total OPEB liability - beginning	136,390
Total OPEB liability - ending	$ 129,648

*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.

**Information presented is for the fiscal year ended on the measurement date of the Total OPEB liability.

Supplementary Information Section

MONROE ELEMENTARY SCHOOL DISTRICT
ORGANIZATION
YEAR ENDED JUNE 30, 2018

The District was established in 1885, and is comprised of an area of 14 square miles located in Fresno County. There were no changes in the boundaries of the District during the current year. The District is currently operating one elementary school.

Board of Trustees

Name	Office	Term Expires
Steve Wells	Trustee	November 2018
Steve Spate	Trustee	November 2020
Rich Cisneros	Clerk/Trustee	November 2018

Administration

Shelley Manser
District Superintendent Since 2006

MONROE ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2018

	*Second Period Report		*Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	82	82	82	82
Grades 4-6:				
Regular ADA	50	50	50	50
Grades 7 and 8:				
Regular ADA	28	28	28	28
ADA Totals	160	160	160	160

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

*Revised amounts include a change in ADA. See Finding No. 2018-003.

MONROE ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Grade Level	Annual Minutes Requirement	2017-18 Actual Minutes	Number of Days Traditional Calendar*	Number of Days Multitrack Calendar	Status
TK/Kindergarten	36,000	58,420	175	N/A	In Compliance
Grade 1	50,400	58,420	175	N/A	In Compliance
Grade 2	50,400	58,420	175	N/A	In Compliance
Grade 3	50,400	59,295	175	N/A	In Compliance
Grade 4	54,000	59,295	175	N/A	In Compliance
Grade 5	54,000	59,295	175	N/A	In Compliance
Grade 6	54,000	59,295	175	N/A	In Compliance
Grade 7	54,000	59,295	175	N/A	In Compliance
Grade 8	54,000	59,295	175	N/A	In Compliance

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46201 or 46207, as applicable. 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. As of June 30, 2018, the District had not yet met its target funding. 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 number of days for the year were reduced to 175, as the District had an approved J-13A due to emergency conditions.

MONROE ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2018

General Fund[(2)]	(Budget)[(1)] 2019	2018	2017	2016
Revenues and Other Financial Sources	$ 2,263,590	$ 2,576,410	$ 2,172,765	$ 2,305,654
Expenditures	2,369,594	2,630,518	2,348,925	2,166,888
Total Outgo	2,369,594	2,630,518	2,348,925	2,166,888
Change in Fund Balance (Deficit)	(106,004)	(54,108)	(176,160)	138,766
Ending Fund Balance	$ 793,878	$ 899,882	$ 953,990	$ 1,130,150
Available Reserves[(3)]	$ 519,335	$ 626,848	$ 491,876	$ 665,259
Available Reserves as a Percentage of Total Outgo	21.92%	23.83%	20.94%	30.70%
Total Long-Term Debt	$ 2,167,880	$ 2,194,273	$ 1,620,879	$ 1,342,264
Average daily attendance	160	160	167	160

(1) Budget 2019 is included for analytical purposes only and has not been subjected to audit.
(2) The Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects have been included due to their consolidation into the General Fund.
(3) Available reserves consist of all unassigned fund balance and all funds reserved for economic uncertainties contained within the General Fund.

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 General Fund balance has decreased by $230,268 over the past two years. The fiscal year 2018-19 budget projects a decrease of $106,004 (11.78%). For a district of this size, the state recommends available reserves of at least 5% 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, and anticipates incurring an operating deficit during the 2018-19 fiscal year. Total long-term debt has increased by $852,009 over the past two years. This increase is a result of the District adopting GASB Statement No. 75 in 2017-18 thus recognizing an increase in the related OPEB liability.

Average daily attendance has not changed over the past two years. The ADA is anticipated to stay the same during fiscal year 2018-19.

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

	General Fund
June 30, 2018 Annual Financial and Budget Report (SACS) Fund Balances	$ 912,190
Adjustments and Reclassifications:	
Increase (Decrease) in Fund Balance:	
Accounts Receivable (overstatement)	(12,309)
Rounding	1
Net Adjustments and Reclassifications	(12,308)
June 30, 2018 Audited Financial Statement Fund Balances	$ 899,882

	Noncurrent Liabilities
June 30, 2018 Annual Financial and Budget Report - Form Debt	$ 1,620,879
Adjustments and Reclassifications:	
Increase (Decrease) in Total Liabilities:	
Net pension liability	332,880
Early Retirement Incentive - PARS	131,965
Total OPEB Liability	108,549
Net Adjustments and Reclassifications	573,394
June 30, 2018 Noncurrent Liabilities	$ 2,194,273

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

Other Independent Auditor's Reports

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
Monroe Elementary School District
Fresno, California

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 Monroe Elementary School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Monroe Elementary School District's basic financial statements, and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monroe Elementary 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 Monroe Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Monroe Elementary 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 were not 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 that we consider to be significant deficiencies as item 2018-001 and 2018-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe Elementary 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*.

Monroe Elementary School District's Response to Findings

Monroe Elementary School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Monroe Elementary 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Borchardt, Corona, Faeth & Zakarian

Fresno, California
December 14, 2018

Independent Auditor's Report on State Compliance

Board of Trustees
Monroe Elementary School District
Fresno, California

Report on State Compliance

We have audited Monroe Elementary School District's, (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* published by the California Education Audit Appeals Panel 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 of the District's state 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 State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the California Education Audit Appeals Panel. 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	N/A
Continuation Education	N/A
Instructional Time:	
School Districts	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes (exempt)
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A

	Procedures in Audit Guide Performed?
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	N/A
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/Before 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 for Charter Schools	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
	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.

The District is exempt from Classroom Teacher Salaries Education Code 41372 because it meets the provisions of Education Code 41374.

Opinion on State Compliance

In our opinion, Monroe Elementary 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 state programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the above requirements, which are required to be reported in accordance with the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-003. Our opinion on state compliance is not modified with respect to this matter.

Monroe Elementary School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Monroe Elementary School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Borchardt, Corona, Faeth & Zakarian

Fresno, California
December 14, 2018

Findings and Recommendations Section

MONROE ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	**Unmodified**
Internal control over financial reporting:	
Material weakness (es) identified?	______ Yes __X__ No
Significant deficiency (ies) identified not considered to be material weakness (es)	__X__ Yes ______ None reported
Noncompliance material to financial statements noted?	______ Yes __X__ No

2. Federal Awards — **Not Applicable**

Internal control over major programs:	
Material weakness (es) identified?	**Not Applicable**
Significant deficiency (ies) identified not considered to be material weakness (es)	**Not Applicable**
Type of auditor's report issued on compliance for major programs:	**Not Applicable**
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a)?	**Not Applicable**
Identification of major programs:	**Not Applicable**
Dollar threshold used to distinguish between Type A and Type B programs	**Not Applicable**
Auditee qualified as low-risk Auditee?	**Not Applicable**

3. State Awards

Internal control over state programs:	
Material weakness (es) identified?	______ Yes __X__ No
Significant deficiency (ies) identified not considered to be material weakness (es)	______ Yes __X__ None reported
Type of auditor's report issued on compliance for state programs:	**Unmodified**

Financial Statement Finding

Finding Identification

2018 - 001 *School Breakfast Program and National School Lunch Program – Internal Control over Claim for Reimbursements* #30000

Criteria or Specific Requirement

The federal compliance supplement specific to child nutrition programs requires the timely filing of monthly claim forms in order to be reimbursed for eligible meals served. The CDE requires all original and upward adjusted claims resulting in a payment must be submitted by the sixtieth (60th) day following the month claimed to be considered for payment.

Accounting principles generally accepted in the United States of America and the California School Accounting Manual (CSAM) requires adequate internal controls to ensure all transactions are recorded properly.

Condition

The District's nutrition program monthly claim form for April 2018 was not submitted timely. The District did not file a "one time" late filing waiver in order to receive reimbursement.

Effect

One of the ten claims filed during the year was not filed timely. Accordingly, the District did not receive reimbursement for this month of approximately $15,509 in eligible meals served.

Cause

The District's current internal control procedures did not identify the failure to file a timely Nutrition Program meal reimbursement claim. The claim was prepared but a process is not in place to ascertain that the claim form had been submitted/mailed.

Questioned Costs

The timely filing of the April claim form would have resulted in additional Federal funding of $14,424 and State funding of $1,085.

Recommendation

The District should ensure that all claim forms for the Nutrition Program are prepared and submitted timely for reimbursement.

Views of responsible officials and planned corrective actions

The District agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

Financial Statement Finding

Finding Identification

2018-002 *Internal Control – Accounting for Revenues and Cash Receipts* #30000

Criteria or Specific Requirement

Procedure 505 in the California School Accounting Manual (CSAM) and accounting principles generally accepted in the United States of America require internal controls to safeguard and preserve assets, protect against improper fund disbursement, and to ensure all transactions are recorded.

Condition

While reviewing the District's deposits relating to the child nutrition program reimbursements and testing of subsequent receipts for receivables, we noted that the District was not timely depositing funds. Five of the reimbursements received from the child nutrition program were deposited to the District's Cash in County Treasury in excess of one month from receipt of check. In addition, during our subsequent receipt testing, we found health and welfare checks received from the County Office for April through June 2018 that were not deposited into the District's Cash in County Treasury until October 2018.

Effect

The District's cash balances are not kept timely with the District's activity resulting in temporary loans between funds and the potential risk of misappropriation of assets due to lack of controls.

Cause

The District's current internal control procedures were not monitored to ensure timely deposit of funds.

Questioned Costs

None.

Recommendation

The District should implement controls to ensure deposits received are deposited timely into the District's Cash in County Treasury accounts.

Views of responsible officials and planned corrective actions

The District agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

State Award Findings and Questioned Costs

Finding Identification

2018 - 003 *Attendance – Records* #10000

Criteria or Specific Requirement

Education Code Section 46000

Condition

During our analysis of attendance records, we noted the Average Daily Attendance (ADA) reported on P-2 and Annual Report of Attendance were not accurately stated.

After receiving an approval of Form J-13A for five emergency no school days from the California Department of Education, the district revised their P-2 and Annual summary of attendance, but they did not properly exclude one student in Kindergarten who was unenrolled during the school year.

We also noted the P-2 days in the district summary was incorrect. The district did not have a correct cut-off of the P-2 divisor on their school calendar.

Effect

The ADA reported on the P-2 Report of Attendance was overstated by 0.45 and ADA reported on the Annual Report of Attendance was overstate by 0.57. See details of overstatements on the tables below:

	ADA Originally Reported	Audited	Variance
P-2 Report of Attendance:			
Total Grades TK/K-3 Line A-1	82.25	81.80	(0.45)

	ADA Originally Reported	Audited	Variance
Annual Report of Attendance:			
Total Grades TK/K-3 Line A-1:	82.29	81.72	(0.57)

Cause

The ADA was incorrectly reported due to clerical errors.

Questioned Costs

There is no change in revenue since the district is funded on prior year ADA.

Recommendation

The District should review the attendance documentation used to prepare the P-2 and Annual Reports of Attendance to ensure attendance data on these documents properly supports ADA information on the P-2 and Annual Report of Attendance.

Views of responsible officials and planned corrective actions

The District agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

MONROE ELEMENTARY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018

Financial Statement Finding

Finding Identification

2018 - 001 *School Breakfast Program and National School Lunch Program – Internal Control over Claim for Reimbursements* #30000

Name of contact person: Shelley Manser, Superintendent OR Tonja Griggs, CBO

Corrective Action: All claim submissions are now verified as being *submitted* and *in process* within five (5) days of initial submission.

Proposed Completion Date: August 1, 2018

Finding Identification

2018-002 *Internal Control – Accounting for Revenues and Cash Receipts* #30000

Name of contact person: Shelley Manser, Superintendent OR Tonja Griggs, CBO

Corrective Action: Checks/warrants received for the District are deposited to the County Treasure's Office in a timely manner at this time. Some job duties have been reassigned, freeing up time for the CBO to ensure deposits are deposited in accordance to CSAM guidance.

Proposed Completion Date: December 1, 2018

State Award Findings and Questioned Costs

Finding Identification

2018 - 003 *Attendance – Records* #10000

Name of contact person: Shelley Manser, Superintendent OR Tonja Griggs, CBO

Corrective Action: Moving forward, the District will review each month's attendance report generated from SchoolWise to ensure any changes in enrollment did not occur while going "off track" for the Winter Break.

Proposed Completion Date: January 7, 2018

MONROE ELEMENTARY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018

There were no prior year findings.

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APPENDIX B

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

The information in this and other sections concerning the District's operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the General Fund of the District. 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 thereof by the District. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.*

General Information

The District was established in 1885, and is located in a rural area in the County of Fresno near the community of Monmouth, which is located approximately seven miles west of the City of Selma and sixteen miles southeast of the City of Fresno. The District has one school that serves students in grades kindergarten through eight. Enrollment for the 2018-19 school year is budgeted for 160 students.

Administration

Governing Board. The District is governed by a three-member Governing Board that governs all activities related to public K-8 education. Current members of the Governing Board, together with their office and the date their term expires, are listed below.

Name	Office	Current Term Expires
Steve Spate	Member	November 2020
Steve Wells	Member	November 2022
Rich Cisneros	Clerk	November 2022

Superintendent and Administrative Personnel. The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Currently, Shelley Manser is the District’s Superintendent. Tonja Griggs is the Chief Business Official.

Recent Enrollment Trends

The following table shows recent enrollment history for the District.

ANNUAL ENROLLMENT
Fiscal Years 2013-14 through 2019-20 (Projected)
Monroe Elementary School District

School Year	Enrollment	% Change
2013-14	206	--%
2014-15	197	(4.4)
2015-16	172	(12.7)
2016-17	170	(1.2)
2017-18	167	(1.8)
2018-19*	160	(4.2)
2019-20*	153	(4.4)

* First Interim/Budgeted.
Source: California Department of Education through 2017-18; Monroe Elementary School District thereafter.

Employee Relations

The District has 10.0 full time equivalent (**"FTE"**) certificated employees, 9.9 FTE classified employees and 3.0 management/Supervisor/Confidential FTE employees. Employees are not represented by collective bargaining units. Employees contracts are one-year contracts.

Insurance - Joint Powers Agreements

The District participates in three joint powers agreements (**"JPAs"**) entities, the Fresno County Self-Insurance Group, Organization of Self-Insured Schools, and Southwest Transportation Agency. The relationship between the District and the JPAs is such that the JPAs are not considered component units of the District for financial reporting purposes.

The JPAs arrange for and provide workers' compensation, property and liability insurance, and transportation for its members. The JPAs are each governed by a board consisting of a representative from each member entity. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member entitles beyond their representation on the board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPAs.

DISTRICT FINANCIAL INFORMATION

The information in this and other sections concerning the District's operations and operating budget 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 thereof.

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 Districts" 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 is being 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 will have 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 adoption of the State Budget for said fiscal year.

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	2017-18 Base Grant Per ADA	2018-19 COLA (3.70%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2018-19 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.

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, unadjusted for changes in ADA or cost of living adjustments.

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. 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 funds, with each group consisting of a separate accounting entity. 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. For more information on the District's basis of accounting and fund accounting, see "APPENDIX A – Audited Financial Statements of the District for Fiscal Year Ending June 30, 2018 – Note 1 - Significant Accounting Policies" herein.

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 general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2018 Audited Financial Statements were prepared by Borchardt, Corona, Faeth & Zakarian, Certified Public Accountants, Fresno, Californa and are attached hereto as Appendix A. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Associate Superintendent, Administrative Services of the District, Monroe Elementary School District, 11842 S. Chestnut Avenue, Fresno, California 93725, telephone (559) 834-

2895. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

General Fund Revenues, Expenditures and Changes in Fund Balance. The District's General Fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following table shows the audited income and expense statements for the District's General Fund for the fiscal years 2013-14 through 2017-18.

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REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2013-14 through 2017-18 (Audited)
Monroe Elementary School District

	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
SOURCES					
LCFF Sources	$1,380,006	$1,598,612	$1,749,995	$1,714,646	$1,752,105
Federal revenues	232,277	199,478	245,242	225,073	185,131
Other state revenues	183,358	128,795	249,501	145,787	384,068
Other local revenues	54,321	107,672	60,916	87,259	123,141
Total Sources	1,849,962	2,034,557	2,305,654	2,172,765	2,444,445
EXPENDITURES					
Instruction	1,023,931	1,196,020	1,181,050	1,187,103	1,322,281
Instruction-Related Services	172,927	199,908	317,914	451,689	451,394
Pupil services	153,186	143,246	224,093	232,921	215,990
Ancillary Services	--	--	5,131	2,900	--
General administration	166,914	178,553	157,883	176,152	274,082
Plant services	139,453	154,264	174,135	184,981	276,979
Other outgo	8,140	11,910	76,092	88,457	79,886
Capital Outlay	--	--	27,028	22,137	9,906
Debt service					
Principal	3,089	3,820	3,380	2,549	--
Interest	473	390	182	36	--
Total Expenditures	1,668,113	1,888,111	2,166,888	2,348,925	2,630,518
Excess of (Deficiency) Revenues Over (Under) Expenditures	181,849	146,446	138,766	(176,160)	(186,073)
OTHER FINANCING SOURCES					
Operating transfers in	210	--	--	--	--
Operating transfers out	--	--	--	--	--
Other Sources (Uses)	--	--	--	--	131,965
Total Other Financing Sources (Uses)	210	--	--	--	131,965
NET change in fund balance	182,059	146,446	138,766	(176,160)	(54,108)
Fund Balance, July 1	662,878	844,938	991,384	1,130,150	953,990
Fund Balance, June 30	$844,937	$991,384	$1,130,150	$953,990	$899,882

Source: Monroe Elementary School District - Audited Financial Statements.

District Budget and Interim Financial Reporting

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

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

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) after also consulting with the district's board, develop and impose revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

A State law adopted in 1991 ("**A**.**B**. **1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification.

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 office of education reviews the certification and issues the following types of certifications:

- ***Positive certification*** - the school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years.

- ***Negative certification*** - the school district will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year.

- ***Qualified certification*** - the school district may not meet its financial obligations for the current fiscal year or subsequent two 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, each of the District's adopted budgets has been approved by the County Superintendent and the District has certified each of its interim reports as positive.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 11842 S. Chestnut Avenue, Fresno, California 93725, Phone: (559) 834-2895. The District may impose charges for copying, mailing and handling.

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District's Fiscal Year 2018-19 Budgeted General Fund Figures. The following table shows a comparison of the Adopted Budget figures for fiscal year 2018-19, and the First Interim Projections for fiscal year 2018-19.

MONROE ELEMENTARY SCHOOL DISTRICT
General Fund - Revenues, Expenses and Changes in Fund Balance[1]
Fiscal Year 2018-19 Adopted Budget
and Fiscal Year 2018-19 First Interim Projections

Revenues	**Adopted Budget 2018-19**	**First Interim Projections Fiscal Year 2018-19**
LCFF Sources	$1,813,122	$1,846,571
Federal Revenues	201,655	214,835
Other State Revenues	188,502	187,226
Other Local Revenues	53,168	51,826
Total Revenues	2,256,447	2,300,458
Expenditures		
Certificated Salaries	770,001	773,755
Classified Salaries	301,040	314,495
Employee Benefits	590,257	565,468
Books and Supplies	99,316	119,665
Services and Other Operating Expenditures	528,142	533,220
Capital Outlay	--	42,676
Other Outgo (Excluding Indirect Costs)	81,155	107,558
Other Outgo – Transfers of Indirect Costs	--	--
Total Expenditures	2,369,912	2,456,836
Excess of Revenues Over/(Under) Expenditures	(113,464)	(156,378)
Other Financing Sources (Uses)		
Operating Transfers In	--	--
Operating Transfers Out	--	--
Other Sources	--	--
Total Other Financing Sources (Uses)	--	--
Net Change In Fund Balance	(113,464)	(156,378)
Fund Balance, July 1	239,730	514,061
Fund Balance, June 30	$126,266	$357,683

(1) Columns may not add to totals due to rounding.
(2) Projected year totals.
Source: Monroe Elementary School District Adopted Budget for Fiscal Year 2018-19.

District Reserves. In general, the State requires that California school districts of the size of the District maintain the equivalent of 5% of annual general fund expenditures in reserve to be available during financial crisis. The District has historically had a reserve in excess of the 5%, and has a Board policy to maintain reserves at 17 percent.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget ("**SB 858**"), the California 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 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.

Effective January 1, 2018, Senate Bill 751, which was signed by the Governor on October 11, 2017, amends Section 42127.01 of the Education Code to raise the reserve cap to no more than 10% of a school district's combined assigned or unassigned ending general fund balance. In addition, the amendment provides that the reserve cap will be effective only if there is a minimum balance of 3% in the Proposition 98 reserve referenced in the preceding paragraph. Basic aid school districts and small districts with 2,500 or fewer ADA are exempted from the reserve cap contained in Education Code Section 42127.01.

The District cannot predict if or when the reserve cap enacted by SB 751 will be triggered, or when or how any additional changes to legal provisions governing the reserve cap would impact its reserves and future spending.

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Attendance - Revenue Limit and LCFF Funding

As described herein, prior to fiscal year 2013-14, school districts in California 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 and concentration funding based on Targeted Student enrollment (unduplicated count) and funding based on an economic recovery target.

Funding Trends Under LCFF. The following table sets forth historical LCFF funding for the District for fiscal year 2013-14 through 2018-19 (Budgeted) per ADA, together with ADA.

ADA AND LCFF FUNDING
Fiscal Years 2013-14 through 2018-19 (Projected)
Monroe Elementary School District

Fiscal Year	ADA(1)	LCFF "Phase-In" Entitlement Per ADA
2013-14	204	$6,756
2014-15	184	8,706
2015-16	163	10,841
2016-17	167	10,169
2017-18	160	10,951
2018-19(1)	155	11,541

(1) First Interim Projections.
Source: The District.

Unduplicated Count. The District has a Target Student unduplicated count of approximately 98 percent in fiscal year 2018-19. Because this percentage is over 55 percent, the District qualifies for both supplemental funding and concentration funding under LCFF.

Revenue Sources

The District categorizes its general fund revenues into four sources, being 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 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.

Education Code Section 42238(h) 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 was entitled to. Furthermore, if a school district's share of local property tax revenues exceeded the revenue limit, the school district was deemed a "Basic Aid" district, and entitled to keep the full share of local property taxes, even if they exceeded the revenue limit which would have been provided through State funding.

For school districts which were "Basic Aid" prior to implementation of the LCFF, provided that the per pupil funding targets under LCFF, including economic recovery targets, are met or exceeded by local property tax revenues, such districts are entitled to retain their status as Basic Aid and keep their full local property tax revenue entitlement. The threshold for Basic Aid status under the LCFF, however, is higher than under the prior funding formula, resulting in some districts falling out of Basic Aid status as the result of the implementation of the LCFF. Accountability measures contained in the LCFF must be implemented by all districts, including Basic Aid districts.

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

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues.

The District receives State aid from the California State Lottery (the "**Lottery**"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Lottery revenues generally comprise approximately 2% of general fund revenues. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material.

For additional discussion of State aid to school districts, see "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS - State Funding of Education."

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

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 audit 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.

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 employer contributions to STRS for recent fiscal years are set forth in the following table.

STRS Contributions
Monroe Elementary School District
Fiscal Years 2013-14 through 2018-19 (Projected)

Fiscal Year	Amount*
2013-14	$55,579
2014-15	62,704
2015-16	74,125
2016-17	92,304
2017-18	112,394
2018-19(1)	181,479

*Increases in fiscal years 2017-18 and following attributed to increase in contribution rates and modified accounting reporting requirements, which include reporting the District's proportionate share of the plan's net pension liability and recognizing on-behalf STRS contributions in governmental funds.
(1) First Interim Projections.
Source: Monroe Elementary 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 8.88% 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, 2017-18, and 2018-19 were 10.73%, 12.58%, 14.43% and 16.28% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2019-20 through 2022-23

Fiscal Year	Employer Contribution Rate(1)
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.

Based upon the recommendation from its actuary, for Fiscal Year 2021-2022 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "**STRS Board**"), is required to increase or decrease the employer contribution rate to reflect the contribution required to eliminate the remaining unfunded actuarial obligation with respect to service credited to members of the STRS plan before July 1, 2014 (the "**2014 Liability**") by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which employees' contributions to the STRS plan are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, A.B. 1469 also requires the STRS Board to report to the State legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS plan and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for employers and the State in order to eliminate the 2014 Liability.

On February 14, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation as of June 30, 2016. The revised actuarial assumptions include (i) decreasing the investment rate of return to 7.25% and then to 7.00%, for the June 30, 2016 and June 30, 2017 actuarial valuations, respectively, (ii) decreasing projected wage growth to 3.50% (from 3.75%), and (iii) decreasing the inflation factor to 2.75% (from 3.00%).

The State also contributes to STRS, currently in an amount equal to 6.828% of teacher payroll in Fiscal Year 2017-2018. Based upon the recommendation from its actuary, for Fiscal Year 2017-2018 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the **"SBPA"**), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. 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.

PERS Contributions
Monroe Elementary School District
Fiscal Years 2013-14 through 2018-19 (Projected)

Fiscal Year	Amount
2013-14	$26,681
2014-15	28,777
2015-16	34,638
2016-17	48,712
2017-18	62,783
2018-19(1)	54,315

(1) First Interim Projections.
Source: Monroe Elementary School District.

Like the STRS program, the PERS program has experienced 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 this issue, 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 new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 11.847%, 13.888%, 15.531%, and 18.062% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2022-23[1]

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

(1) 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 14 to the District's audited financial statements attached to the Official Statement 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 Retirement Benefits

The District provides lifetime health benefits to the surviving spouse of a former District Superintendent, who is the only beneficiary receiving such benefits under the plan (the **"Plan"**) for other post-employment benefits (**"OPEB"**) and entitled to receive any of such benefits. Such benefits are not offered to any other prior or current employees. The District contributes to its Plan on a pay-as-you-go basis. As of June 30, 2018, $11,702 was contributed to the Plan. Based on an actuarial valuation that measured the liability of the plan as of June 30, 2018, the District's total liability for OPEB was $129,648 as of June 30, 2018. For more information, see Note N of the District's audited financial statement for the year ending June 30, 2018.

Existing Debt Obligations

Contingent Liability. The District is a participating member in the Southwest Transportation Agent, a joint powers agency, and has a contingent liability for a portion of the debt incurred by STA in connection with the California Infrastructure and Economic Development Bank. The District's obligation is six percent of each annual installment payment and loan balance. The original total loan was for $4,685,000, with annual installment payments of $292,176. The loan balance as of June 30, 2018 was $1,254,055.

Early Retirement Incentive Plan. The District has adopted an Early Retirement Incentive Plan for certain employees. As of June 30, 2018 four employees were participating in the program, which results in annual payments of $26,393 through June 30, 2023.

Equipment Leases. The District has entered into certain operating lease agreements relating to office equipment. Minimum future rental payments as of June 30, 2018 are as follows:

Noncapitalized Leases
Minimum Future Rental Payments

Years Ended June 30	Lease Payments
2019	$7,007
2020	4,375
2021	3,497
2022	1,166
Total	$16,045

Source: Monroe Elementary School District.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the Fresno 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. For further information concerning County investments, access the County's website at www.co.fresno.ca.us and access the link to the Department of the Treasurer-Tax Collector, and the links to "Investment Policy" and "Quarterly Investment Reports". The information contained in such website has not been reviewed by the District or the Underwriter and is not incorporated in this Official Statement by reference. The most recent Investment Policy adopted by the Board of Supervisors of the County is attached hereto as Appendix G.

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see "—State Funding of Education – Revenue Limits" above). State funds typically make up the majority of a district's LCFF funding. School districts 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. School districts in California receive operating income primarily from two sources: (1) the State funded portion which is derived from the State's general fund, and (2) a locally funded portion, being a district's share of the 1% general *ad valorem* tax levy authorized by the California Constitution (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). 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 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. None of the District, the Underwriter or the County is 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 Finance" and sub-heading "-Public Finance Division", (1) 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, and (2) also posts various financial documents for the State under the "-Financial Information" link.

- 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 headings "The Budget" and "State Budget Condition."

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, 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 at the November 2, 2012 statewide election and Proposition 55 at the November 8, 2016 statewide election, 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.

2018-19 State Budget

On June 27, 2018, the Governor signed the 2018-19 State budget (the "**2018-19 State Budget**") into law. The 2018-19 State Budget calls for total spending of $199.7 billion, with $137.7 billion in general fund spending. The 2018-19 State Budget provides for $78.4 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of $3.9 billion, or 5.2%, from the 2017-18 State budget. Of that $78.4 billion, $61.0 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2018-19, restoring every school district in the State to at least pre-recession funding levels.

The 2018-19 State Budget continues to build State reserves, with the rainy-day fund balance projected to grow to $13.8 billion by the end of the budget year, its constitutional maximum. Additionally, revenues have been set aside in new savings funds, including a $200 million reserve for safety net programs. Other significant features of the 2018-19 State Budget include:

- $640 million in Proposition 51 State bond authority for school facilities;

- $1 billion in federal and state funds, over four years, for early childhood programs, including the addition of placement for 13,400 child-care and 2,947 preschool children, and $450 million to reduce the number of children living in deep poverty;

- one-time funding for K-12 school districts to fund various programs, including $300 million for the lowest-performing student subgroups, $125 million to address the shortage of special education teachers, and $100 million to expand facilities for kindergarten and transitional kindergarten;

- $54 million for county offices of education to support school districts needing additional assistance, as determined based on multiple performance indicators;

- $100 million for local fire response, including $32.9 million to backfill property tax revenue losses that cities, counties and districts incurred in fiscal year 2017-18 and will incur in fiscal year 2018-19 from wildfires, mudslides and other natural disasters, and a hold harmless provision allowing local education agencies to recoup revenue that has been lost due to declines in average daily attendance that are directly associated with these disasters;

- $185.4 million to multiple state agencies for the first year of implementation of a $4 billion parks and water bond measure approved by voters in 2018; and

- one-time funding of $500 million to support local governments in addressing homelessness, to be used for emergency shelters, bridge housing, motel vouchers, and supportive housing.

2019-20 Proposed State Budget

On January 10, 2019, the Governor released the proposed State budget for fiscal year 2019-20 (the **"2019-20 Proposed Budget"**). The 2019-20 Proposed Budget projects general fund revenues in fiscal year 2018-19 of approximately $149.3 billion (including a prior year balance of approximately $12.4 billion) and expenditures of approximately $144.1 billion. For fiscal year 2019-20, the 2019-20 Proposed Budget projects general fund revenues of $147.9 billion (including a prior year transfer of approximately $5.2 billion) and authorizes expenditures of $144.2 billion. The 2019-20 Proposed Budget continues to build State reserves to manage the impacts of future economic downturns, with $2.3 billion in a Special Fund for Economic Uncertainties, $15.3 billion in the "Rainy Day Fund," and $900 million in a Safety Net Reserve Fund. The 2019-20 Proposed Budget notes that additional deposits to the Rainy Day Fund will be made in reliance on a recent opinion by the California Office of Legislative Counsel, which concluded that supplemental payments made in prior fiscal years do not count towards calculating the Rainy Day Fund's constitutional maximum of 10%, and projects bringing the Rainy Day Fund to $19.4 billion by 2022-23.

The 2019-20 Proposed Budget raises the Proposition 98 minimum funding guarantee for school districts and community college districts to $80.7 billion, a new all-time high, which includes $2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% cost-of-living adjustment, and bringing total LFCC funding to $63 billion. To address the rising costs of STRS pensions, the 2019-20 Proposed Budget also includes a $3 billion one-time general fund payment to STRS on behalf of school districts, which is expected to provide immediate relief and reduce the out-year contribution rate by 0.5%. The 2019-20 Proposed State Budget also includes a $750 million one-time general fund payment of $576 million ($186 million is one-time) to support expanded special education services in school districts with a high concentration of special education students.

Disclaimer Regarding State Budgets. The implementation of the foregoing 2018-19 State Budget and any 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 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 Bonds to provide State budget information to the District or the owners of the 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 Budgets. The complete 2018-19 State Budget and 2019-20 Proposed Budget are available from the California Department of Finance website at www.ebudget.ca.gov. Impartial analyses of these documents are published by the Legislative Analyst Office, and can be accessed at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of internet addresses referenced herein 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 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 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 Bonds. The tax levied by the County for payment of the 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 Refunded 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 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 percent (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 this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 30 and Proposition 55

Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **"Proposition 30"**), which temporarily increases 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 will be 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 the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers and over, $340,000 but less than $408,000 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers and over $408,000 but less than $680,000 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

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 school 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 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 2030, instead of the scheduled expiration date of December 31, 2018. Proposition 55 did not extend the sales and use tax increase that was approved as part of Proposition 30. 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 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. This Proposition 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 such as the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 111, 22, 1A, 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 C

GENERAL INFORMATION ABOUT THE CITY OF FRESNO AND THE COUNTY OF FRESNO

The following information concerning the County of Fresno (the "County") and the City of Fresno (the "City") is included only for the purpose of supplying general information regarding the area of the District. The 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 neither the City, the State nor any of its political subdivisions, other than the District, is liable therefor.

General

The City. The District is located sixteen miles southeast of the City, in the heart of California's San Joaquin Valley, which is predominantly an agriculturally based economy, but is promoting business growth through the expansion of industrial development and through partnerships with Fresno County, the I-5 Business Development Corridor, the Economic Development Corporation serving the County and the Regional Jobs Initiative.

***The County**.* The County is California's fifth-largest county as measured by area, 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, grapes and other fruit and nut crops are grown, harvested and processed for shipment; west of the City is a melon-producing area. Also to the west, large crops of cotton, alfalfa, barley, rice, wheat and vegetables are produced. In the southwest are oil wells, extensive cattle and sheep ranches.

The County is the trade, financial and commercial center for many surrounding counties in the Central Valley and is a hub of transportation facilities connecting the Central Valley 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.

Population

The most recent estimate of the County's population at January 1, 2018 was 1,007,229 persons according to the State Department of Finance. The City, with an estimated 2018 population of 538,330 persons, is the largest city in the County. The table below shows population estimates for the cities in the County for the last five years.

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
Fresno County Total	964,611	975,043	984,537	995,233	1,007,229

Source: State Department of Finance, Demographic Research.

Employment and Industry

The District is located in the Fresno Metropolitan Statistical Area ("**MSA**"), which includes the entire County. The unemployment rate in the Fresno County was 7.5 percent in December 2018, up from a revised 6.9 percent in November 2018, and below the year-ago estimate of 8.1 percent. This compares with an unadjusted unemployment rate of 4.1 percent for California and 3.7 percent 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.

COUNTY OF FRESNO
Fresno MSA
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.

Major Employers

The following table lists the major employers within the County as of January 2019, in alphabetical order without regard to the number of employees.

COUNTY OF FRESNO
Major Employers (Listed Alphabetically)
As of January 2019

Employer Name	Location	Industry
Aetna	Fresno	Insurance
California Teaching Fellows	Fresno	Employment Service-Govt Co Fraternal
Cargill	Fresno	Meat Packers (mfrs)
Community Medical Ctr	Fresno	Medical Centers
Community Regional Medical Ctr	Fresno	Hospitals
Foster Farms	Fresno	Poultry Farms
Fresno County Sheriff's Dept	Fresno	Police Departments
Fresno Police Dept	Fresno	Police Departments
Fresno State	Fresno	Schools-Universities & Colleges Academic
Harris Ranch Beef Co	Selma	Meat Packers (mfrs)
Kaiser Permanente Fresno Med	Fresno	Hospitals
Lion Dehydrators	Selma	Dehydrating Service (mfrs)
Pelco-Schneider Electric	Fresno	Security Control Equip & Systems-Mfrs
Phebe Conley Art Gallery	Fresno	Art Galleries & Dealers
Pitman Family Farms	Sanger	Farms
Pleasant Valley State Prison	Coalinga	Government Offices-State
Shehadey Pavilion At St Agnes	Fresno	Diagnostic Imaging Centers
St Agnes Medical Ctr	Fresno	Information & Referral Svcs-Hlth Prgrms
St Agnes Medical Ctr	Fresno	Hospitals
Stamoules Produce Co	Mendota	Fruits & Vegetables & Produce-Retail
State Center Community College	Fresno	Junior-Community College-Tech Institutes
Sun Maid Growers	Kingsburg	Maid & Butler Service
Taylor Communications	Fresno	Commercial Printing NEC (mfrs)
US Veterans Medical Ctr	Fresno	Hospitals
Zacky Farms	Fresno	Poultry & Eggs NEC

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

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 City, County, the State and the United States for the period 2015 through 2019.

CITY OF FRESNO, FRESNO COUNTY, THE STATE OF CALIFORNIA AND THE UNITED STATES
Median Household Effective Buying Income
2015 through 2019

	2015	2016	2017	2018	2019
City of Fresno	$35,613	$37,934	$38,139	$41,203	$42,571
County of Fresno	38,000	40,819	41,237	44,641	46,028
State	50,072	53,589	55,681	59,646	62,637
United States	45,448	46,738	48,043	50,735	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

Commercial Activity

Total taxable sales during the first three quarters of calendar year 2017 in the City were reported to be $5,861,276,828, a 2.72% increase over the total taxable sales of $5,706,172,927 reported during the first three quarters of calendar year 2016. A summary of historic taxable sales within the County is shown in the following table. Taxable sales figures are not yet available for calendar year 2017.

CITY OF FRESNO
Taxable Transactions – 2012 through 2016
(dollars in thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2012	7,021	$5,199,262	10,781	$6,695,043
2013	6,724	5,352,056	10,230	6,947,119
2014	6,883	5,562,107	10,363	7,265,939
2015(1)	7,285	5,668,560	11,457	7,426,271
2016	7,417	5,881,289	11,674	7,625,683

(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 reported during the first three quarters of calendar year 2017 in the County were reported to be $10,913,929,238, a 3.32% increase over the total taxable sales of $10,562,829,280 reported during first three quarters of calendar year 2016. A summary of historic taxable sales within the County is shown in the following table. Taxable sales figures are not yet available for calendar year 2017.

COUNTY OF FRESNO
Taxable Transactions – 2012 through 2016
(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	9,247,616	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 the County for calendar years 2013 through 2017.

CITY OF FRESNO
Total Building Permit Valuations
(Valuations in Thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$316,274.9	$169,849.3	$238,651.6	$276,052.9	$197,698.0
New Multi-family	38,251.7	26,415.8	15,082.3	44,086.9	86,389.9
Res. Alterations/Additions	13,673.3	12,067.7	13,111.8	15,092.0	6,607.6
Total Residential	368,199.9	208,332.8	266,845.7	335,231.8	290,695.5
New Commercial	$84,573.3	$47,263.0	$92,814.7	$107,282.6	$129,169.0
New Industrial	16,564.2	11,858.2	3,820.0	11,567.3	7,677.2
New Other	37,704.0	24,327.3	13,408.9	37,567.1	17,154.0
Com. Alterations/Additions	53,879.5	41,309.9	66,047.6	57,936.8	38,877.3
Total Nonresidential	192,721.0	124,758.4	176,091.2	214,353.8	192,877.5
New Dwelling Units					
Single Family	1,161	584	835	925	680
Multiple Family	453	363	161	249	787
TOTAL	1,614	947	996	1,174	1,467

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF FRESNO
Total Building Permit Valuations
(Valuations in Thousands)

	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

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

[Closing Date]

Governing Board
Monroe Elementary School District
11842 S. Chestnut Avenue
Fresno, California 93725

OPINION: $_____________ Monroe Elementary School District
(Fresno County, California)
General Obligation Bonds, Election of 2018, Series A
(Bank Qualified)

Ladies and Gentlemen:

We have acted as bond counsel to the Monroe Elementary School District (the "District") in connection with the issuance by the District of its Monroe Elementary School District (Fresno County, California) General Obligation Bonds, Election of 2018, Series A (Bank Qualified) in the aggregate principal amount of $__________ (the "Bonds"). The Bonds have been authorized to be issued 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 a resolution adopted by the Governing Board of the District (the "Board") on March 12, 2019 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we have 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 certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, 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 cause the Board to issue the Bonds on its behalf and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Fresno is obligated to levy *ad valorem*

taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

4. 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. In addition, the Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions’ interest expense allocable to the portion of the Bonds designated as and comprising interest.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes, and in order for the Bonds to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code. 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, or may cause the Bonds not to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

5. 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, sale 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 are limited by 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.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$__________________
MONROE ELEMENTARY SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Monroe Elementary School District (the "**District**") in connection with the issuance and delivery of the captioned bonds (the "**Bonds**"). The captioned Bonds are being issued pursuant to a resolution adopted by the Governing Board of the District on March 12, 2019 (the "**Resolution**"). Wilmington Trust, National Association 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 Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, 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 March 31).

"*Dissemination Agent*" means, initially, Isom Advisors, a Division of Urban Futures, 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 Wilmington Trust, National Association, Costa Mesa, California, or any successor thereto.

"*Participating Underwriter*" means O'Connor & Company Securities, Inc., 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. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2020 with the report for the 2018-19 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 in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, 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. Content of Annual Reports. 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 with respect to the most recently completed fiscal year, or if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed, as follows:

(i) total assessed valuation of taxable properties in the District;

(ii) total secured assessed valuation of taxable properties of the top twenty taxpayers in the District;

(iii) property tax collection delinquencies for the District, but only if *ad valorem* taxes for general obligation bonds are not collected on the County's Teeter Plan and such information is available from the County at the time of filing the Annual Report; and

(iv) the District's most recently adopted budget available at the time of filing the Annual Report.

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

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

Section 5. <u>Reporting of Significant Events</u>.

(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 trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.

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

(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.

(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), (a)(14) and (a)(15) of this Section 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.

(e) For purposes of Section 5(a)(15) and (a)(16), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. <u>Identifying Information for Filings with the MSRB</u>. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. <u>Termination of Reporting Obligation</u>. 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. <u>Dissemination Agent</u>. 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 Isom Advisors, a Division of Urban Futures, Inc.. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. <u>Amendment; Waiver</u>. 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 Resolution for amendments to the 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 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: _________, 2019

MONROE ELEMENTARY SCHOOL DISTRICT

By: ______________________________________
Name_________
Title__________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Monroe Elementary School District (the “District”)
Name of Bond Issue:	Monroe Elementary School District General Obligation Bonds, Election of 2018, Series A (Bank Qualified)
Date of Issuance:	_________, 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 as of _________, 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 ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 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 Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 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. The Depository Trust Company ("DTC"), New York, NY, 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 POOL

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

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

12-4-18
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
	Cl	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.

APPENDIX C
(Continued)

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 December 31, 2018

P.O. Box 1247 | Fresno, CA 93715 | Telephone 559.600.3487 | investments@FresnoCountyCA.gov

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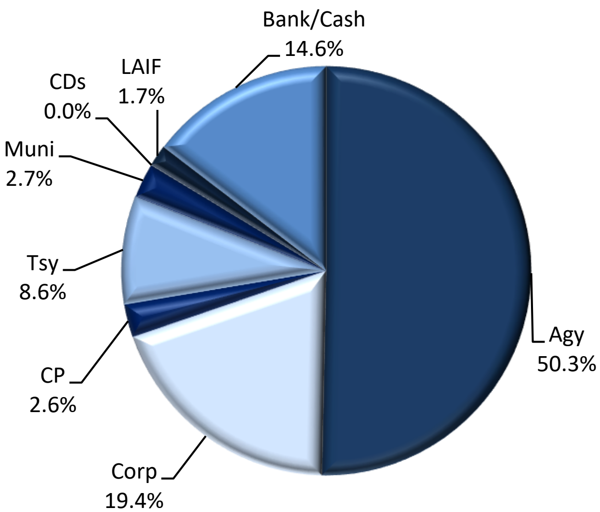
Portfolio Summary
12/31/2018

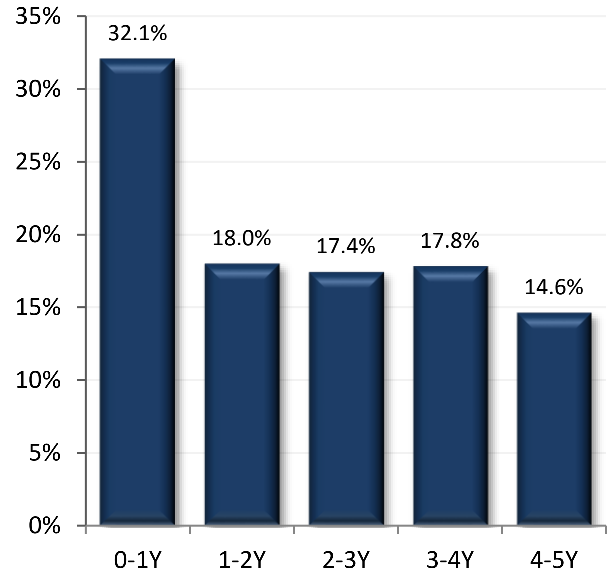
County of Fresno

SECTOR ALLOCATION



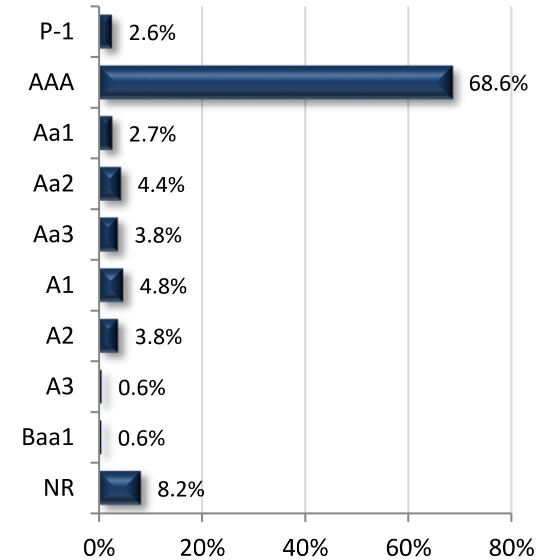
Per Book Value

MATURITY DISTRIBUTION



Per Book Value

CREDIT QUALITY (MOODY'S)



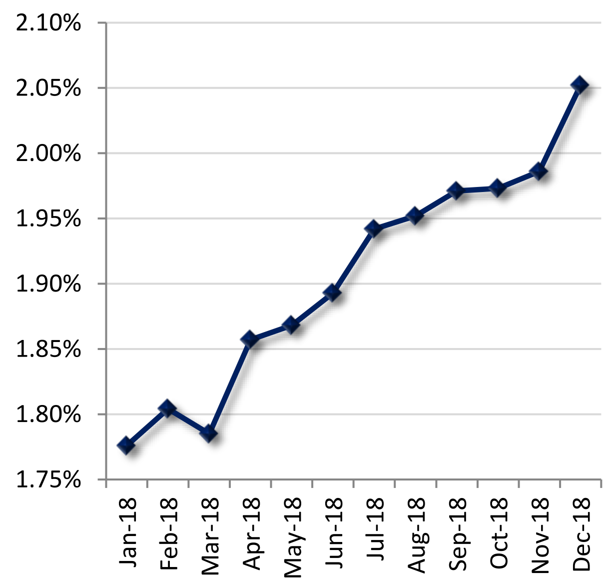
NR: Not Rated

ACCOUNT SUMMARY

	12/31/18	9/30/18
Market Value	$3,770,988,770	$3,263,439,272
Book Value*	$3,808,681,373	$3,325,605,518
Unrealized G/L	-$37,692,603	-$62,166,245
Par Value	$3,810,724,704	$3,327,620,818
Net Asset Value	$99.010	$98.131
Book Yield	2.05%	1.97%
Years to Maturity	1.98	2.33
Effective Duration	1.86	2.21

*Book Value is Amortized

PORTFOLIO BOOK YIELD HISTORY



TOP ISSUERS

Issuer	% Portfolio
FEDERAL NATIONAL MORTGAGE	18.7%
FEDERAL HOME LOAN BANK	18.7%
FEDERAL FARM CREDIT BANK	9.3%
US TREASURY NOTE	8.6%
FIDELITY 2642	8.1%
UNION BANK MM	5.3%
FEDERAL HOME MORTGAGE CO	3.7%
US BANK NA	2.8%
STATE OF CALIFORNIA	2.7%
APPLE INC	2.7%
TOYOTA MOTOR CREDIT	2.3%
JP MORGAN	2.2%
CHEVRON CORP	2.1%
WELLS FARGO	2.1%
BANK OF NEW YORK	2.0%

Per Book Value

Investment Policy Compliance
12/31/2018

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	1.98 Yrs
8.1 U.S. Treasuries	No sector limit, no issuer limit, max maturity 5 years.	Yes	8.6%
8.2 U.S. Agencies	No sector limit, no issuer limit, max maturity 5 years.	Yes	50.3%
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	2.6%
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	19.4%
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	$65 Mil

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	8.1%
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	2.7%
Cash & Bank Account	NA	NA	6.5%

Compliance

The Treasury Investment Pool is in compliance with the County of Fresno Treasury Investment Pool Investment Policy.
The Treasury Investment Pool contains sufficient cash flow to meet the expected expenditures for the next six months.

Review and Monitoring

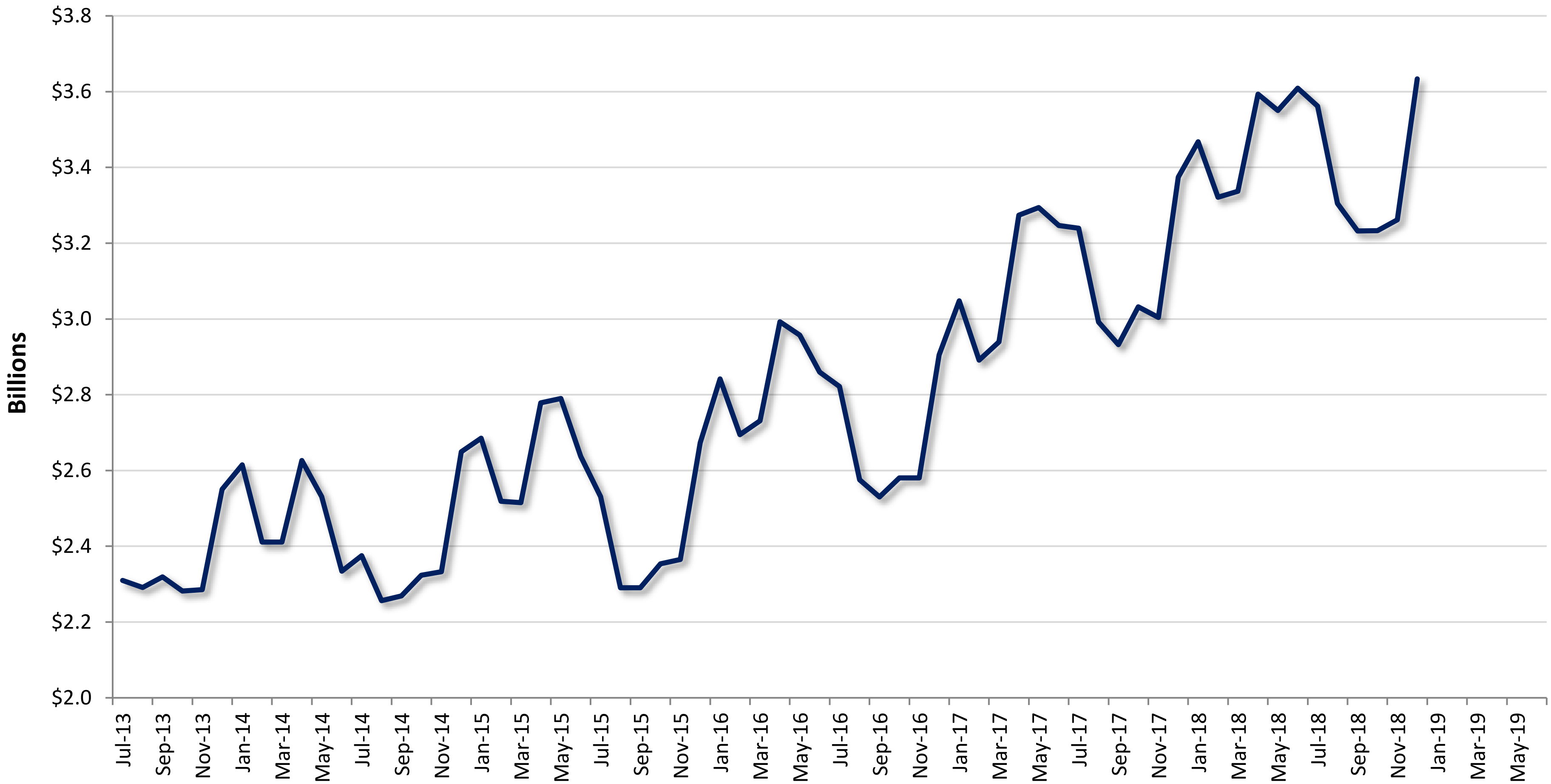
FTN Financial Main Street Advisors, the County's investment advisor, currently monitors the Treasury Department's investment activities.

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.

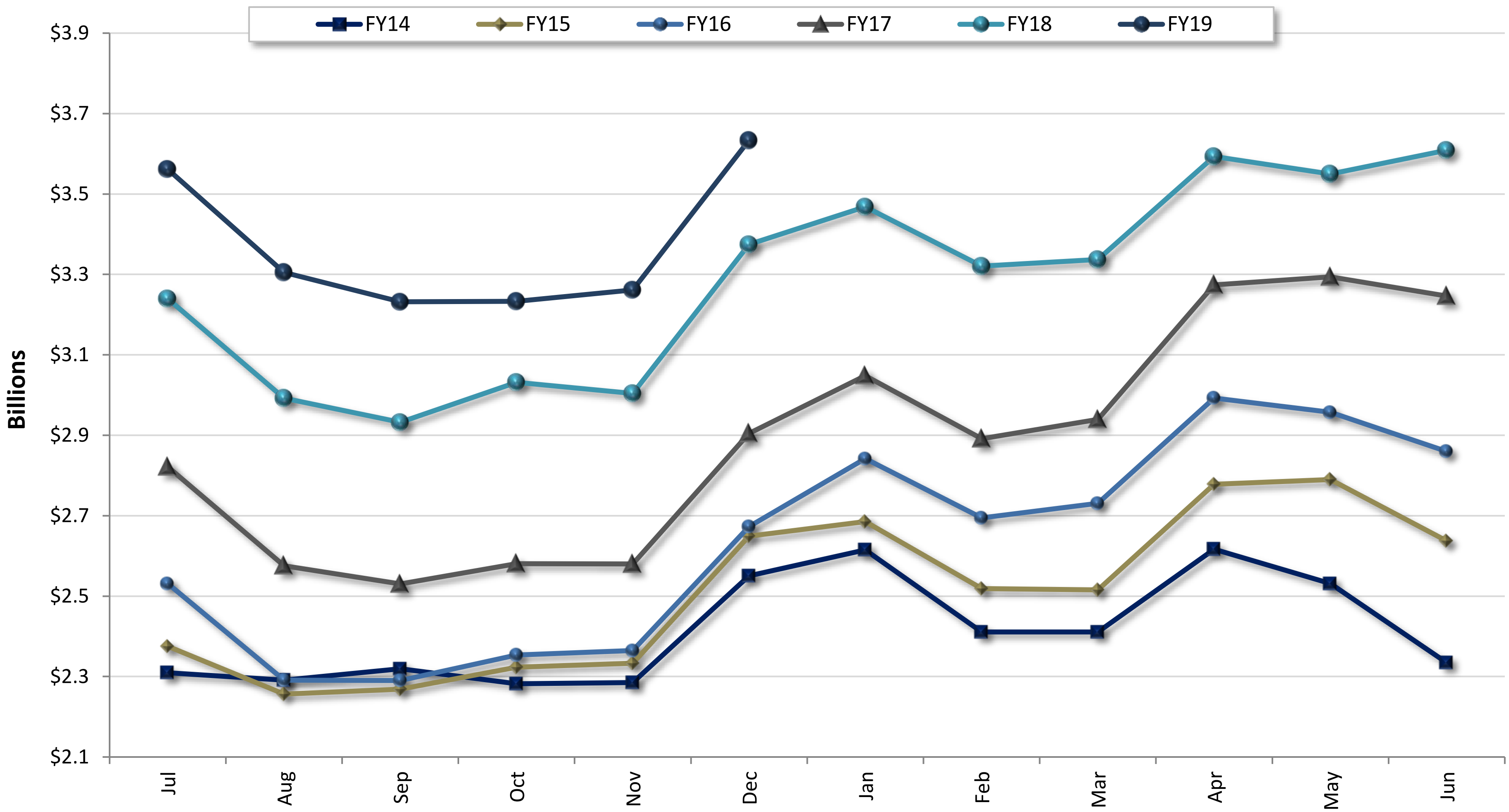
Historical Book Values
12/31/2018



	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
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	$3.233	$3.262	$3.634						

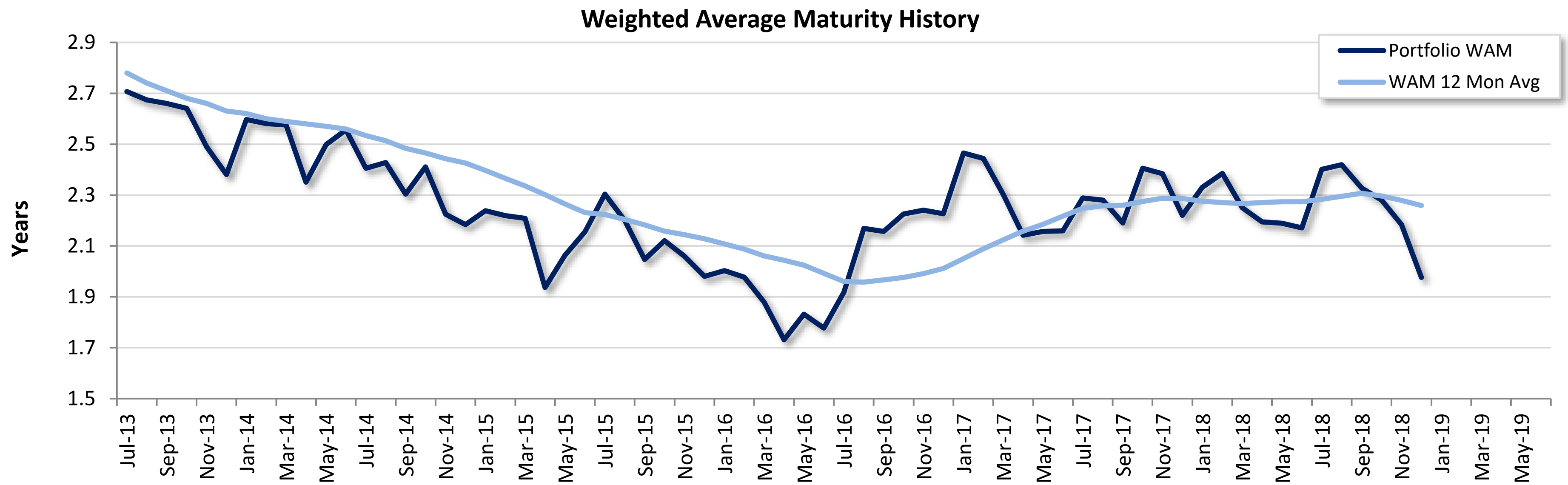
Figures in Billions, Average Daily Balance

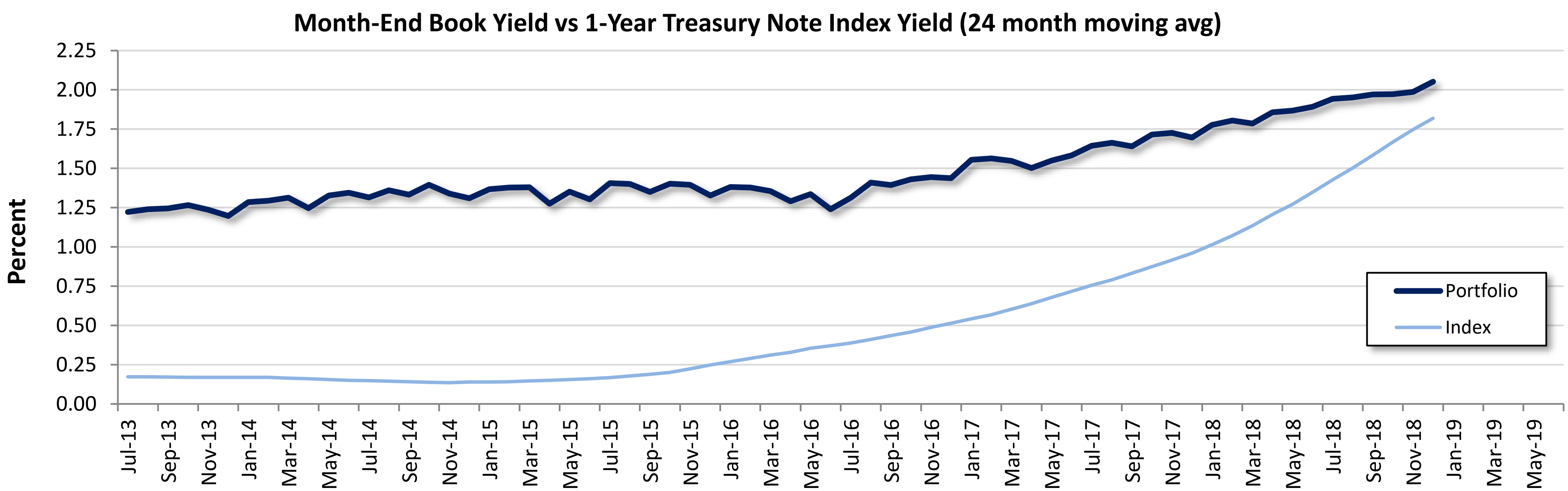
Historical Book Values Per Fiscal Year
12/31/2018



	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
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	$3.233	$3.262	$3.634						

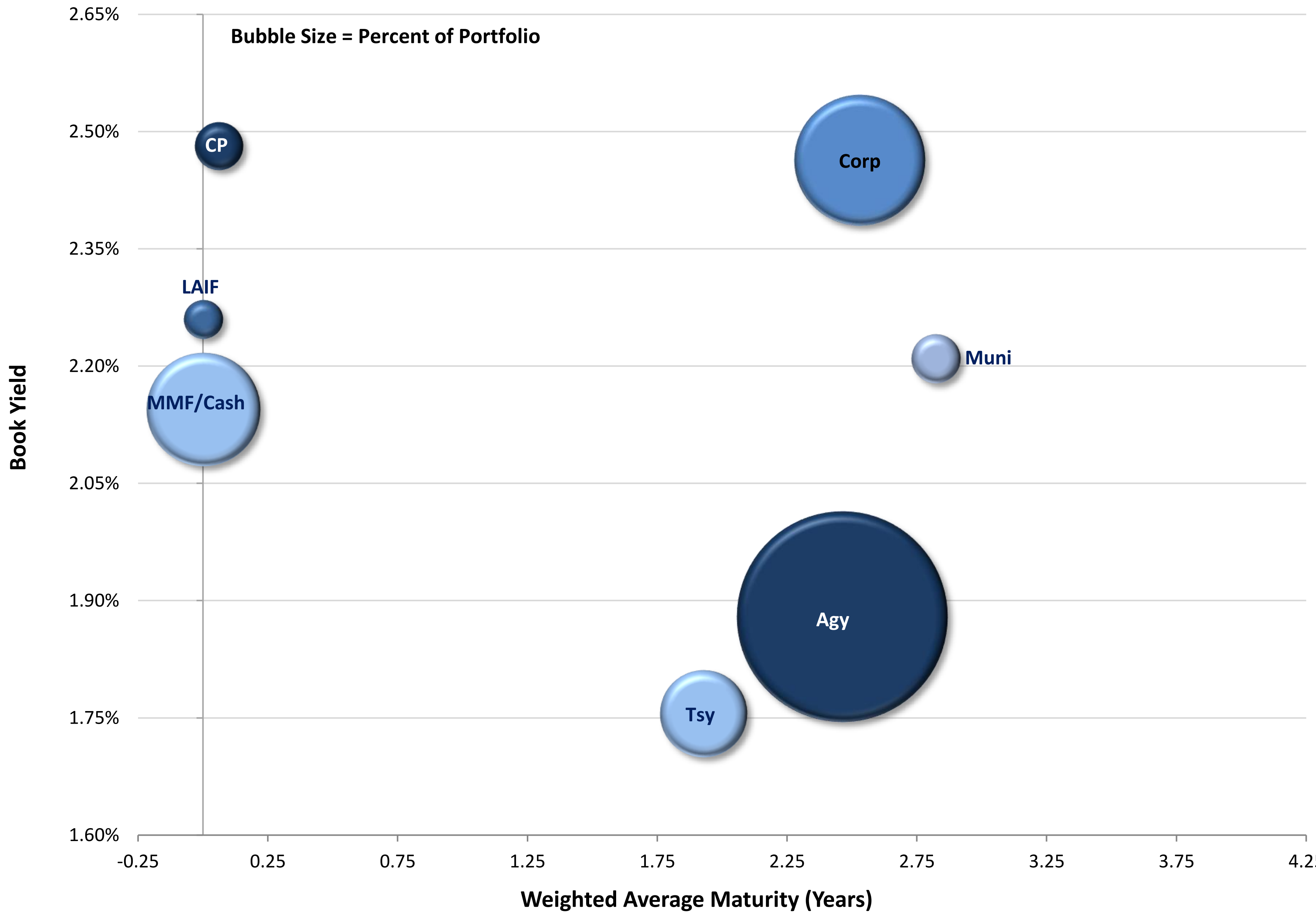
Figures in Billions, Average Daily Balance





Index: 24 Month Moving Average of the ICE BofAML 1-Year US Treasury Note Index

Book Yield per WAM per Percent of Portfolio
12/31/2018

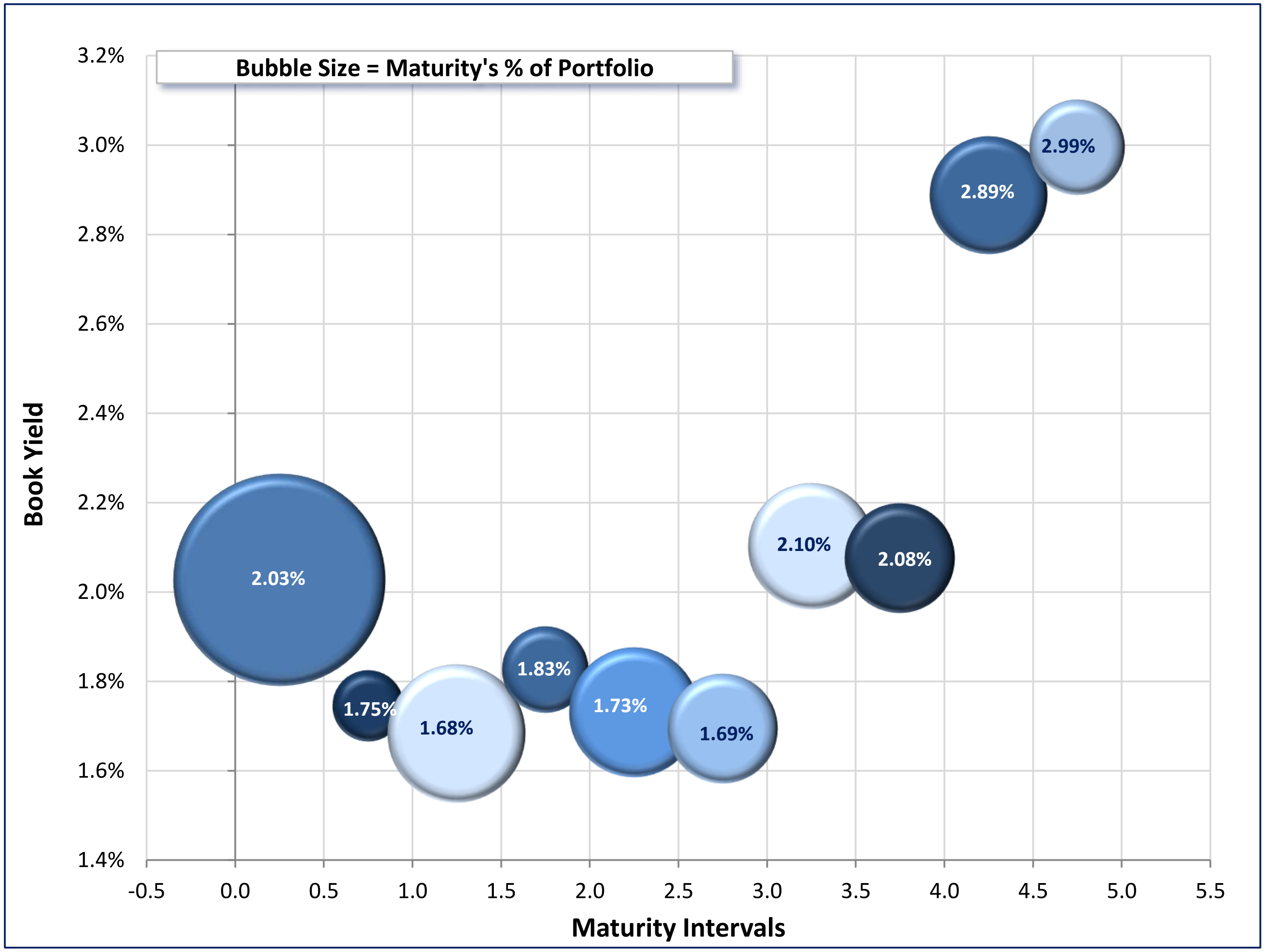


Book YTM Per 6-Month Maturity Intervals
12/31/2018

County of Fresno

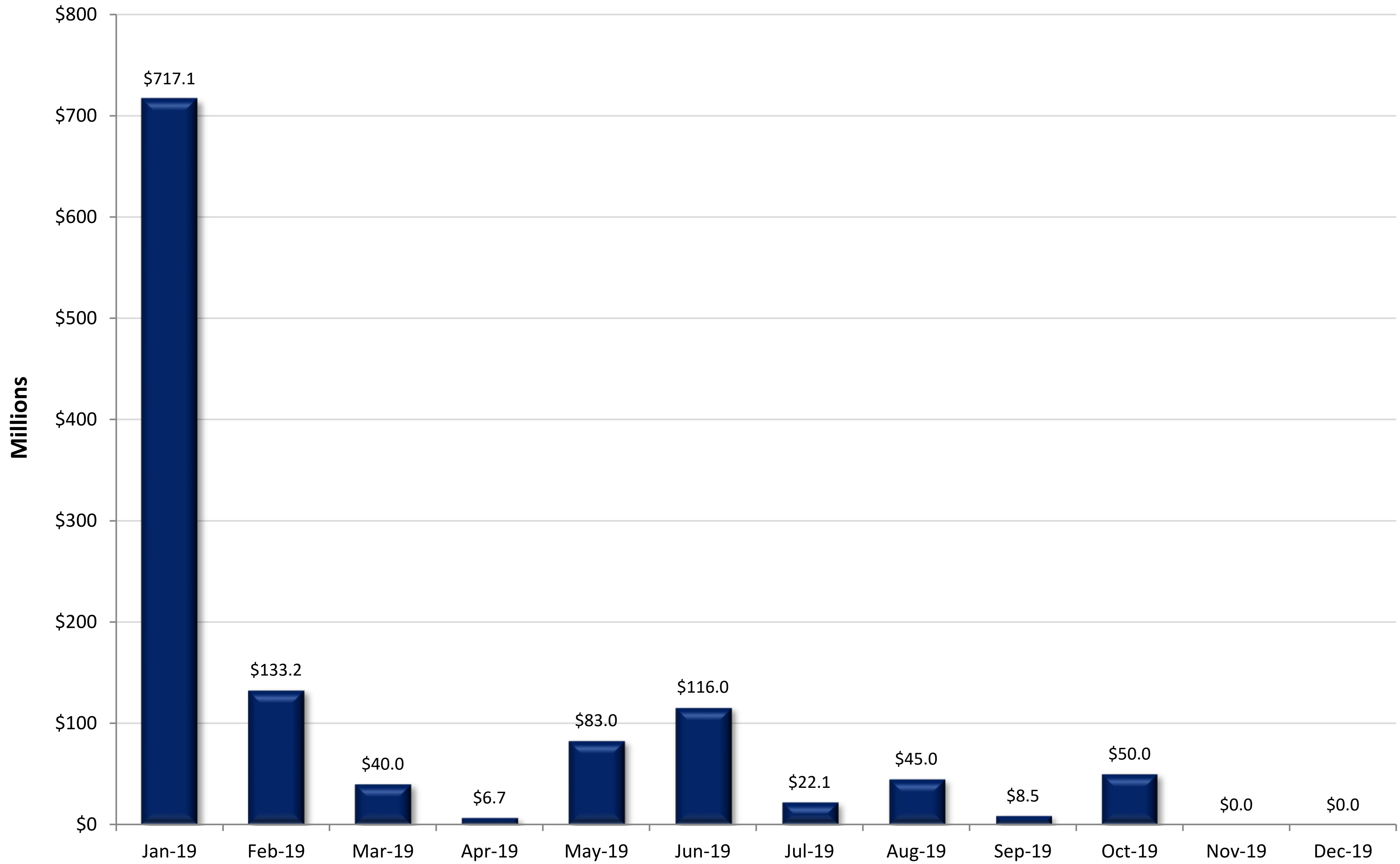
Years	Book Yield	% of Portfolio*
0 to .5	2.03%	28.84%
.5 to 1.0	1.75%	3.24%
1.0 to 1.5	1.68%	12.20%
1.5 to 2.0	1.83%	4.75%
2.0 to 2.5	1.73%	10.76%
2.5 to 3.0	1.69%	7.73%
3.0 to 3.5	2.10%	10.14%
3.5 to 4.0	2.08%	7.70%
4.0 to 4.5	2.89%	8.85%
4.5 to 5.0+	2.99%	5.79%

*Based on Book Value



Next Twelve Months Maturities
12/31/2018

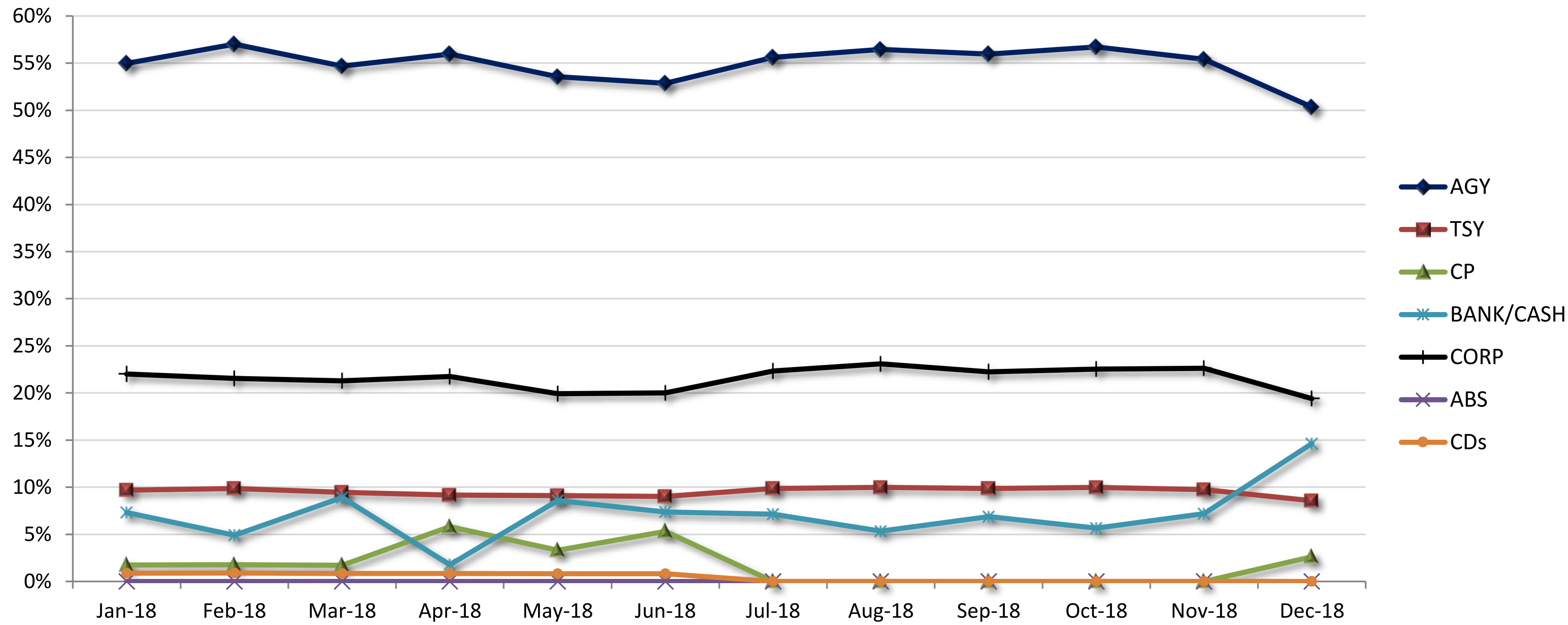
County of Fresno



	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Maturities	$717.1	$133.2	$40.0	$6.7	$83.0	$116.0	$22.1	$45.0	$8.5	$50.0	$0.0	$0.0

Par Value in Millions

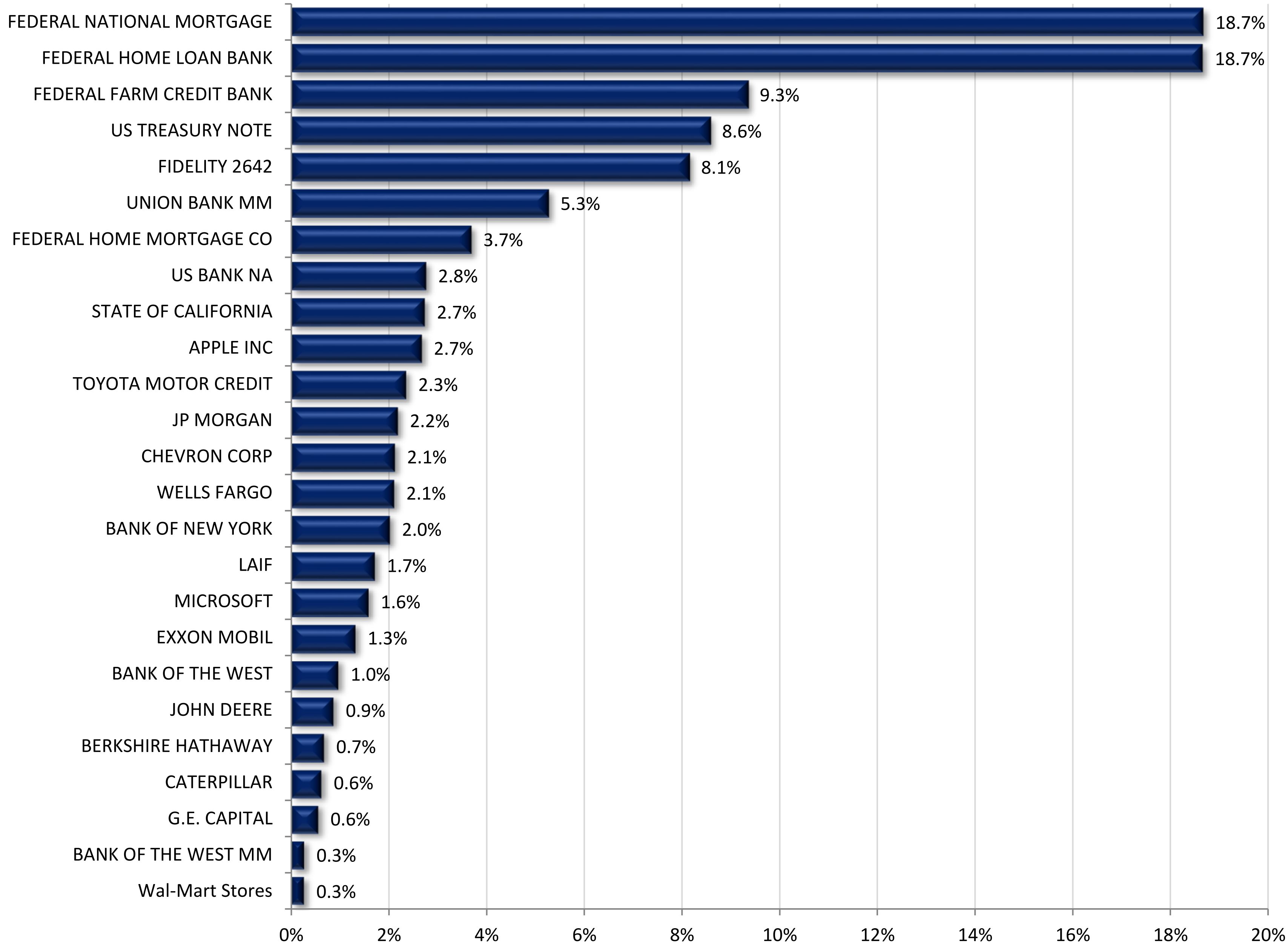
Historical Sector Allocation
12/31/2018



Sector	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Agency	55.0%	57.0%	54.7%	56.0%	53.6%	52.8%	55.6%	56.4%	56.0%	56.7%	55.4%	50.3%
Treasury	9.7%	9.9%	9.5%	9.2%	9.1%	9.0%	9.9%	10.0%	9.9%	10.0%	9.7%	8.6%
Commercial Paper	1.7%	1.8%	1.7%	5.8%	3.3%	5.3%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%
LAIF	0.3%	0.9%	0.1%	1.8%	1.8%	1.8%	2.0%	2.0%	2.0%	2.0%	1.9%	1.7%
Muni	3.1%	3.1%	3.0%	2.9%	2.9%	2.8%	3.1%	3.2%	3.1%	3.2%	3.1%	2.7%
Corporates	22.0%	21.5%	21.3%	21.7%	19.9%	20.0%	22.3%	23.1%	22.2%	22.5%	22.6%	19.4%
CDs	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.0%	0.0%	0.0%	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	7.3%	4.9%	8.9%	1.8%	8.6%	7.4%	7.2%	5.3%	6.9%	5.6%	7.2%	14.6%
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%

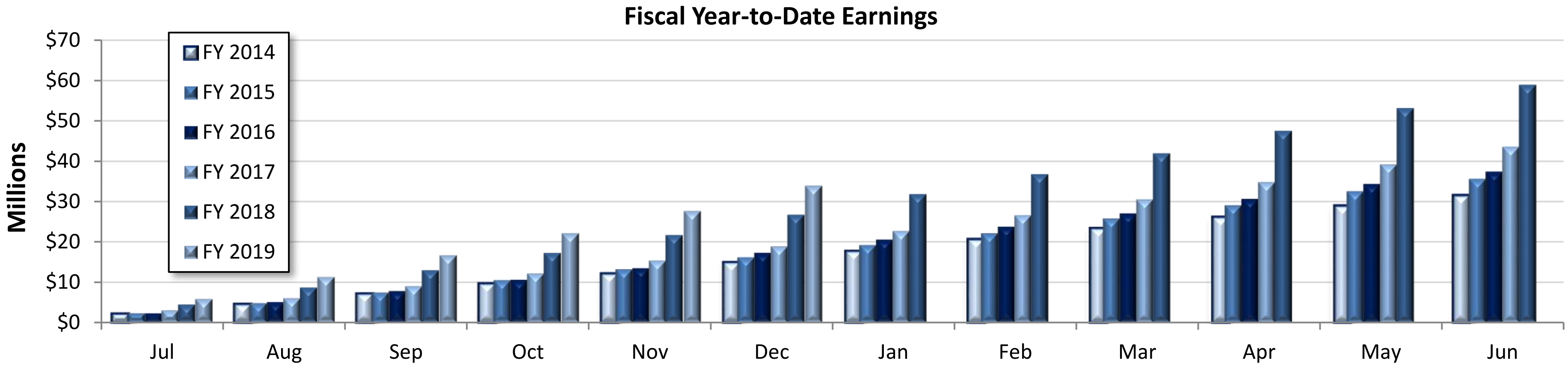
Holdings Allocation by Issuer
12/31/2018

County of Fresno

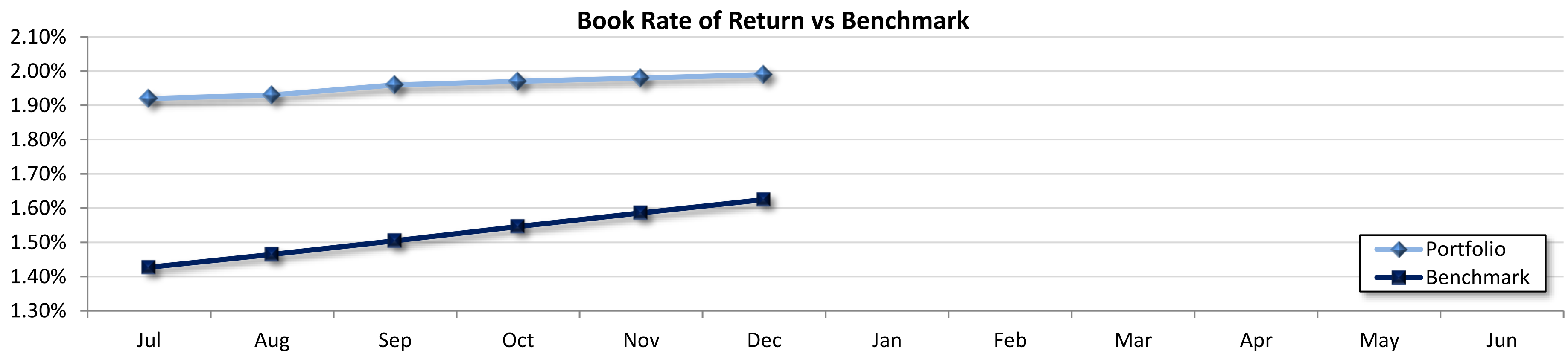


Historical Earnings and Book Rate of Return Performance
12/31/2018

County of Fresno



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	$22.1	$27.5	$33.8						

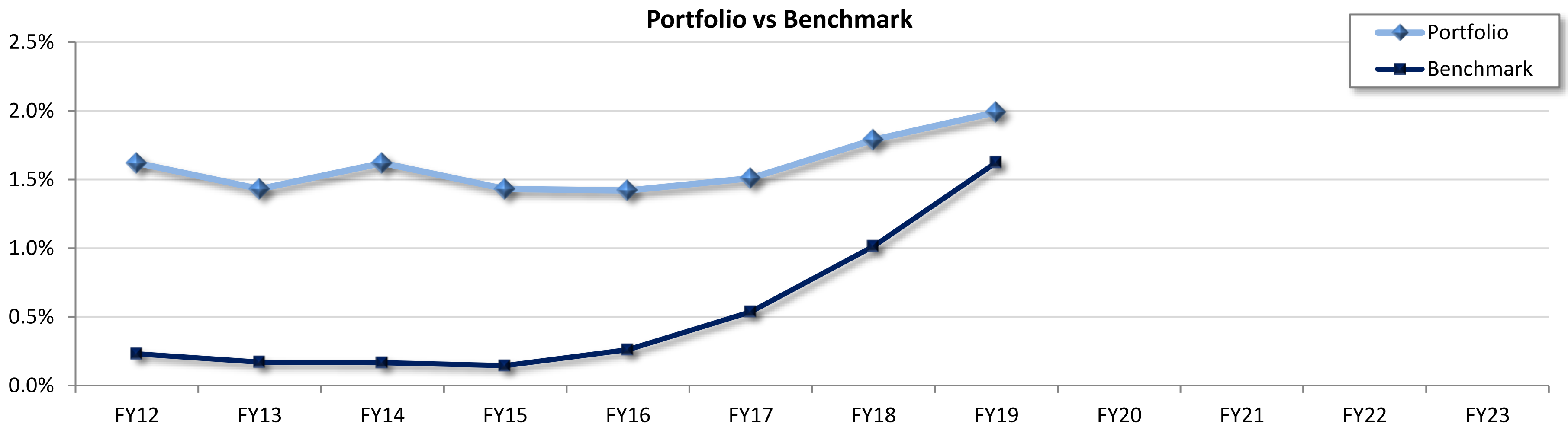


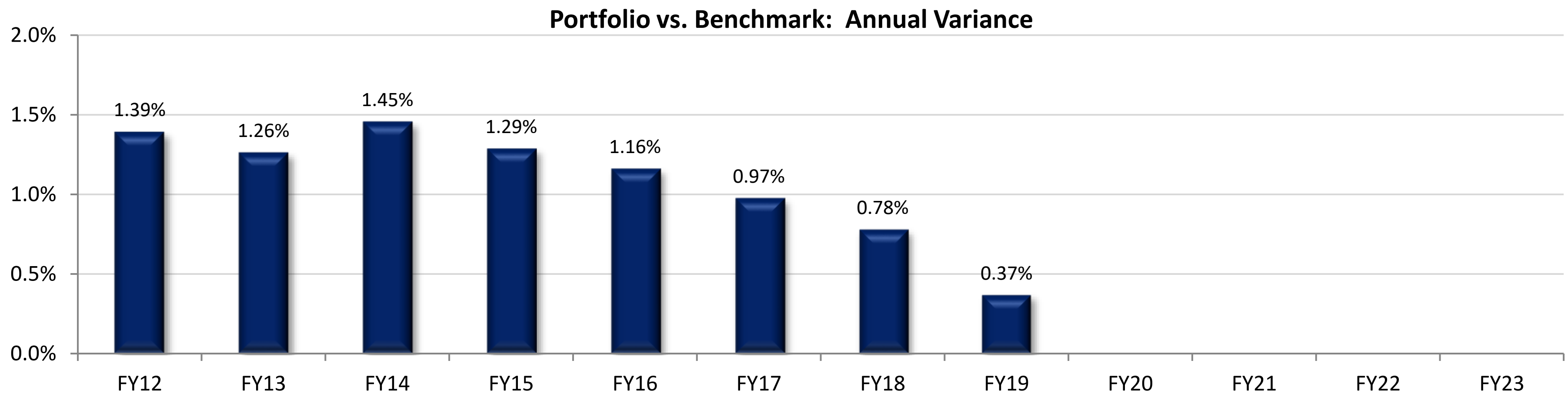
Fiscal YTD	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Book Rate of Rtn	1.92%	1.93%	1.96%	1.97%	1.98%	1.99%						
Benchmark*	1.43%	1.46%	1.50%	1.55%	1.59%	1.62%						
Variance	0.49%	0.47%	0.46%	0.42%	0.39%	0.37%						

*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
12/31/2018

County of Fresno

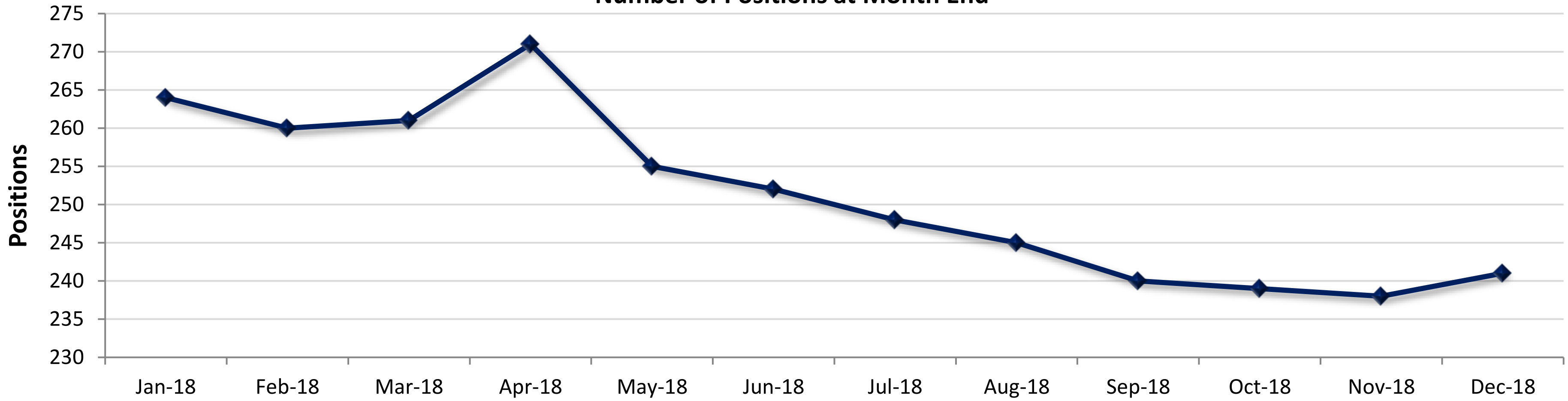




Fiscal YTD	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Portfolio	1.62%	1.43%	1.62%	1.43%	1.42%	1.51%	1.79%	1.99%				
Benchmark*	0.23%	0.17%	0.17%	0.14%	0.26%	0.54%	1.01%	1.62%				
Variance	1.39%	1.26%	1.45%	1.29%	1.16%	0.97%	0.78%	0.37%				

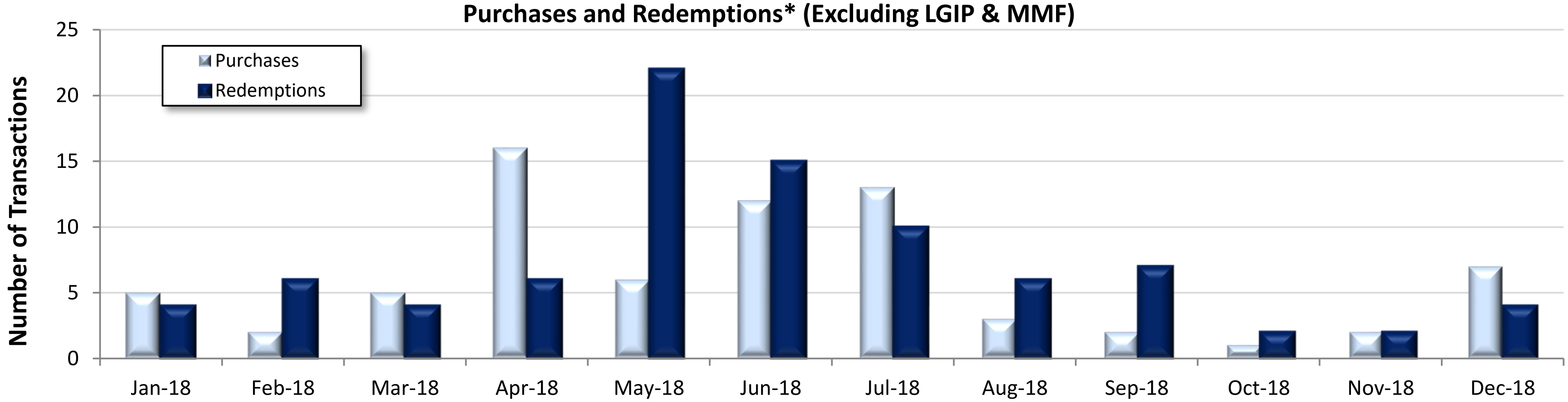
*Benchmark: ICE BofAML 1-Year US Treasury Note Index (24 Month Moving Average)--Average Builds Over the Fiscal Year Period

Number of Positions at Month End



	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Positions	264	260	261	271	255	252	248	245	240	239	238	241

Purchases and Redemptions* (Excluding LGIP & MMF)



*Redemptions include maturities, calls, and sells

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Purchases	5	2	5	16	6	12	13	3	2	1	2	7
Redemptions	4	6	4	6	22	15	10	6	7	2	2	4
Total Transactions	9	8	9	22	28	27	23	9	9	3	4	11

Summary of Portfolio

	December 2018	September 2018	June 2018	March 2018	December 2017
Market Value	$3,770,988,770	$3,263,439,272	$3,602,167,778	$3,445,620,926	$3,507,783,549
Amortize Cost Value	$3,808,681,373	$3,325,605,518	$3,657,258,602	$3,492,422,560	$3,528,384,784
Unrealized Gain/Loss % on cost	-0.99%	-1.87%	-1.51%	-1.34%	-0.58%
Yield (weighted on cost value)	2.05%	1.97%	1.89%	1.79%	1.70%
Years to Maturity (weighted on cost value)	1.98	2.33	2.17	2.25	2.22
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)					622.1
1/19	488.9	600.4	-111.5	95.0	605.6
2/19	417.8	460.0	-42.2	133.2	696.6
3/19	579.6	508.8	70.8	40.0	807.4
4/19	644.8	549.1	95.7	6.7	909.8
5/19	379.6	491.7	-112.1	83.0	880.7
6/19	561.9	612.6	-50.7	116.0	946.0
Totals	**3,072.6**	**3,222.6**	**-150.0**	**473.9**	

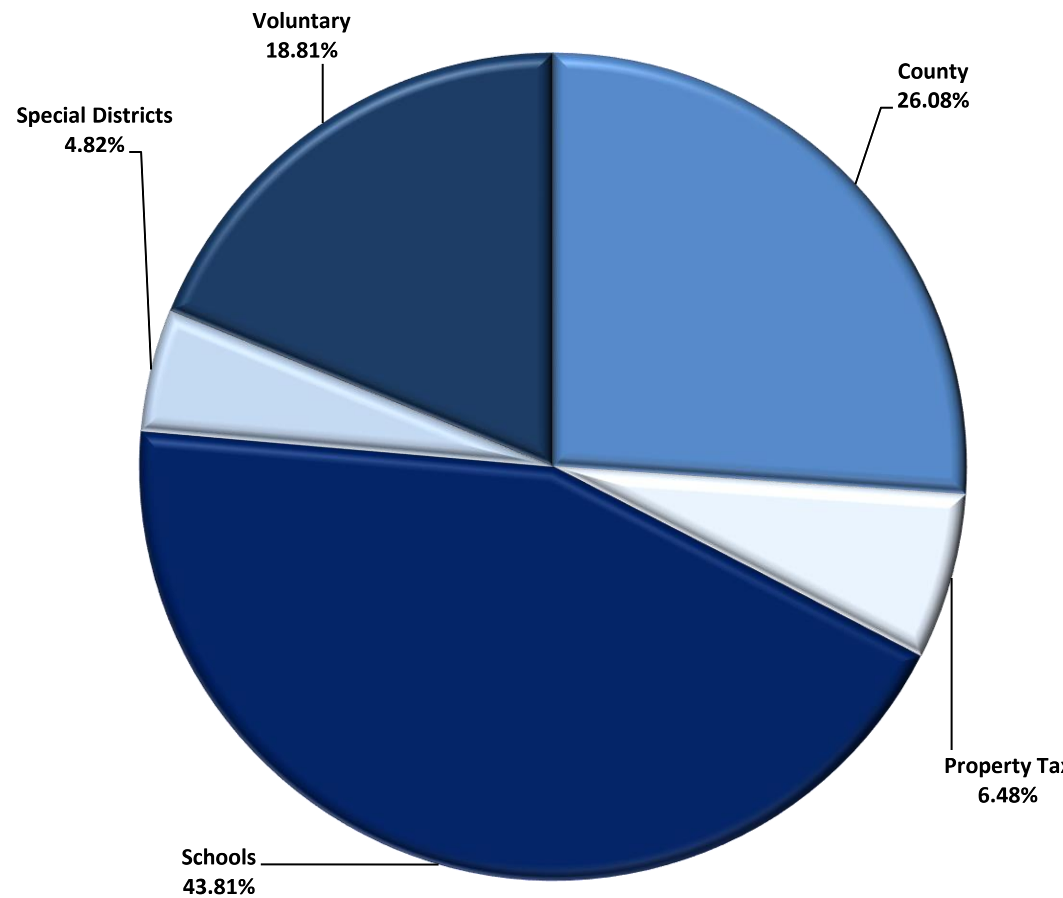
(a) Monthly Receipt and Monthly Disbursement amounts are estimates based upon historical cash flows and may change as actual cash flow information becomes available.

(b) Beg. Balance is taken from Bank Accounts, Mutual Funds, and LAIF.

Pool Participant Breakdown
12/31/2018

County of Fresno

Entity	Portfolio $	Portfolio %
County	1,012,787,127	26.08%
Property Tax	251,689,728	6.48%
Schools	1,701,305,582	43.81%
Special Districts	187,306,112	4.82%
Voluntary	730,364,397	18.81%
Total	**3,883,452,946**	**100.00%**



Fresno County
P.O. Box 1247
Fresno, CA 93715
(559)600-3496

County of Fresno
Portfolio Management
Portfolio Summary
December 31, 2018

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.
Bank Accounts	36,705,619.77	36,705,619.77	36,705,619.77	0.96	1	1	0.444
Federal Agency Coupons	1,918,520,000.00	1,894,932,716.09	1,917,531,080.84	50.35	1,706	899	1.879
Medium Term Notes	740,609,000.00	729,619,705.26	739,011,611.98	19.40	1,642	923	2.463
Treasury Notes	326,000,000.00	322,048,129.00	326,289,754.62	8.57	1,459	704	1.755
Discount Commercial Paper	100,000,000.00	99,834,000.00	99,839,347.29	2.62	35	23	2.481
Mutual Funds	310,000,000.00	310,000,000.00	310,000,000.00	8.14	1	1	2.347
Local Agency Investment Funds	65,000,000.00	65,000,000.00	65,000,000.00	1.71	1	1	2.260
Bank Money Market Accounts	210,390,084.58	210,390,084.58	210,390,084.58	5.52	1	1	2.142
Municipal Bonds	103,500,000.00	102,458,515.00	103,913,874.07	2.73	1,598	1,031	2.209
Investments	**3,810,724,704.35**	**3,770,988,769.70**	**3,808,681,373.15**	**100.00%**	**1,347**	**721**	**2.052**

Total Earnings	December 31 Month Ending	Fiscal Year To Date
Current Year	6,217,228.58	33,787,866.23
Average Daily Balance	**3,633,769,049.85**	**3,372,530,781.68**
Effective Rate of Return	**2.01%**	**1.99%**

Oscar J. Garcia, CPA, Treasurer/ Tax Collector

County of Fresno
Portfolio Management
Portfolio Details - Investments
December 31, 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			0.00	0.00	0.00	0.220	0.220			
SYS03400A	03400A	BANK OF THE WEST			36,705,619.77	36,705,619.77	36,705,619.77	0.450	0.450			
		Subtotal and Average	**36,830,956.60**		**36,705,619.77**	**36,705,619.77**	**36,705,619.77**		**0.450**			
Federal Agency Coupons												
3133EDLR1	17248	FEDERAL FARM CREDIT BANK		05/27/2014	5,000,000.00	4,984,130.00	5,000,584.56	1.650	1.617	AA+	Aaa	05/15/2019
3133EEW55	17316	FEDERAL FARM CREDIT BANK		06/15/2015	10,000,000.00	9,885,540.00	9,987,968.38	1.800	1.887	AA+	Aaa	06/15/2020
3133EFYZ4	17359	FEDERAL FARM CREDIT BANK		02/29/2016	17,800,000.00	17,370,699.60	17,777,955.84	1.375	1.436	AA+	Aaa	02/10/2021
3133EFW52	17383	FEDERAL FARM CREDIT BANK		06/09/2016	2,060,000.00	2,045,889.00	2,061,000.69	1.150	1.051	AA+	Aaa	07/01/2019
3133EGBR5	17384	FEDERAL FARM CREDIT BANK		06/09/2016	5,000,000.00	4,990,050.00	4,999,867.49	0.950	0.968	AA+	Aaa	02/25/2019
3133EGYQ2	17410	FEDERAL FARM CREDIT BANK		10/27/2016	10,000,000.00	9,684,080.00	9,984,722.07	1.400	1.457	AA+	Aaa	10/14/2021
3133EGZJ7	17411	FEDERAL FARM CREDIT BANK		10/27/2016	10,000,000.00	9,673,880.00	9,977,796.90	1.375	1.457	AA+	Aaa	10/25/2021
3133EG5D3	17447	FEDERAL FARM CREDIT BANK		01/27/2017	50,000,000.00	49,118,550.00	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	4,894,975.00	4,996,146.17	2.000	2.024	AA+	Aaa	05/18/2022
3133EEY20	17495	FEDERAL FARM CREDIT BANK		09/21/2017	10,000,000.00	9,914,690.00	10,155,421.34	2.400	1.928	AA+	Aaa	06/17/2022
3133EHVS9	17499	FEDERAL FARM CREDIT BANK		09/28/2017	5,500,000.00	5,342,144.50	5,474,856.43	1.840	1.972	AA+	Aaa	08/23/2022
3133EJBP3	17535	FEDERAL FARM CREDIT BANK		02/07/2018	10,000,000.00	9,920,640.00	9,964,704.19	2.500	2.593	AA+	Aaa	02/02/2023
3133EJBP3	17536	FEDERAL FARM CREDIT BANK		02/28/2018	51,180,000.00	50,773,835.52	50,670,399.30	2.500	2.762	AA+	Aaa	02/02/2023
3133EH7F4	17557	FEDERAL FARM CREDIT BANK		04/19/2018	19,869,000.00	19,603,192.52	19,534,433.40	2.350	2.797	AA+	Aaa	01/17/2023
3133EJUS6	17584	FEDERAL FARM CREDIT BANK		07/17/2018	20,000,000.00	20,215,700.00	19,997,636.89	2.875	2.878	AA+	Aaa	07/17/2023
3133EJUS6	17589	FEDERAL FARM CREDIT BANK		07/25/2018	30,000,000.00	30,323,550.00	29,931,249.93	2.875	2.945	AA+	Aaa	07/17/2023
3133EJUS6	17593	FEDERAL FARM CREDIT BANK		09/19/2018	10,000,000.00	10,107,850.00	9,984,582.20	2.875	3.029	AA+	Aaa	07/17/2023
3133EJK57	17606	FEDERAL FARM CREDIT BANK		12/20/2018	17,000,000.00	17,329,120.00	17,302,178.09	3.080	2.775	AA+	Aaa	07/24/2023
3133EJUS6	17607	FEDERAL FARM CREDIT BANK		12/20/2018	2,910,000.00	2,941,384.35	2,958,032.24	2.875	2.774	AA+	Aaa	07/17/2023
3133EJ4G1	17610	FEDERAL FARM CREDIT BANK		12/28/2018	65,000,000.00	65,307,840.00	64,952,506.51	2.770	2.787	AA+	Aaa	07/28/2023
313379EE5	17250	FEDERAL HOME LOAN BANK		06/18/2014	5,000,000.00	4,978,325.00	4,994,981.12	1.625	1.858	AA+	Aaa	06/14/2019
3130A2FH4	17256	FEDERAL HOME LOAN BANK		09/02/2014	20,000,000.00	19,921,000.00	20,000,757.26	1.750	1.741	AA+	Aaa	06/14/2019
313379EE5	17259	FEDERAL HOME LOAN BANK		09/10/2014	10,000,000.00	9,956,650.00	9,990,366.45	1.625	1.848	AA+	Aaa	06/14/2019
3130A2FH4	17260	FEDERAL HOME LOAN BANK		09/10/2014	10,000,000.00	9,960,500.00	9,995,805.18	1.750	1.847	AA+	Aaa	06/14/2019
3133X72S2	17272	FEDERAL HOME LOAN BANK		12/09/2014	10,000,000.00	10,098,840.00	10,130,977.44	5.375	1.706	AA+	Aaa	05/15/2019
3133X72S2	17279	FEDERAL HOME LOAN BANK		12/19/2014	20,500,000.00	20,702,622.00	20,771,041.95	5.375	1.675	AA+	Aaa	05/15/2019
313383HU8	17315	FEDERAL HOME LOAN BANK		06/12/2015	20,000,000.00	19,769,280.00	19,999,722.13	1.750	1.751	AA+	Aaa	06/12/2020
313383HU8	17317	FEDERAL HOME LOAN BANK		06/26/2015	12,615,000.00	12,469,473.36	12,601,781.57	1.750	1.826	AA+	Aaa	06/12/2020
3130A7CV5	17363	FEDERAL HOME LOAN BANK		03/03/2016	5,000,000.00	4,883,785.00	4,984,559.02	1.375	1.526	AA+	Aaa	02/18/2021
313376XN0	17364	FEDERAL HOME LOAN BANK		03/03/2016	820,000.00	812,553.58	829,022.59	2.100	1.554	AA+	Aaa	02/08/2021
3130A7CV5	17371	FEDERAL HOME LOAN BANK		04/21/2016	10,000,000.00	9,767,570.00	9,994,215.49	1.375	1.403	AA+	Aaa	02/18/2021

County of Fresno
Portfolio Management
Portfolio Details - Investments
December 31, 2018

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												
313381CA1	17372	FEDERAL HOME LOAN BANK		04/21/2016	5,000,000.00	4,889,335.00	5,000,553.29	1.375	1.369	AA+	Aaa	12/11/2020
3130A7CV5	17376	FEDERAL HOME LOAN BANK		05/20/2016	5,000,000.00	4,883,785.00	4,990,547.22	1.375	1.467	AA+	Aaa	02/18/2021
3130A7CV5	17379	FEDERAL HOME LOAN BANK		05/25/2016	10,000,000.00	9,767,570.00	9,976,192.82	1.375	1.491	AA+	Aaa	02/18/2021
3130A1W95	17386	FEDERAL HOME LOAN BANK		07/15/2016	30,000,000.00	29,784,840.00	30,709,062.74	2.250	1.250	AA+	Aaa	06/11/2021
3130A7CV5	17388	FEDERAL HOME LOAN BANK		08/08/2016	10,000,000.00	9,767,570.00	10,041,577.99	1.375	1.174	AA+	Aaa	02/18/2021
3130A8QS5	17389	FEDERAL HOME LOAN BANK		08/08/2016	15,000,000.00	14,486,460.00	14,956,200.68	1.125	1.244	AA+	Aaa	07/14/2021
313379RB7	17392	FEDERAL HOME LOAN BANK		08/17/2016	10,000,000.00	9,813,990.00	10,134,104.08	1.875	1.307	AA+	Aaa	06/11/2021
3130A8QS5	17399	FEDERAL HOME LOAN BANK		08/29/2016	3,955,000.00	3,819,596.62	3,936,235.59	1.125	1.319	AA+	Aaa	07/14/2021
3130A8QS5	17400	FEDERAL HOME LOAN BANK		09/13/2016	15,000,000.00	14,486,460.00	14,924,311.72	1.125	1.331	AA+	Aaa	07/14/2021
3130A8QS5	17403	FEDERAL HOME LOAN BANK		09/28/2016	10,000,000.00	9,657,640.00	9,971,747.36	1.125	1.240	AA+	Aaa	07/14/2021
3133752P1	17405	FEDERAL HOME LOAN BANK		10/05/2016	5,700,000.00	5,836,834.20	6,006,028.07	3.500	1.342	AA+	Aaa	07/29/2021
3130A8QS5	17408	FEDERAL HOME LOAN BANK		10/13/2016	10,000,000.00	9,657,640.00	9,927,797.76	1.125	1.420	AA+	Aaa	07/14/2021
3130A8QS5	17414	FEDERAL HOME LOAN BANK		11/14/2016	10,000,000.00	9,657,640.00	9,901,205.79	1.125	1.530	AA+	Aaa	07/14/2021
3130A1W95	17420	FEDERAL HOME LOAN BANK		11/29/2016	18,470,000.00	18,337,533.16	18,647,176.19	2.250	1.839	AA+	Aaa	06/11/2021
3130A7CV5	17457	FEDERAL HOME LOAN BANK		03/20/2017	20,000,000.00	19,535,140.00	19,799,882.73	1.375	1.864	AA+	Aaa	02/18/2021
3130AAX45	17460	FEDERAL HOME LOAN BANK		03/28/2017	15,000,000.00	14,793,075.00	15,032,085.60	1.875	1.768	AA+	Aaa	01/28/2021
3130A8QS5	17464	FEDERAL HOME LOAN BANK		04/06/2017	20,000,000.00	19,315,280.00	19,668,453.61	1.125	1.807	AA+	Aaa	07/14/2021
3130AB3M6	17465	FEDERAL HOME LOAN BANK		04/10/2017	5,000,000.00	4,924,530.00	5,002,661.51	1.875	1.853	AA+	Aaa	06/30/2021
313379RB7	17466	FEDERAL HOME LOAN BANK		04/11/2017	15,000,000.00	14,720,985.00	15,010,120.00	1.875	1.846	AA+	Aaa	06/11/2021
313379Q69	17485	FEDERAL HOME LOAN BANK		06/28/2017	5,000,000.00	4,915,305.00	5,038,066.92	2.125	1.892	AA+	Aaa	06/10/2022
313379Q69	17486	FEDERAL HOME LOAN BANK		06/28/2017	5,000,000.00	4,915,305.00	5,038,101.68	2.125	1.892	AA+	Aaa	06/10/2022
313379Q69	17487	FEDERAL HOME LOAN BANK		06/28/2017	3,820,000.00	3,755,293.02	3,849,601.04	2.125	1.888	AA+	Aaa	06/10/2022
313379Q69	17488	FEDERAL HOME LOAN BANK		07/07/2017	13,470,000.00	13,241,831.67	13,523,560.23	2.125	2.003	AA+	Aaa	06/10/2022
3130AC5A8	17494	FEDERAL HOME LOAN BANK		09/19/2017	10,000,000.00	9,738,780.00	9,983,947.36	1.850	1.896	AA+	Aaa	08/15/2022
3130AC5A8	17496	FEDERAL HOME LOAN BANK		09/27/2017	9,280,000.00	9,037,587.84	9,255,742.69	1.850	1.926	AA+	Aaa	08/15/2022
313379Q69	17498	FEDERAL HOME LOAN BANK		09/27/2017	20,000,000.00	19,661,220.00	20,160,565.03	2.125	1.880	AA+	Aaa	06/10/2022
3130ACKC7	17500	FEDERAL HOME LOAN BANK		10/18/2017	50,000,000.00	48,891,400.00	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	14,669,430.00	14,988,630.19	1.950	1.973	AA+	Aaa	07/11/2022
3130ACM27	17509	FEDERAL HOME LOAN BANK		10/19/2017	4,455,000.00	4,356,820.71	4,446,855.62	1.950	2.005	AA+	Aaa	07/11/2022
3130ACUV4	17512	FEDERAL HOME LOAN BANK		11/30/2017	50,000,000.00	49,084,400.00	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	22,603,296.00	22,983,678.23	2.060	2.082	AA+	Aaa	05/24/2022
3130ACYP3	17515	FEDERAL HOME LOAN BANK		12/05/2017	20,000,000.00	19,654,740.00	19,986,032.44	2.100	2.121	AA+	Aaa	07/27/2022
313379Q69	17516	FEDERAL HOME LOAN BANK		12/01/2017	2,000,000.00	1,966,122.00	1,999,473.67	2.125	2.133	AA+	Aaa	06/10/2022
3130ACUV4	17517	FEDERAL HOME LOAN BANK		12/06/2017	8,890,000.00	8,727,206.32	8,861,610.32	2.070	2.165	AA+	Aaa	07/29/2022
313379Q69	17527	FEDERAL HOME LOAN BANK		12/20/2017	1,900,000.00	1,867,815.90	1,893,636.62	2.125	2.228	AA+	Aaa	06/10/2022
3130A5P45	17528	FEDERAL HOME LOAN BANK		12/20/2017	1,925,000.00	1,908,943.58	1,934,233.65	2.375	2.228	AA+	Aaa	06/10/2022

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Federal Agency Coupons												
3130ACXH2	17567	FEDERAL HOME LOAN BANK		12/04/2017	25,000,000.00	24,535,875.00	24,936,121.79	2.020	2.099	AA+	Aaa	05/25/2022
3130AEEW6	17572	FEDERAL HOME LOAN BANK		06/07/2018	21,150,000.00	21,231,279.45	21,035,551.32	2.760	2.893	AA+	Aaa	05/30/2023
3130AEAP5	17576	FEDERAL HOME LOAN BANK		05/30/2018	50,000,000.00	50,429,900.00	49,977,533.31	2.875	2.886	AA+	Aaa	05/30/2023
3130AFBD8	17608	FEDERAL HOME LOAN BANK		12/20/2018	12,500,000.00	12,747,450.00	12,746,839.03	3.125	2.774	AA+	Aaa	07/25/2023
3137EADK2	17275	FEDERAL HOME MORTGAGE CO		12/11/2014	15,000,000.00	14,875,170.00	14,966,926.89	1.250	1.644	AA+	Aaa	08/01/2019
3137EADK2	17276	FEDERAL HOME MORTGAGE CO		12/11/2014	20,000,000.00	19,833,560.00	19,956,340.12	1.250	1.640	AA+	Aaa	08/01/2019
3137EADM8	17280	FEDERAL HOME MORTGAGE CO		12/19/2014	20,000,000.00	19,793,340.00	19,928,058.39	1.250	1.750	AA+	Aaa	10/02/2019
3137EADM8	17281	FEDERAL HOME MORTGAGE CO		12/19/2014	20,000,000.00	19,793,340.00	19,928,341.50	1.250	1.748	AA+	Aaa	10/02/2019
3137EADM8	17282	FEDERAL HOME MORTGAGE CO		12/19/2014	10,000,000.00	9,896,670.00	9,964,170.75	1.250	1.748	AA+	Aaa	10/02/2019
3137EADR7	17303	FEDERAL HOME MORTGAGE CO		05/06/2015	10,000,000.00	9,845,570.00	9,967,188.86	1.375	1.632	AA+	Aaa	05/01/2020
3137EADR7	17309	FEDERAL HOME MORTGAGE CO		05/08/2015	10,000,000.00	9,845,570.00	9,965,315.78	1.375	1.647	AA+	Aaa	05/01/2020
3134G44G0	17328	FEDERAL HOME MORTGAGE CO		10/29/2015	5,000,000.00	4,928,735.00	4,998,387.84	1.500	1.524	AA+	Aaa	05/22/2020
3137EAEB1	17391	FEDERAL HOME MORTGAGE CO		08/11/2016	10,000,000.00	9,904,610.00	9,996,743.67	0.875	0.935	AA+	Aaa	07/19/2019
3137EAEC9	17393	FEDERAL HOME MORTGAGE CO		08/17/2016	10,000,000.00	9,658,070.00	9,950,197.77	1.125	1.322	AA+	Aaa	08/12/2021
3134G9M79	17463	FEDERAL HOME MORTGAGE CO		04/06/2017	4,410,000.00	4,338,240.48	4,409,214.07	1.875	1.882	AA+	Aaa	07/26/2021
3134G9N86	17476	FEDERAL HOME MORTGAGE CO		05/11/2017	6,170,000.00	6,069,521.55	6,166,231.25	1.875	1.900	AA+	Aaa	07/27/2021
3135G0ZA4	17222	FEDERAL NATIONAL MORTGAGE		02/25/2014	10,000,000.00	9,992,220.00	10,001,856.86	1.875	1.729	AA+	Aaa	02/19/2019
3135G0ZA4	17223	FEDERAL NATIONAL MORTGAGE		03/03/2014	25,000,000.00	24,980,550.00	25,006,497.20	1.875	1.671	AA+	Aaa	02/19/2019
3135G0ZA4	17224	FEDERAL NATIONAL MORTGAGE		03/03/2014	10,000,000.00	9,992,220.00	10,002,631.13	1.875	1.669	AA+	Aaa	02/19/2019
3135G0ZA4	17235	FEDERAL NATIONAL MORTGAGE		03/20/2014	600,000.00	599,533.20	600,015.78	1.875	1.854	AA+	Aaa	02/19/2019
3135G0ZE6	17251	FEDERAL NATIONAL MORTGAGE		06/18/2014	5,000,000.00	4,981,770.00	4,997,636.63	1.750	1.856	AA+	Aaa	06/20/2019
3135G0ZA4	17268	FEDERAL NATIONAL MORTGAGE		10/01/2014	5,000,000.00	4,996,110.00	5,000,868.44	1.875	1.739	AA+	Aaa	02/19/2019
3135G0ZE6	17269	FEDERAL NATIONAL MORTGAGE		10/01/2014	30,000,000.00	29,890,620.00	29,986,959.45	1.750	1.847	AA+	Aaa	06/20/2019
3136FTZZ5	17274	FEDERAL NATIONAL MORTGAGE		12/09/2014	10,000,000.00	9,994,560.00	10,001,233.13	1.750	1.591	AA+	Aaa	01/30/2019
3135G0ZE6	17277	FEDERAL NATIONAL MORTGAGE		12/11/2014	10,000,000.00	9,963,540.00	10,006,764.15	1.750	1.600	AA+	Aaa	06/20/2019
3135G0ZE6	17278	FEDERAL NATIONAL MORTGAGE		12/19/2014	26,000,000.00	25,905,204.00	26,010,541.81	1.750	1.660	AA+	Aaa	06/20/2019
3135G0A78	17299	FEDERAL NATIONAL MORTGAGE		03/04/2015	20,000,000.00	19,800,940.00	19,984,428.00	1.625	1.702	AA+	Aaa	01/21/2020
3135G0A78	17307	FEDERAL NATIONAL MORTGAGE		05/08/2015	10,000,000.00	9,900,470.00	10,000,269.34	1.625	1.622	AA+	Aaa	01/21/2020
3135G0A78	17308	FEDERAL NATIONAL MORTGAGE		05/08/2015	10,000,000.00	9,900,470.00	10,000,487.06	1.625	1.620	AA+	Aaa	01/21/2020
3135G0A78	17312	FEDERAL NATIONAL MORTGAGE		06/03/2015	15,000,000.00	14,850,705.00	14,998,458.81	1.625	1.635	AA+	Aaa	01/21/2020
3135G0D75	17327	FEDERAL NATIONAL MORTGAGE		10/29/2015	20,000,000.00	19,707,420.00	19,990,033.83	1.500	1.535	AA+	Aaa	06/22/2020
3135G0A78	17329	FEDERAL NATIONAL MORTGAGE		10/29/2015	10,000,000.00	9,900,470.00	10,018,650.46	1.625	1.442	AA+	Aaa	01/21/2020
3135G0RM7	17330	FEDERAL NATIONAL MORTGAGE		10/30/2015	10,060,000.00	9,889,050.42	10,069,502.34	1.630	1.576	AA+	Aaa	10/30/2020
3135G0D75	17331	FEDERAL NATIONAL MORTGAGE		10/30/2015	5,950,000.00	5,862,957.45	5,944,161.06	1.500	1.569	AA+	Aaa	06/22/2020
3135G0A78	17332	FEDERAL NATIONAL MORTGAGE		11/04/2015	10,000,000.00	9,900,470.00	10,010,270.27	1.625	1.524	AA+	Aaa	01/21/2020
3135G0D75	17333	FEDERAL NATIONAL MORTGAGE		11/04/2015	5,000,000.00	4,926,855.00	4,991,070.41	1.500	1.626	AA+	Aaa	06/22/2020

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Federal Agency Coupons												
3135G0D75	17334	FEDERAL NATIONAL MORTGAGE		11/04/2015	5,000,000.00	4,926,855.00	4,991,006.74	1.500	1.627	AA+	Aaa	06/22/2020
3135G0A78	17335	FEDERAL NATIONAL MORTGAGE		11/06/2015	10,000,000.00	9,900,470.00	10,003,641.98	1.625	1.589	AA+	Aaa	01/21/2020
3135G0D75	17336	FEDERAL NATIONAL MORTGAGE		11/06/2015	5,000,000.00	4,926,855.00	4,987,362.45	1.500	1.679	AA+	Aaa	06/22/2020
3135G0D75	17338	FEDERAL NATIONAL MORTGAGE		12/17/2015	30,000,000.00	29,561,130.00	29,883,960.98	1.500	1.774	AA+	Aaa	06/22/2020
3135G0D75	17339	FEDERAL NATIONAL MORTGAGE		12/17/2015	20,000,000.00	19,707,420.00	19,917,281.64	1.500	1.793	AA+	Aaa	06/22/2020
3135G0D75	17340	FEDERAL NATIONAL MORTGAGE		12/22/2015	10,000,000.00	9,853,710.00	9,971,430.89	1.500	1.702	AA+	Aaa	06/22/2020
3135G0A78	17341	FEDERAL NATIONAL MORTGAGE		12/22/2015	20,000,000.00	19,800,940.00	20,002,214.30	1.625	1.614	AA+	Aaa	01/21/2020
3135G0A78	17342	FEDERAL NATIONAL MORTGAGE		12/23/2015	10,000,000.00	9,900,470.00	10,000,698.91	1.625	1.618	AA+	Aaa	01/21/2020
3135G0D75	17343	FEDERAL NATIONAL MORTGAGE		12/23/2015	10,000,000.00	9,853,710.00	9,969,169.86	1.500	1.718	AA+	Aaa	06/22/2020
3135G0A78	17344	FEDERAL NATIONAL MORTGAGE		12/23/2015	20,000,000.00	19,800,940.00	20,000,994.01	1.625	1.620	AA+	Aaa	01/21/2020
3135G0H55	17374	FEDERAL NATIONAL MORTGAGE		05/20/2016	10,000,000.00	9,871,980.00	10,087,977.37	1.875	1.417	AA+	Aaa	12/28/2020
3135G0K69	17380	FEDERAL NATIONAL MORTGAGE		05/25/2016	10,000,000.00	9,710,290.00	9,938,496.72	1.250	1.523	AA+	Aaa	05/06/2021
3135G0J53	17390	FEDERAL NATIONAL MORTGAGE		08/11/2016	26,561,000.00	26,501,822.09	26,565,965.31	1.000	0.876	AA+	Aaa	02/26/2019
3135G0N82	17396	FEDERAL NATIONAL MORTGAGE		08/29/2016	10,000,000.00	9,683,760.00	9,988,942.17	1.250	1.294	AA+	Aaa	08/17/2021
3135G0N82	17397	FEDERAL NATIONAL MORTGAGE		08/29/2016	10,000,000.00	9,683,760.00	9,977,831.43	1.250	1.337	AA+	Aaa	08/17/2021
3135G0N82	17398	FEDERAL NATIONAL MORTGAGE		08/29/2016	10,000,000.00	9,683,760.00	9,972,699.33	1.250	1.358	AA+	Aaa	08/17/2021
3135G0K69	17402	FEDERAL NATIONAL MORTGAGE		09/28/2016	25,000,000.00	24,275,725.00	25,008,495.74	1.250	1.235	AA+	Aaa	05/06/2021
3135G0Q89	17406	FEDERAL NATIONAL MORTGAGE		10/07/2016	20,000,000.00	19,398,740.00	19,981,850.67	1.375	1.409	AA+	Aaa	10/07/2021
3135G0Q89	17407	FEDERAL NATIONAL MORTGAGE		10/13/2016	10,000,000.00	9,699,370.00	9,967,244.15	1.375	1.498	AA+	Aaa	10/07/2021
3135G0Q89	17409	FEDERAL NATIONAL MORTGAGE		10/27/2016	5,000,000.00	4,849,685.00	4,989,760.22	1.375	1.452	AA+	Aaa	10/07/2021
3135G0K69	17412	FEDERAL NATIONAL MORTGAGE		11/02/2016	10,000,000.00	9,710,290.00	9,970,508.25	1.250	1.380	AA+	Aaa	05/06/2021
3135G0K69	17413	FEDERAL NATIONAL MORTGAGE		11/14/2016	8,000,000.00	7,768,232.00	7,950,054.84	1.250	1.526	AA+	Aaa	05/06/2021
3135G0K69	17421	FEDERAL NATIONAL MORTGAGE		12/02/2016	25,000,000.00	24,275,725.00	24,629,722.09	1.250	1.911	AA+	Aaa	05/06/2021
3135G0S38	17440	FEDERAL NATIONAL MORTGAGE		01/09/2017	20,000,000.00	19,704,060.00	19,972,658.57	2.000	2.048	AA+	Aaa	01/05/2022
3135G0S38	17441	FEDERAL NATIONAL MORTGAGE		01/09/2017	10,000,000.00	9,852,030.00	9,985,764.35	2.000	2.050	AA+	Aaa	01/05/2022
3135G0S38	17459	FEDERAL NATIONAL MORTGAGE		03/28/2017	10,000,000.00	9,852,030.00	10,004,229.94	2.000	1.985	AA+	Aaa	01/05/2022
3136G2CS4	17461	FEDERAL NATIONAL MORTGAGE		03/28/2017	5,000,000.00	4,914,510.00	5,002,151.64	2.000	1.985	AA+	Aaa	01/27/2022
3135G0S38	17480	FEDERAL NATIONAL MORTGAGE		06/02/2017	5,000,000.00	4,926,015.00	5,024,131.66	2.000	1.832	AA+	Aaa	01/05/2022
3135G0S38	17481	FEDERAL NATIONAL MORTGAGE		06/12/2017	5,000,000.00	4,926,015.00	5,023,998.56	2.000	1.833	AA+	Aaa	01/05/2022
3135G0T78	17501	FEDERAL NATIONAL MORTGAGE		10/10/2017	20,000,000.00	19,621,920.00	19,983,525.70	2.000	2.023	AA+	Aaa	10/05/2022
3135G0T78	17503	FEDERAL NATIONAL MORTGAGE		10/12/2017	15,000,000.00	14,716,440.00	14,986,067.32	2.000	2.026	AA+	Aaa	10/05/2022
3135G0T78	17531	FEDERAL NATIONAL MORTGAGE		01/11/2018	5,000,000.00	4,905,480.00	4,932,911.84	2.000	2.379	AA+	Aaa	10/05/2022
3135G0T94	17533	FEDERAL NATIONAL MORTGAGE		01/23/2018	50,000,000.00	49,625,800.00	49,757,879.45	2.375	2.503	AA+	Aaa	01/19/2023
		Subtotal and Average	**1,857,512,033.43**		**1,918,520,000.00**	**1,894,932,716.09**	**1,917,531,080.84**		**1.905**			

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Medium Term Notes												
037833BD1	17348	APPLE INC		12/28/2015	10,000,000.00	9,905,370.00	9,998,824.62	2.000	2.009	AA+	Aa1	05/06/2020
037833CC2	17425	APPLE INC		12/13/2016	5,000,000.00	4,847,970.00	4,917,196.95	1.550	2.226	AA+	Aa1	08/04/2021
037833BS8	17443	APPLE INC		01/19/2017	10,000,000.00	9,882,840.00	10,000,000.00	2.250	2.250	AA+	Aa1	02/23/2021
037833CM0	17448	APPLE INC		02/21/2017	15,000,000.00	14,763,375.00	14,976,927.18	2.500	2.553	AA+	Aa1	02/09/2022
037833AY6	17470	APPLE INC		04/18/2017	10,000,000.00	9,749,980.00	9,986,716.21	2.150	2.195	AA+	Aa1	02/09/2022
037833CQ1	17475	APPLE INC		05/11/2017	20,000,000.00	19,518,600.00	19,967,733.33	2.300	2.351	AA+	Aa1	05/11/2022
037833BU3	17540	APPLE INC		03/01/2018	10,000,000.00	9,877,410.00	9,918,406.25	2.850	3.064	AA+	Aa1	02/23/2023
037833DE7	17541	APPLE INC		03/01/2018	2,500,000.00	2,426,025.00	2,438,472.33	2.400	3.060	AA+	Aa1	01/13/2023
037833AK6	17563	APPLE INC		05/03/2018	5,000,000.00	4,834,655.00	4,825,403.11	2.400	3.279	AA+	Aa1	05/03/2023
037833AK6	17564	APPLE INC		05/03/2018	5,000,000.00	4,834,655.00	4,825,229.56	2.400	3.280	AA+	Aa1	05/03/2023
037833AK6	17581	APPLE INC		06/22/2018	10,000,000.00	9,669,310.00	9,662,800.69	2.400	3.246	AA+	Aa1	05/03/2023
084670BL1	17264	BERKSHIRE HATHAWAY		10/01/2014	10,000,000.00	9,951,720.00	9,995,598.52	2.100	2.175	AA	Aa2	08/14/2019
084670BF4	17520	BERKSHIRE HATHAWAY		12/14/2017	15,000,000.00	15,198,330.00	15,457,294.58	3.400	2.355	AA	Aa2	01/31/2022
06406HCU1	17261	BANK OF NEW YORK		09/16/2014	2,500,000.00	2,494,212.50	2,499,838.39	2.200	2.218	A	A1	05/15/2019
06406HCU1	17262	BANK OF NEW YORK		09/16/2014	5,000,000.00	4,988,425.00	4,999,904.23	2.200	2.205	A	A1	05/15/2019
06406HCW7	17266	BANK OF NEW YORK		10/01/2014	8,501,000.00	8,456,811.80	8,494,791.40	2.300	2.412	A	A1	09/11/2019
06406HCZ0	17297	BANK OF NEW YORK		03/04/2015	3,000,000.00	2,973,714.00	3,002,083.46	2.150	2.086	A	A1	02/24/2020
06406HDD8	17347	BANK OF NEW YORK		12/28/2015	5,000,000.00	4,967,105.00	5,013,605.45	2.600	2.422	A	A1	08/17/2020
06406HBP3	17350	BANK OF NEW YORK		12/28/2015	5,000,000.00	5,083,445.00	5,114,429.37	4.600	2.281	A	A1	01/15/2020
06406HCR8	17373	BANK OF NEW YORK		05/19/2016	30,000,000.00	29,964,840.00	30,034,565.37	2.200	1.525	A	A1	03/04/2019
06406RAA5	17469	BANK OF NEW YORK		04/18/2017	10,000,000.00	9,822,990.00	10,051,423.78	2.600	2.423	A	A1	02/07/2022
06406FAB9	17490	BANK OF NEW YORK		07/18/2017	7,500,000.00	7,320,187.50	7,459,658.02	2.050	2.291	A	A1	05/03/2021
14912L6J5	17360	CATERPILLAR		03/04/2016	8,278,000.00	8,179,094.46	8,270,086.35	2.000	2.085	A	A3	03/05/2020
14912L6U0	17401	CATERPILLAR		09/16/2016	15,294,000.00	14,680,634.13	15,204,979.72	1.700	1.935	A	A3	08/09/2021
166764AY6	17346	CHEVRON CORP		12/28/2015	10,000,000.00	9,907,970.00	9,990,815.01	2.419	2.471	AA	Aa2	11/17/2020
166764BH2	17378	CHEVRON CORP		05/25/2016	20,000,000.00	19,892,000.00	19,992,487.39	1.561	1.664	AA	Aa2	05/16/2019
166764BH2	17381	CHEVRON CORP		05/27/2016	10,000,000.00	9,946,000.00	9,996,249.30	1.561	1.664	AA	Aa2	05/16/2019
166764BG4	17471	CHEVRON CORP		04/25/2017	20,000,000.00	19,613,920.00	19,994,498.97	2.100	2.112	AA	Aa2	05/16/2021
166764BK5	17571	CHEVRON CORP		06/08/2018	10,000,000.00	9,738,770.00	9,700,882.87	2.566	3.313	AA	Aa2	05/16/2023
166764BK5	17579	CHEVRON CORP		06/22/2018	5,000,000.00	4,869,385.00	4,860,191.96	2.566	3.262	AA	Aa2	05/16/2023
166764BK5	17585	CHEVRON CORP		07/25/2018	6,288,000.00	6,123,738.58	6,106,519.82	2.566	3.284	AA	Aa2	05/16/2023
36962G7M0	17296	G.E. CAPITAL		03/04/2015	10,350,000.00	10,199,283.30	10,372,656.36	2.200	1.974	BBB+	Baa1	01/09/2020
36962G5J9	17511	G.E. CAPITAL		11/16/2017	10,000,000.00	10,029,990.00	10,586,060.95	4.650	2.438	BBB+	Baa1	10/17/2021
24422ESK6	17226	JOHN DEERE		03/05/2014	10,000,000.00	9,980,360.00	10,000,381.71	1.950	1.927	A	A2	03/04/2019
24422ERY7	17349	JOHN DEERE		12/28/2015	9,000,000.00	8,882,568.00	8,948,620.56	1.700	2.278	A	A2	01/15/2020
24422ETF6	17362	JOHN DEERE		03/04/2016	5,000,000.00	4,954,820.00	5,038,132.07	2.550	2.150	A	A2	01/08/2021

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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
Medium Term Notes												
24422ERH4	17427	JOHN DEERE		12/13/2016	8,707,000.00	8,719,868.95	8,872,552.76	3.150	2.423	A	A2	10/15/2021
46625HJR2	17217	JP MORGAN		01/28/2014	5,000,000.00	4,997,530.00	4,999,968.50	2.350	2.359	A-	A2	01/28/2019
46625HJR2	17225	JP MORGAN		03/05/2014	10,000,000.00	9,995,060.00	10,000,938.80	2.350	2.217	A-	A2	01/28/2019
46625HHL7	17252	JP MORGAN		07/23/2014	6,740,000.00	6,805,890.24	6,818,941.47	6.300	2.303	A-	A2	04/23/2019
46625HJR2	17263	JP MORGAN		09/16/2014	5,000,000.00	4,997,530.00	5,000,418.23	2.350	2.232	A-	A2	01/28/2019
46625HKA7	17295	JP MORGAN		03/04/2015	10,000,000.00	9,900,400.00	9,990,401.14	2.250	2.346	A-	A2	01/23/2020
46625HNX4	17361	JP MORGAN		03/04/2016	6,181,000.00	6,112,285.82	6,183,282.43	2.550	2.528	A-	A2	10/29/2020
46625HJH4	17559	JP MORGAN		04/26/2018	10,000,000.00	9,854,310.00	9,868,334.23	3.200	3.554	A-	A2	01/25/2023
46632FPH2	17590	JP MORGAN		08/14/2018	30,000,000.00	28,848,000.00	30,000,000.00	3.450	3.450	A+	Aa2	07/14/2023
594918BP8	17394	MICROSOFT		08/22/2016	15,000,000.00	14,572,005.00	14,994,727.41	1.550	1.564	AAA	Aaa	08/08/2021
594918BP8	17424	MICROSOFT		12/13/2016	5,000,000.00	4,857,335.00	4,921,683.58	1.550	2.186	AAA	Aaa	08/08/2021
594918BW3	17449	MICROSOFT		02/21/2017	6,725,000.00	6,647,521.28	6,721,462.95	2.400	2.418	AAA	Aaa	02/06/2022
594918BA1	17450	MICROSOFT		02/21/2017	6,450,000.00	6,371,851.80	6,441,893.50	2.375	2.418	AAA	Aaa	02/12/2022
594918BW3	17525	MICROSOFT		12/21/2017	17,375,000.00	17,174,822.63	17,375,000.00	2.400	2.400	AAA	Aaa	02/06/2022
594918AT1	17580	MICROSOFT		06/22/2018	10,000,000.00	9,785,890.00	9,685,841.51	2.375	3.162	AAA	Aaa	05/01/2023
89236TBP9	17265	TOYOTA MOTOR CREDIT		10/01/2014	10,000,000.00	9,946,200.00	9,996,201.45	2.125	2.198	AA-	Aa3	07/18/2019
89233P7F7	17538	TOYOTA MOTOR CREDIT		03/01/2018	5,000,000.00	4,867,660.00	4,920,309.14	2.625	3.054	AA-	Aa3	01/10/2023
89236TEL5	17539	TOYOTA MOTOR CREDIT		03/01/2018	5,000,000.00	4,856,590.00	4,934,194.86	2.700	3.054	AA-	Aa3	01/11/2023
89236TEL5	17542	TOYOTA MOTOR CREDIT		04/02/2018	20,000,000.00	19,426,360.00	19,677,271.67	2.700	3.134	AA-	Aa3	01/11/2023
91159HHL7	17395	US BANK NA		08/22/2016	5,000,000.00	4,926,160.00	5,066,690.03	2.350	1.681	A+	A1	01/29/2021
91159HHL7	17426	US BANK NA		12/13/2016	4,634,000.00	4,565,565.09	4,645,126.46	2.350	2.228	A+	A1	01/29/2021
91159HHL7	17431	US BANK NA		12/22/2016	5,000,000.00	4,926,160.00	4,993,773.42	2.350	2.413	A+	A1	01/29/2021
91159HHL7	17432	US BANK NA		12/22/2016	7,522,000.00	7,410,915.10	7,513,390.80	2.350	2.408	A+	A1	01/29/2021
91159HHL7	17458	US BANK NA		03/22/2017	10,000,000.00	9,852,320.00	10,004,799.71	2.350	2.325	A+	A1	01/29/2021
91159HHL7	17482	US BANK NA		06/27/2017	4,803,000.00	4,732,069.30	4,830,887.48	2.350	2.058	A+	A1	01/29/2021
91159HHP8	17483	US BANK NA		06/27/2017	20,000,000.00	19,696,100.00	20,206,402.31	2.625	2.268	A+	A1	01/24/2022
91159JAA4	17529	US BANK NA		12/21/2017	10,004,000.00	9,867,875.57	10,116,101.03	2.950	2.606	A-	A1	07/15/2022
90331HNL3	17534	US BANK NA		01/24/2018	10,000,000.00	9,829,330.00	9,984,965.54	2.850	2.890	AA-	A1	01/23/2023
90331HNL3	17537	US BANK NA		03/01/2018	5,000,000.00	4,914,665.00	4,946,913.30	2.850	3.134	AA-	A1	01/23/2023
90331HNL3	17556	US BANK NA		04/20/2018	10,000,000.00	9,829,330.00	9,882,229.20	2.850	3.164	AA-	A1	01/23/2023
90331HNV1	17586	US BANK NA		07/25/2018	10,000,000.00	9,979,470.00	9,989,254.39	3.400	3.428	AA-	A1	07/24/2023
90331HNV1	17587	US BANK NA		07/25/2018	1,500,000.00	1,496,920.50	1,497,394.96	3.400	3.444	AA-	A1	07/24/2023
90331HNV1	17588	US BANK NA		07/25/2018	1,250,000.00	1,247,433.75	1,248,291.49	3.400	3.435	AA-	A1	07/24/2023
931142EK5	17604	Wal-Mart Stores		11/13/2018	10,000,000.00	10,103,050.00	9,953,773.90	3.400	3.512	AA	Aa2	06/26/2023
94974BFQ8	17207	WELLS FARGO		01/15/2014	15,000,000.00	14,995,650.00	14,999,577.67	2.150	2.227	A-	A2	01/15/2019
949746SA0	17445	WELLS FARGO		01/25/2017	10,000,000.00	9,687,790.00	9,826,698.03	2.100	2.823	A-	A2	07/26/2021

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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
Medium Term Notes												
949746SA0	17467	WELLS FARGO		04/17/2017	5,000,000.00	4,843,895.00	4,955,282.65	2.100	2.469	A-	A2	07/26/2021
949746SA0	17477	WELLS FARGO		05/15/2017	13,232,000.00	12,818,883.73	13,111,467.08	2.100	2.475	A-	A2	07/26/2021
949746SA0	17491	WELLS FARGO		07/18/2017	12,275,000.00	11,891,762.23	12,178,315.30	2.100	2.424	A-	A2	07/26/2021
95000U2B8	17508	WELLS FARGO		10/20/2017	5,000,000.00	4,821,305.00	4,998,279.03	2.625	2.635	A-	A2	07/22/2022
94988J5R4	17591	WELLS FARGO		08/14/2018	10,000,000.00	9,957,720.00	9,984,940.61	3.550	3.586	A+	Aa2	08/14/2023
94988J5R4	17602	WELLS FARGO		11/13/2018	10,000,000.00	9,957,720.00	9,970,168.12	3.550	3.830	A+	Aa2	08/14/2023
		Subtotal and Average	**746,861,714.72**		**740,609,000.00**	**729,619,705.26**	**739,011,611.98**		**2.497**			
Treasury Notes												
912828C24	17245	US TREASURY NOTE		03/31/2014	1,000,000.00	998,569.00	999,657.95	1.500	1.725	AA+	Aaa	02/28/2019
912828ND8	17345	US TREASURY NOTE		12/23/2015	40,000,000.00	40,498,440.00	40,980,821.65	3.500	1.637	AA+	Aaa	05/15/2020
912828XE5	17416	US TREASURY NOTE		11/15/2016	15,000,000.00	14,779,680.00	15,019,174.16	1.500	1.407	AA+	Aaa	05/31/2020
912828XE5	17428	US TREASURY NOTE		12/13/2016	40,000,000.00	39,412,480.00	39,952,835.97	1.500	1.586	AA+	Aaa	05/31/2020
912828N48	17429	US TREASURY NOTE		12/16/2016	40,000,000.00	39,429,680.00	39,870,172.76	1.750	1.919	AA+	Aaa	12/31/2020
912828XM7	17433	US TREASURY NOTE		12/22/2016	40,000,000.00	39,432,800.00	39,927,436.88	1.625	1.744	AA+	Aaa	07/31/2020
912828WN6	17434	US TREASURY NOTE		12/28/2016	40,000,000.00	39,556,240.00	40,004,261.80	2.000	1.995	AA+	Aaa	05/31/2021
912828XM7	17435	US TREASURY NOTE		12/28/2016	40,000,000.00	39,432,800.00	39,914,726.35	1.625	1.765	AA+	Aaa	07/31/2020
912828L65	17436	US TREASURY NOTE		12/28/2016	30,000,000.00	29,410,560.00	29,775,485.15	1.375	1.820	AA+	Aaa	09/30/2020
912828XR6	17497	US TREASURY NOTE		09/27/2017	20,000,000.00	19,525,000.00	19,940,692.74	1.750	1.841	AA+	Aaa	05/31/2022
912828L24	17510	US TREASURY NOTE		10/23/2017	20,000,000.00	19,571,880.00	19,904,489.21	1.875	2.012	AA+	Aaa	08/31/2022
		Subtotal and Average	**326,933,506.90**		**326,000,000.00**	**322,048,129.00**	**326,289,754.62**		**1.780**			
Discount Commercial Paper												
30229BNA1	17609	EXXON MOBIL		12/20/2018	50,000,000.00	49,972,000.00	49,969,875.07	2.410	2.447	A-1+	P-1	01/10/2019
89233HP73	17605	TOYOTA MOTOR CREDIT		12/19/2018	50,000,000.00	49,862,000.00	49,869,472.22	2.540	2.584	A-1+	P-1	02/07/2019
		Subtotal and Average	**40,240,179.26**		**100,000,000.00**	**99,834,000.00**	**99,839,347.29**		**2.516**			
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			310,000,000.00	310,000,000.00	310,000,000.00	2.380	2.380	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	2.290	2.290	AAA	Aaa	
		Subtotal and Average	**214,677,419.35**		**310,000,000.00**	**310,000,000.00**	**310,000,000.00**		**2.380**			

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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
Local Agency Investment Funds												
SYS05291	05291	LAIF			65,000,000.00	65,000,000.00	65,000,000.00	2.291	2.291			
		Subtotal and Average	**65,000,000.00**		**65,000,000.00**	**65,000,000.00**	**65,000,000.00**		**2.291**			
Federal Agency Discounts												
		Subtotal and Average	**28,220,302.42**									
Bank Money Market Accounts												
SYS16800	16800	BANK OF THE WEST MM			10,035,945.94	10,035,945.94	10,035,945.94	1.600	1.600			
SYS16500	16500	UNION BANK MM		09/24/2018	200,354,138.64	200,354,138.64	200,354,138.64	2.200	2.200			
		Subtotal and Average	**213,573,032.48**		**210,390,084.58**	**210,390,084.58**	**210,390,084.58**		**2.171**			
Municipal Bonds												
13063CKL3	17249	STATE OF CALIFORNIA		06/12/2014	10,000,000.00	9,982,900.00	10,003,642.98	2.250	2.134	AA-	Aa3	05/01/2019
13063DAD0	17472	STATE OF CALIFORNIA		04/27/2017	5,000,000.00	4,926,950.00	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	10,346,595.00	10,537,810.65	2.367	2.249	AA-	Aa3	04/01/2022
13063DAD0	17474	STATE OF CALIFORNIA		05/03/2017	8,000,000.00	7,883,120.00	8,019,747.06	2.367	2.286	AA-	Aa3	04/01/2022
13063DDF2	17504	STATE OF CALIFORNIA		10/26/2017	10,000,000.00	9,894,100.00	10,105,946.48	2.500	2.200	AA-	Aa3	10/01/2022
13063DDF2	17505	STATE OF CALIFORNIA		10/26/2017	10,000,000.00	9,894,100.00	10,105,946.48	2.500	2.200	AA-	Aa3	10/01/2022
13063DDE5	17518	STATE OF CALIFORNIA		12/11/2017	25,000,000.00	24,795,500.00	25,105,103.96	2.300	2.051	AA-	Aa3	10/01/2020
13063DDF2	17519	STATE OF CALIFORNIA		12/14/2017	20,000,000.00	19,788,200.00	20,048,778.23	2.500	2.430	AA-	Aa3	10/01/2022
13063DDF2	17532	STATE OF CALIFORNIA		01/16/2018	5,000,000.00	4,947,050.00	4,986,898.23	2.500	2.574	AA-	Aa3	10/01/2022
		Subtotal and Average	**103,919,904.70**		**103,500,000.00**	**102,458,515.00**	**103,913,874.07**		**2.240**			
		Total and Average	**3,633,769,049.85**		**3,810,724,704.35**	**3,770,988,769.70**	**3,808,681,373.15**		**2.080**			

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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
		Average Balance	0.00								
	Total Cash and Investments		3,633,769,049.85		3,810,724,704.35	3,770,988,769.70	3,808,681,373.15		2.080		

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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
30229BNA1	17609	TREAS	ACP	EXXON MOBIL	12/20/2018	49,969,875.07	2.410	01/10/2019	50,000,000.00	21	50,000,000.00	2.413	2.447	9
94974BFQ8	17207	TREAS	MTN	WELLS FARGO	01/15/2014	14,999,577.67	2.150	01/15/2019	15,161,250.00	1,826	15,000,000.00	2.196	2.227	14
46625HJR2	17217	TREAS	MTN	JP MORGAN	01/28/2014	4,999,968.50	2.350	01/28/2019	5,000,000.00	1,826	5,000,000.00	2.327	2.359	27
46625HJR2	17225	TREAS	MTN	JP MORGAN	03/05/2014	10,000,938.80	2.350	01/28/2019	10,000,000.00	1,790	10,000,000.00	2.187	2.217	27
46625HJR2	17263	TREAS	MTN	JP MORGAN	09/16/2014	5,000,418.23	2.350	01/28/2019	5,000,000.00	1,595	5,000,000.00	2.201	2.232	27
3136FTZZ5	17274	TREAS	FAC	FEDERAL NATIONAL	12/09/2014	10,001,233.13	1.750	01/30/2019	10,000,000.00	1,513	10,000,000.00	1.569	1.591	29
89233HP73	17605	TREAS	ACP	TOYOTA MOTOR CREDIT	12/19/2018	49,869,472.22	2.540	02/07/2019	50,000,000.00	50	50,000,000.00	2.549	2.584	37
3135G0ZA4	17222	TREAS	FAC	FEDERAL NATIONAL	02/25/2014	10,001,856.86	1.875	02/19/2019	10,000,000.00	1,820	10,000,000.00	1.705	1.729	49
3135G0ZA4	17223	TREAS	FAC	FEDERAL NATIONAL	03/03/2014	25,006,497.20	1.875	02/19/2019	25,000,000.00	1,814	25,000,000.00	1.648	1.671	49
3135G0ZA4	17224	TREAS	FAC	FEDERAL NATIONAL	03/03/2014	10,002,631.13	1.875	02/19/2019	10,000,000.00	1,814	10,000,000.00	1.646	1.669	49
3135G0ZA4	17235	TREAS	FAC	FEDERAL NATIONAL	03/20/2014	600,015.78	1.875	02/19/2019	600,000.00	1,797	600,000.00	1.829	1.854	49
3135G0ZA4	17268	TREAS	FAC	FEDERAL NATIONAL	10/01/2014	5,000,868.44	1.875	02/19/2019	5,000,000.00	1,602	5,000,000.00	1.715	1.739	49
3133EGBR5	17384	TREAS	FAC	FEDERAL FARM CREDIT	06/09/2016	4,999,867.49	0.950	02/25/2019	5,000,000.00	991	5,000,000.00	0.955	0.968	55
3135G0J53	17390	TREAS	FAC	FEDERAL NATIONAL	08/11/2016	26,565,965.31	1.000	02/26/2019	26,561,000.00	929	26,561,000.00	0.864	0.876	56
912828C24	17245	TREAS	TRC	US TREASURY NOTE	03/31/2014	999,657.95	1.500	02/28/2019	1,000,000.00	1,795	1,000,000.00	1.702	1.725	58
24422ESK6	17226	TREAS	MTN	JOHN DEERE	03/05/2014	10,000,381.71	1.950	03/04/2019	10,000,000.00	1,825	10,000,000.00	1.901	1.927	62
06406HCR8	17373	TREAS	MTN	BANK OF NEW YORK	05/19/2016	30,034,565.37	2.200	03/04/2019	30,000,000.00	1,019	30,000,000.00	1.504	1.525	62
46625HHL7	17252	TREAS	MTN	JP MORGAN	07/23/2014	6,818,941.47	6.300	04/23/2019	6,740,000.00	1,735	6,740,000.00	2.271	2.303	112
13063CKL3	17249	TREAS	MUN	STATE OF CALIFORNIA	06/12/2014	10,003,642.98	2.250	05/01/2019	10,000,000.00	1,784	10,000,000.00	2.105	2.134	120
3133EDLR1	17248	TREAS	FAC	FEDERAL FARM CREDIT	05/27/2014	5,000,584.56	1.650	05/15/2019	5,000,000.00	1,814	5,000,000.00	1.595	1.617	134
06406HCU1	17261	TREAS	MTN	BANK OF NEW YORK	09/16/2014	2,499,838.39	2.200	05/15/2019	2,500,000.00	1,702	2,500,000.00	2.188	2.218	134
06406HCU1	17262	TREAS	MTN	BANK OF NEW YORK	09/16/2014	4,999,904.23	2.200	05/15/2019	5,000,000.00	1,702	5,000,000.00	2.175	2.205	134
3133X72S2	17272	TREAS	FAC	FEDERAL HOME LOAN	12/09/2014	10,130,977.44	5.375	05/15/2019	10,000,000.00	1,618	10,000,000.00	1.683	1.706	134
3133X72S2	17279	TREAS	FAC	FEDERAL HOME LOAN	12/19/2014	20,771,041.95	5.375	05/15/2019	20,500,000.00	1,608	20,500,000.00	1.652	1.675	134
166764BH2	17378	TREAS	MTN	CHEVRON CORP	05/25/2016	19,992,487.39	1.561	05/16/2019	20,000,000.00	1,086	20,000,000.00	1.641	1.664	135
166764BH2	17381	TREAS	MTN	CHEVRON CORP	05/27/2016	9,996,249.30	1.561	05/16/2019	10,000,000.00	1,084	10,000,000.00	1.641	1.664	135
313379EE5	17250	TREAS	FAC	FEDERAL HOME LOAN	06/18/2014	4,994,981.12	1.625	06/14/2019	5,000,000.00	1,822	5,000,000.00	1.833	1.858	164
3130A2FH4	17256	TREAS	FAC	FEDERAL HOME LOAN	09/02/2014	20,000,757.26	1.750	06/14/2019	20,000,000.00	1,746	20,000,000.00	1.717	1.741	164
313379EE5	17259	TREAS	FAC	FEDERAL HOME LOAN	09/10/2014	9,990,366.45	1.625	06/14/2019	10,000,000.00	1,738	10,000,000.00	1.823	1.848	164
3130A2FH4	17260	TREAS	FAC	FEDERAL HOME LOAN	09/10/2014	9,995,805.18	1.750	06/14/2019	10,000,000.00	1,738	10,000,000.00	1.822	1.847	164
3135G0ZE6	17251	TREAS	FAC	FEDERAL NATIONAL	06/18/2014	4,997,636.63	1.750	06/20/2019	5,000,000.00	1,828	5,000,000.00	1.830	1.856	170
3135G0ZE6	17269	TREAS	FAC	FEDERAL NATIONAL	10/01/2014	29,986,959.45	1.750	06/20/2019	30,000,000.00	1,723	30,000,000.00	1.822	1.847	170
3135G0ZE6	17277	TREAS	FAC	FEDERAL NATIONAL	12/11/2014	10,006,764.15	1.750	06/20/2019	10,000,000.00	1,652	10,000,000.00	1.578	1.600	170
3135G0ZE6	17278	TREAS	FAC	FEDERAL NATIONAL	12/19/2014	26,010,541.81	1.750	06/20/2019	26,000,000.00	1,644	26,000,000.00	1.637	1.660	170
3133EFW52	17383	TREAS	FAC	FEDERAL FARM CREDIT	06/09/2016	2,061,000.69	1.150	07/01/2019	2,060,000.00	1,117	2,060,000.00	1.037	1.051	181

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
89236TBP9	17265	TREAS	MTN	TOYOTA MOTOR CREDIT	10/01/2014	9,996,201.45	2.125	07/18/2019	10,000,000.00	1,751	10,000,000.00	2.168	2.198	198
3137EAEB1	17391	TREAS	FAC	FEDERAL HOME	08/11/2016	9,996,743.67	0.875	07/19/2019	10,000,000.00	1,072	10,000,000.00	0.922	0.935	199
3137EADK2	17275	TREAS	FAC	FEDERAL HOME	12/11/2014	14,966,926.89	1.250	08/01/2019	15,000,000.00	1,694	15,000,000.00	1.621	1.644	212
3137EADK2	17276	TREAS	FAC	FEDERAL HOME	12/11/2014	19,956,340.12	1.250	08/01/2019	20,000,000.00	1,694	20,000,000.00	1.618	1.640	212
084670BL1	17264	TREAS	MTN	BERKSHIRE HATHAWAY	10/01/2014	9,995,598.52	2.100	08/14/2019	10,000,000.00	1,778	10,000,000.00	2.145	2.175	225
06406HCW7	17266	TREAS	MTN	BANK OF NEW YORK	10/01/2014	8,494,791.40	2.300	09/11/2019	8,501,000.00	1,806	8,501,000.00	2.379	2.412	253
3137EADM8	17280	TREAS	FAC	FEDERAL HOME	12/19/2014	19,928,058.39	1.250	10/02/2019	20,000,000.00	1,748	20,000,000.00	1.726	1.750	274
3137EADM8	17281	TREAS	FAC	FEDERAL HOME	12/19/2014	19,928,341.50	1.250	10/02/2019	20,000,000.00	1,748	20,000,000.00	1.724	1.748	274
3137EADM8	17282	TREAS	FAC	FEDERAL HOME	12/19/2014	9,964,170.75	1.250	10/02/2019	10,000,000.00	1,748	10,000,000.00	1.724	1.748	274
36962G7M0	17296	TREAS	MTN	G.E. CAPITAL	03/04/2015	10,372,656.36	2.200	01/09/2020	10,350,000.00	1,772	10,350,000.00	1.947	1.974	373
24422ERY7	17349	TREAS	MTN	JOHN DEERE	12/28/2015	8,948,620.56	1.700	01/15/2020	9,000,000.00	1,479	9,000,000.00	2.247	2.278	379
06406HBP3	17350	TREAS	MTN	BANK OF NEW YORK	12/28/2015	5,114,429.37	4.600	01/15/2020	5,000,000.00	1,479	5,000,000.00	2.250	2.281	379
3135G0A78	17299	TREAS	FAC	FEDERAL NATIONAL	03/04/2015	19,984,428.00	1.625	01/21/2020	20,000,000.00	1,784	20,000,000.00	1.679	1.702	385
3135G0A78	17307	TREAS	FAC	FEDERAL NATIONAL	05/08/2015	10,000,269.34	1.625	01/21/2020	10,000,000.00	1,719	10,000,000.00	1.600	1.622	385
3135G0A78	17308	TREAS	FAC	FEDERAL NATIONAL	05/08/2015	10,000,487.06	1.625	01/21/2020	10,000,000.00	1,719	10,000,000.00	1.598	1.620	385
3135G0A78	17312	TREAS	FAC	FEDERAL NATIONAL	06/03/2015	14,998,458.81	1.625	01/21/2020	15,000,000.00	1,693	15,000,000.00	1.613	1.635	385
3135G0A78	17329	TREAS	FAC	FEDERAL NATIONAL	10/29/2015	10,018,650.46	1.625	01/21/2020	10,000,000.00	1,545	10,000,000.00	1.422	1.442	385
3135G0A78	17332	TREAS	FAC	FEDERAL NATIONAL	11/04/2015	10,010,270.27	1.625	01/21/2020	10,000,000.00	1,539	10,000,000.00	1.503	1.524	385
3135G0A78	17335	TREAS	FAC	FEDERAL NATIONAL	11/06/2015	10,003,641.98	1.625	01/21/2020	10,000,000.00	1,537	10,000,000.00	1.567	1.589	385
3135G0A78	17341	TREAS	FAC	FEDERAL NATIONAL	12/22/2015	20,002,214.30	1.625	01/21/2020	20,000,000.00	1,491	20,000,000.00	1.592	1.614	385
3135G0A78	17342	TREAS	FAC	FEDERAL NATIONAL	12/23/2015	10,000,698.91	1.625	01/21/2020	10,000,000.00	1,490	10,000,000.00	1.596	1.618	385
3135G0A78	17344	TREAS	FAC	FEDERAL NATIONAL	12/23/2015	20,000,994.01	1.625	01/21/2020	20,000,000.00	1,490	20,000,000.00	1.598	1.620	385
46625HKA7	17295	TREAS	MTN	JP MORGAN	03/04/2015	9,990,401.14	2.250	01/23/2020	10,000,000.00	1,786	10,000,000.00	2.314	2.346	387
06406HCZ0	17297	TREAS	MTN	BANK OF NEW YORK	03/04/2015	3,002,083.46	2.150	02/24/2020	3,000,000.00	1,818	3,000,000.00	2.057	2.086	419
14912L6J5	17360	TREAS	MTN	CATERPILLAR	03/04/2016	8,270,086.35	2.000	03/05/2020	8,278,000.00	1,462	8,278,000.00	2.056	2.085	429
3137EADR7	17303	TREAS	FAC	FEDERAL HOME	05/06/2015	9,967,188.86	1.375	05/01/2020	10,000,000.00	1,822	10,000,000.00	1.610	1.632	486
3137EADR7	17309	TREAS	FAC	FEDERAL HOME	05/08/2015	9,965,315.78	1.375	05/01/2020	10,000,000.00	1,820	10,000,000.00	1.624	1.647	486
037833BD1	17348	TREAS	MTN	APPLE INC	12/28/2015	9,998,824.62	2.000	05/06/2020	10,000,000.00	1,591	10,000,000.00	1.981	2.009	491
912828ND8	17345	TREAS	TRC	US TREASURY NOTE	12/23/2015	40,980,821.65	3.500	05/15/2020	40,000,000.00	1,605	40,000,000.00	1.614	1.637	500
3134G44G0	17328	TREAS	FAC	FEDERAL HOME	10/29/2015	4,998,387.84	1.500	05/22/2020	5,000,000.00	1,667	5,000,000.00	1.503	1.524	507
912828XE5	17416	TREAS	TRC	US TREASURY NOTE	11/15/2016	15,019,174.16	1.500	05/31/2020	15,000,000.00	1,293	15,000,000.00	1.388	1.407	516
912828XE5	17428	TREAS	TRC	US TREASURY NOTE	12/13/2016	39,952,835.97	1.500	05/31/2020	40,000,000.00	1,265	40,000,000.00	1.564	1.586	516
313383HU8	17315	TREAS	FAC	FEDERAL HOME LOAN	06/12/2015	19,999,722.13	1.750	06/12/2020	20,000,000.00	1,827	20,000,000.00	1.727	1.751	528
313383HU8	17317	TREAS	FAC	FEDERAL HOME LOAN	06/26/2015	12,601,781.57	1.750	06/12/2020	12,615,000.00	1,813	12,615,000.00	1.801	1.826	528
3133EEW55	17316	TREAS	FAC	FEDERAL FARM CREDIT	06/15/2015	9,987,968.38	1.800	06/15/2020	10,000,000.00	1,827	10,000,000.00	1.861	1.887	531
3135G0D75	17327	TREAS	FAC	FEDERAL NATIONAL	10/29/2015	19,990,033.83	1.500	06/22/2020	20,000,000.00	1,698	20,000,000.00	1.514	1.535	538
3135G0D75	17331	TREAS	FAC	FEDERAL NATIONAL	10/30/2015	5,944,161.06	1.500	06/22/2020	5,950,000.00	1,697	5,950,000.00	1.548	1.569	538
3135G0D75	17333	TREAS	FAC	FEDERAL NATIONAL	11/04/2015	4,991,070.41	1.500	06/22/2020	5,000,000.00	1,692	5,000,000.00	1.604	1.626	538
3135G0D75	17334	TREAS	FAC	FEDERAL NATIONAL	11/04/2015	4,991,006.74	1.500	06/22/2020	5,000,000.00	1,692	5,000,000.00	1.605	1.627	538
3135G0D75	17336	TREAS	FAC	FEDERAL NATIONAL	11/06/2015	4,987,362.45	1.500	06/22/2020	5,000,000.00	1,690	5,000,000.00	1.656	1.679	538

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3135G0D75	17338	TREAS	FAC	FEDERAL NATIONAL	12/17/2015	29,883,960.98	1.500	06/22/2020	30,000,000.00	1,649	30,000,000.00	1.750	1.774	538
3135G0D75	17339	TREAS	FAC	FEDERAL NATIONAL	12/17/2015	19,917,281.64	1.500	06/22/2020	20,000,000.00	1,649	20,000,000.00	1.769	1.793	538
3135G0D75	17340	TREAS	FAC	FEDERAL NATIONAL	12/22/2015	9,971,430.89	1.500	06/22/2020	10,000,000.00	1,644	10,000,000.00	1.679	1.702	538
3135G0D75	17343	TREAS	FAC	FEDERAL NATIONAL	12/23/2015	9,969,169.86	1.500	06/22/2020	10,000,000.00	1,643	10,000,000.00	1.695	1.718	538
912828XM7	17433	TREAS	TRC	US TREASURY NOTE	12/22/2016	39,927,436.88	1.625	07/31/2020	40,000,000.00	1,317	40,000,000.00	1.720	1.744	577
912828XM7	17435	TREAS	TRC	US TREASURY NOTE	12/28/2016	39,914,726.35	1.625	07/31/2020	40,000,000.00	1,311	40,000,000.00	1.740	1.765	577
06406HDD8	17347	TREAS	MTN	BANK OF NEW YORK	12/28/2015	5,013,605.45	2.600	08/17/2020	5,000,000.00	1,694	5,000,000.00	2.389	2.422	594
912828L65	17436	TREAS	TRC	US TREASURY NOTE	12/28/2016	29,775,485.15	1.375	09/30/2020	30,000,000.00	1,372	30,000,000.00	1.795	1.820	638
13063DDE5	17518	TREAS	MUN	STATE OF CALIFORNIA	12/11/2017	25,105,103.96	2.300	10/01/2020	25,000,000.00	1,025	25,000,000.00	2.023	2.051	639
46625HNX4	17361	TREAS	MTN	JP MORGAN	03/04/2016	6,183,282.43	2.550	10/29/2020	6,181,000.00	1,700	6,181,000.00	2.493	2.528	667
3135G0RM7	17330	TREAS	FAC	FEDERAL NATIONAL	10/30/2015	10,069,502.34	1.630	10/30/2020	10,060,000.00	1,827	10,060,000.00	1.555	1.576	668
166764AY6	17346	TREAS	MTN	CHEVRON CORP	12/28/2015	9,990,815.01	2.419	11/17/2020	10,000,000.00	1,786	10,000,000.00	2.437	2.471	686
313381CA1	17372	TREAS	FAC	FEDERAL HOME LOAN	04/21/2016	5,000,553.29	1.375	12/11/2020	5,000,000.00	1,695	5,000,000.00	1.350	1.369	710
3135G0H55	17374	TREAS	FAC	FEDERAL NATIONAL	05/20/2016	10,087,977.37	1.875	12/28/2020	10,000,000.00	1,683	10,000,000.00	1.398	1.417	727
912828N48	17429	TREAS	TRC	US TREASURY NOTE	12/16/2016	39,870,172.76	1.750	12/31/2020	40,000,000.00	1,476	40,000,000.00	1.893	1.919	730
24422ETF6	17362	TREAS	MTN	JOHN DEERE	03/04/2016	5,038,132.07	2.550	01/08/2021	5,000,000.00	1,771	5,000,000.00	2.121	2.150	738
3130AAX45	17460	TREAS	FAC	FEDERAL HOME LOAN	03/28/2017	15,032,085.60	1.875	01/28/2021	15,000,000.00	1,402	15,000,000.00	1.744	1.768	758
91159HHL7	17395	TREAS	MTN	US BANK NA	08/22/2016	5,066,690.03	2.350	01/29/2021	5,000,000.00	1,621	5,000,000.00	1.658	1.681	759
91159HHL7	17426	TREAS	MTN	US BANK NA	12/13/2016	4,645,126.46	2.350	01/29/2021	4,634,000.00	1,508	4,634,000.00	2.198	2.228	759
91159HHL7	17431	TREAS	MTN	US BANK NA	12/22/2016	4,993,773.42	2.350	01/29/2021	5,000,000.00	1,499	5,000,000.00	2.380	2.413	759
91159HHL7	17432	TREAS	MTN	US BANK NA	12/22/2016	7,513,390.80	2.350	01/29/2021	7,522,000.00	1,499	7,522,000.00	2.375	2.408	759
91159HHL7	17458	TREAS	MTN	US BANK NA	03/22/2017	10,004,799.71	2.350	01/29/2021	10,000,000.00	1,409	10,000,000.00	2.293	2.325	759
91159HHL7	17482	TREAS	MTN	US BANK NA	06/27/2017	4,830,887.48	2.350	01/29/2021	4,803,000.00	1,312	4,803,000.00	2.030	2.058	759
313376XN0	17364	TREAS	FAC	FEDERAL HOME LOAN	03/03/2016	829,022.59	2.100	02/08/2021	820,000.00	1,803	820,000.00	1.533	1.554	769
3133EFYZ4	17359	TREAS	FAC	FEDERAL FARM CREDIT	02/29/2016	17,777,955.84	1.375	02/10/2021	17,800,000.00	1,808	17,800,000.00	1.416	1.436	771
3130A7CV5	17363	TREAS	FAC	FEDERAL HOME LOAN	03/03/2016	4,984,559.02	1.375	02/18/2021	5,000,000.00	1,813	5,000,000.00	1.505	1.526	779
3130A7CV5	17371	TREAS	FAC	FEDERAL HOME LOAN	04/21/2016	9,994,215.49	1.375	02/18/2021	10,000,000.00	1,764	10,000,000.00	1.384	1.403	779
3130A7CV5	17376	TREAS	FAC	FEDERAL HOME LOAN	05/20/2016	4,990,547.22	1.375	02/18/2021	5,000,000.00	1,735	5,000,000.00	1.447	1.467	779
3130A7CV5	17379	TREAS	FAC	FEDERAL HOME LOAN	05/25/2016	9,976,192.82	1.375	02/18/2021	10,000,000.00	1,730	10,000,000.00	1.471	1.491	779
3130A7CV5	17388	TREAS	FAC	FEDERAL HOME LOAN	08/08/2016	10,041,577.99	1.375	02/18/2021	10,000,000.00	1,655	10,000,000.00	1.158	1.174	779
3130A7CV5	17457	TREAS	FAC	FEDERAL HOME LOAN	03/20/2017	19,799,882.73	1.375	02/18/2021	20,000,000.00	1,431	20,000,000.00	1.838	1.864	779
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	784
06406FAB9	17490	TREAS	MTN	BANK OF NEW YORK	07/18/2017	7,459,658.02	2.050	05/03/2021	7,500,000.00	1,385	7,500,000.00	2.260	2.291	853
3135G0K69	17380	TREAS	FAC	FEDERAL NATIONAL	05/25/2016	9,938,496.72	1.250	05/06/2021	10,000,000.00	1,807	10,000,000.00	1.502	1.523	856
3135G0K69	17402	TREAS	FAC	FEDERAL NATIONAL	09/28/2016	25,008,495.74	1.250	05/06/2021	25,000,000.00	1,681	25,000,000.00	1.218	1.235	856
3135G0K69	17412	TREAS	FAC	FEDERAL NATIONAL	11/02/2016	9,970,508.25	1.250	05/06/2021	10,000,000.00	1,646	10,000,000.00	1.361	1.380	856
3135G0K69	17413	TREAS	FAC	FEDERAL NATIONAL	11/14/2016	7,950,054.84	1.250	05/06/2021	8,000,000.00	1,634	8,000,000.00	1.505	1.526	856
3135G0K69	17421	TREAS	FAC	FEDERAL NATIONAL	12/02/2016	24,629,722.09	1.250	05/06/2021	25,000,000.00	1,616	25,000,000.00	1.885	1.911	856
166764BG4	17471	TREAS	MTN	CHEVRON CORP	04/25/2017	19,994,498.97	2.100	05/16/2021	20,000,000.00	1,482	20,000,000.00	2.083	2.112	866
912828WN6	17434	TREAS	TRC	US TREASURY NOTE	12/28/2016	40,004,261.80	2.000	05/31/2021	40,000,000.00	1,615	40,000,000.00	1.968	1.995	881

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
3130A1W95	17386	TREAS	FAC	FEDERAL HOME LOAN	07/15/2016	30,709,062.74	2.250	06/11/2021	30,000,000.00	1,792	30,000,000.00	1.233	1.250	892
313379RB7	17392	TREAS	FAC	FEDERAL HOME LOAN	08/17/2016	10,134,104.08	1.875	06/11/2021	10,000,000.00	1,759	10,000,000.00	1.289	1.307	892
3130A1W95	17420	TREAS	FAC	FEDERAL HOME LOAN	11/29/2016	18,647,176.19	2.250	06/11/2021	18,470,000.00	1,655	18,470,000.00	1.814	1.839	892
313379RB7	17466	TREAS	FAC	FEDERAL HOME LOAN	04/11/2017	15,010,120.00	1.875	06/11/2021	15,000,000.00	1,522	15,000,000.00	1.821	1.846	892
3130AB3M6	17465	TREAS	FAC	FEDERAL HOME LOAN	04/10/2017	5,002,661.51	1.875	06/30/2021	5,000,000.00	1,542	5,000,000.00	1.828	1.853	911
3130A8QS5	17389	TREAS	FAC	FEDERAL HOME LOAN	08/08/2016	14,956,200.68	1.125	07/14/2021	15,000,000.00	1,801	15,000,000.00	1.227	1.244	925
3130A8QS5	17399	TREAS	FAC	FEDERAL HOME LOAN	08/29/2016	3,936,235.59	1.125	07/14/2021	3,955,000.00	1,780	3,955,000.00	1.301	1.319	925
3130A8QS5	17400	TREAS	FAC	FEDERAL HOME LOAN	09/13/2016	14,924,311.72	1.125	07/14/2021	15,000,000.00	1,765	15,000,000.00	1.313	1.331	925
3130A8QS5	17403	TREAS	FAC	FEDERAL HOME LOAN	09/28/2016	9,971,747.36	1.125	07/14/2021	10,000,000.00	1,750	10,000,000.00	1.223	1.240	925
3130A8QS5	17408	TREAS	FAC	FEDERAL HOME LOAN	10/13/2016	9,927,797.76	1.125	07/14/2021	10,000,000.00	1,735	10,000,000.00	1.401	1.420	925
3130A8QS5	17414	TREAS	FAC	FEDERAL HOME LOAN	11/14/2016	9,901,205.79	1.125	07/14/2021	10,000,000.00	1,703	10,000,000.00	1.509	1.530	925
3130A8QS5	17464	TREAS	FAC	FEDERAL HOME LOAN	04/06/2017	19,668,453.61	1.125	07/14/2021	20,000,000.00	1,560	20,000,000.00	1.782	1.807	925
949746SA0	17445	TREAS	MTN	WELLS FARGO	01/25/2017	9,826,698.03	2.100	07/26/2021	10,000,000.00	1,643	10,000,000.00	2.784	2.823	937
3134G9M79	17463	TREAS	FAC	FEDERAL HOME	04/06/2017	4,409,214.07	1.875	07/26/2021	4,410,000.00	1,572	4,410,000.00	1.856	1.882	937
949746SA0	17467	TREAS	MTN	WELLS FARGO	04/17/2017	4,955,282.65	2.100	07/26/2021	5,000,000.00	1,561	5,000,000.00	2.435	2.469	937
949746SA0	17477	TREAS	MTN	WELLS FARGO	05/15/2017	13,111,467.08	2.100	07/26/2021	13,232,000.00	1,533	13,232,000.00	2.441	2.475	937
949746SA0	17491	TREAS	MTN	WELLS FARGO	07/18/2017	12,178,315.30	2.100	07/26/2021	12,275,000.00	1,469	12,275,000.00	2.390	2.424	937
3134G9N86	17476	TREAS	FAC	FEDERAL HOME	05/11/2017	6,166,231.25	1.875	07/27/2021	6,170,000.00	1,538	6,170,000.00	1.874	1.900	938
3133752P1	17405	TREAS	FAC	FEDERAL HOME LOAN	10/05/2016	6,006,028.07	3.500	07/29/2021	5,700,000.00	1,758	5,700,000.00	1.324	1.342	940
037833CC2	17425	TREAS	MTN	APPLE INC	12/13/2016	4,917,196.95	1.550	08/04/2021	5,000,000.00	1,695	5,000,000.00	2.195	2.226	946
594918BP8	17394	TREAS	MTN	MICROSOFT	08/22/2016	14,994,727.41	1.550	08/08/2021	15,000,000.00	1,812	15,000,000.00	1.543	1.564	950
594918BP8	17424	TREAS	MTN	MICROSOFT	12/13/2016	4,921,683.58	1.550	08/08/2021	5,000,000.00	1,699	5,000,000.00	2.156	2.186	950
14912L6U0	17401	TREAS	MTN	CATERPILLAR	09/16/2016	15,204,979.72	1.700	08/09/2021	15,294,000.00	1,788	15,294,000.00	1.909	1.935	951
3137EAEC9	17393	TREAS	FAC	FEDERAL HOME	08/17/2016	9,950,197.77	1.125	08/12/2021	10,000,000.00	1,821	10,000,000.00	1.304	1.322	954
3135G0N82	17396	TREAS	FAC	FEDERAL NATIONAL	08/29/2016	9,988,942.17	1.250	08/17/2021	10,000,000.00	1,814	10,000,000.00	1.276	1.294	959
3135G0N82	17397	TREAS	FAC	FEDERAL NATIONAL	08/29/2016	9,977,831.43	1.250	08/17/2021	10,000,000.00	1,814	10,000,000.00	1.319	1.337	959
3135G0N82	17398	TREAS	FAC	FEDERAL NATIONAL	08/29/2016	9,972,699.33	1.250	08/17/2021	10,000,000.00	1,814	10,000,000.00	1.339	1.358	959
3135G0Q89	17406	TREAS	FAC	FEDERAL NATIONAL	10/07/2016	19,981,850.67	1.375	10/07/2021	20,000,000.00	1,826	20,000,000.00	1.390	1.409	1,010
3135G0Q89	17407	TREAS	FAC	FEDERAL NATIONAL	10/13/2016	9,967,244.15	1.375	10/07/2021	10,000,000.00	1,820	10,000,000.00	1.478	1.498	1,010
3135G0Q89	17409	TREAS	FAC	FEDERAL NATIONAL	10/27/2016	4,989,760.22	1.375	10/07/2021	5,000,000.00	1,806	5,000,000.00	1.432	1.452	1,010
3133EGYQ2	17410	TREAS	FAC	FEDERAL FARM CREDIT	10/27/2016	9,984,722.07	1.400	10/14/2021	10,000,000.00	1,813	10,000,000.00	1.437	1.457	1,017
24422ERH4	17427	TREAS	MTN	JOHN DEERE	12/13/2016	8,872,552.76	3.150	10/15/2021	8,707,000.00	1,767	8,707,000.00	2.390	2.423	1,018
36962G5J9	17511	TREAS	MTN	G.E. CAPITAL	11/16/2017	10,586,060.95	4.650	10/17/2021	10,000,000.00	1,431	10,000,000.00	2.404	2.438	1,020
3133EGZJ7	17411	TREAS	FAC	FEDERAL FARM CREDIT	10/27/2016	9,977,796.90	1.375	10/25/2021	10,000,000.00	1,824	10,000,000.00	1.437	1.457	1,028
3135G0S38	17440	TREAS	FAC	FEDERAL NATIONAL	01/09/2017	19,972,658.57	2.000	01/05/2022	20,000,000.00	1,822	20,000,000.00	2.020	2.048	1,100
3135G0S38	17441	TREAS	FAC	FEDERAL NATIONAL	01/09/2017	9,985,764.35	2.000	01/05/2022	10,000,000.00	1,822	10,000,000.00	2.022	2.050	1,100
3135G0S38	17459	TREAS	FAC	FEDERAL NATIONAL	03/28/2017	10,004,229.94	2.000	01/05/2022	10,000,000.00	1,744	10,000,000.00	1.958	1.985	1,100
3135G0S38	17480	TREAS	FAC	FEDERAL NATIONAL	06/02/2017	5,024,131.66	2.000	01/05/2022	5,000,000.00	1,678	5,000,000.00	1.807	1.832	1,100
3135G0S38	17481	TREAS	FAC	FEDERAL NATIONAL	06/12/2017	5,023,998.56	2.000	01/05/2022	5,000,000.00	1,668	5,000,000.00	1.808	1.833	1,100
91159HHP8	17483	TREAS	MTN	US BANK NA	06/27/2017	20,206,402.31	2.625	01/24/2022	20,000,000.00	1,672	20,000,000.00	2.237	2.268	1,119

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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	1,122
3136G2CS4	17461	TREAS	FAC	FEDERAL NATIONAL	03/28/2017	5,002,151.64	2.000	01/27/2022	5,000,000.00	1,766	5,000,000.00	1.958	1.985	1,122
084670BF4	17520	TREAS	MTN	BERKSHIRE HATHAWAY	12/14/2017	15,457,294.58	3.400	01/31/2022	15,000,000.00	1,509	15,000,000.00	2.323	2.355	1,126
594918BW3	17449	TREAS	MTN	MICROSOFT	02/21/2017	6,721,462.95	2.400	02/06/2022	6,725,000.00	1,811	6,725,000.00	2.385	2.418	1,132
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	1,132
06406RAA5	17469	TREAS	MTN	BANK OF NEW YORK	04/18/2017	10,051,423.78	2.600	02/07/2022	10,000,000.00	1,756	10,000,000.00	2.390	2.423	1,133
037833CM0	17448	TREAS	MTN	APPLE INC	02/21/2017	14,976,927.18	2.500	02/09/2022	15,000,000.00	1,814	15,000,000.00	2.518	2.553	1,135
037833AY6	17470	TREAS	MTN	APPLE INC	04/18/2017	9,986,716.21	2.150	02/09/2022	10,000,000.00	1,758	10,000,000.00	2.165	2.195	1,135
594918BA1	17450	TREAS	MTN	MICROSOFT	02/21/2017	6,441,893.50	2.375	02/12/2022	6,450,000.00	1,817	6,450,000.00	2.385	2.418	1,138
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	1,186
13063DAD0	17473	TREAS	MUN	STATE OF CALIFORNIA	04/27/2017	10,537,810.65	2.367	04/01/2022	10,500,000.00	1,800	10,500,000.00	2.219	2.249	1,186
13063DAD0	17474	TREAS	MUN	STATE OF CALIFORNIA	05/03/2017	8,019,747.06	2.367	04/01/2022	8,000,000.00	1,794	8,000,000.00	2.255	2.286	1,186
037833CQ1	17475	TREAS	MTN	APPLE INC	05/11/2017	19,967,733.33	2.300	05/11/2022	20,000,000.00	1,826	20,000,000.00	2.319	2.351	1,226
3133EHJT1	17479	TREAS	FAC	FEDERAL FARM CREDIT	05/18/2017	4,996,146.17	2.000	05/18/2022	5,000,000.00	1,826	5,000,000.00	1.996	2.024	1,233
3130ACUZ5	17513	TREAS	FAC	FEDERAL HOME LOAN	11/24/2017	22,983,678.23	2.060	05/24/2022	23,000,000.00	1,642	23,000,000.00	2.053	2.082	1,239
3130ACXH2	17567	TREAS	FAC	FEDERAL HOME LOAN	12/04/2017	24,936,121.79	2.020	05/25/2022	25,000,000.00	1,633	25,000,000.00	2.070	2.099	1,240
912828XR6	17497	TREAS	TRC	US TREASURY NOTE	09/27/2017	19,940,692.74	1.750	05/31/2022	20,000,000.00	1,707	20,000,000.00	1.816	1.841	1,246
313379Q69	17485	TREAS	FAC	FEDERAL HOME LOAN	06/28/2017	5,038,066.92	2.125	06/10/2022	5,000,000.00	1,808	5,000,000.00	1.866	1.892	1,256
313379Q69	17486	TREAS	FAC	FEDERAL HOME LOAN	06/28/2017	5,038,101.68	2.125	06/10/2022	5,000,000.00	1,808	5,000,000.00	1.866	1.892	1,256
313379Q69	17487	TREAS	FAC	FEDERAL HOME LOAN	06/28/2017	3,849,601.04	2.125	06/10/2022	3,820,000.00	1,808	3,820,000.00	1.862	1.888	1,256
313379Q69	17488	TREAS	FAC	FEDERAL HOME LOAN	07/07/2017	13,523,560.23	2.125	06/10/2022	13,470,000.00	1,799	13,470,000.00	1.976	2.003	1,256
313379Q69	17498	TREAS	FAC	FEDERAL HOME LOAN	09/27/2017	20,160,565.03	2.125	06/10/2022	20,000,000.00	1,717	20,000,000.00	1.854	1.880	1,256
313379Q69	17516	TREAS	FAC	FEDERAL HOME LOAN	12/01/2017	1,999,473.67	2.125	06/10/2022	2,000,000.00	1,652	2,000,000.00	2.104	2.133	1,256
313379Q69	17527	TREAS	FAC	FEDERAL HOME LOAN	12/20/2017	1,893,636.62	2.125	06/10/2022	1,900,000.00	1,633	1,900,000.00	2.197	2.228	1,256
3130A5P45	17528	TREAS	FAC	FEDERAL HOME LOAN	12/20/2017	1,934,233.65	2.375	06/10/2022	1,925,000.00	1,633	1,925,000.00	2.197	2.228	1,256
3133EEY20	17495	TREAS	FAC	FEDERAL FARM CREDIT	09/21/2017	10,155,421.34	2.400	06/17/2022	10,000,000.00	1,730	10,000,000.00	1.901	1.928	1,263
3130ACM27	17502	TREAS	FAC	FEDERAL HOME LOAN	10/12/2017	14,988,630.19	1.950	07/11/2022	15,000,000.00	1,733	15,000,000.00	1.946	1.973	1,287
3130ACM27	17509	TREAS	FAC	FEDERAL HOME LOAN	10/19/2017	4,446,855.62	1.950	07/11/2022	4,455,000.00	1,726	4,455,000.00	1.977	2.005	1,287
91159JAA4	17529	TREAS	MTN	US BANK NA	12/21/2017	10,116,101.03	2.950	07/15/2022	10,004,000.00	1,667	10,004,000.00	2.570	2.606	1,291
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	1,294
95000U2B8	17508	TREAS	MTN	WELLS FARGO	10/20/2017	4,998,279.03	2.625	07/22/2022	5,000,000.00	1,736	5,000,000.00	2.599	2.635	1,298
3130ACYP3	17515	TREAS	FAC	FEDERAL HOME LOAN	12/05/2017	19,986,032.44	2.100	07/27/2022	20,000,000.00	1,695	20,000,000.00	2.092	2.121	1,303
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	1,305
3130ACUV4	17517	TREAS	FAC	FEDERAL HOME LOAN	12/06/2017	8,861,610.32	2.070	07/29/2022	8,890,000.00	1,696	8,890,000.00	2.135	2.165	1,305
3130AC5A8	17494	TREAS	FAC	FEDERAL HOME LOAN	09/19/2017	9,983,947.36	1.850	08/15/2022	10,000,000.00	1,791	10,000,000.00	1.870	1.896	1,322
3130AC5A8	17496	TREAS	FAC	FEDERAL HOME LOAN	09/27/2017	9,255,742.69	1.850	08/15/2022	9,280,000.00	1,783	9,280,000.00	1.899	1.926	1,322
3133EHVS9	17499	TREAS	FAC	FEDERAL FARM CREDIT	09/28/2017	5,474,856.43	1.840	08/23/2022	5,500,000.00	1,790	5,500,000.00	1.945	1.972	1,330
912828L24	17510	TREAS	TRC	US TREASURY NOTE	10/23/2017	19,904,489.21	1.875	08/31/2022	20,000,000.00	1,773	20,000,000.00	1.985	2.012	1,338
13063DDF2	17504	TREAS	MUN	STATE OF CALIFORNIA	10/26/2017	10,105,946.48	2.500	10/01/2022	10,000,000.00	1,801	10,000,000.00	2.170	2.200	1,369
13063DDF2	17505	TREAS	MUN	STATE OF CALIFORNIA	10/26/2017	10,105,946.48	2.500	10/01/2022	10,000,000.00	1,801	10,000,000.00	2.170	2.200	1,369

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13063DDF2	17519	TREAS	MUN	STATE OF CALIFORNIA	12/14/2017	20,048,778.23	2.500	10/01/2022	20,000,000.00	1,752	20,000,000.00	2.397	2.430	1,369
13063DDF2	17532	TREAS	MUN	STATE OF CALIFORNIA	01/16/2018	4,986,898.23	2.500	10/01/2022	5,000,000.00	1,719	5,000,000.00	2.539	2.574	1,369
3135G0T78	17501	TREAS	FAC	FEDERAL NATIONAL	10/10/2017	19,983,525.70	2.000	10/05/2022	20,000,000.00	1,821	20,000,000.00	1.995	2.023	1,373
3135G0T78	17503	TREAS	FAC	FEDERAL NATIONAL	10/12/2017	14,986,067.32	2.000	10/05/2022	15,000,000.00	1,819	15,000,000.00	1.998	2.026	1,373
3135G0T78	17531	TREAS	FAC	FEDERAL NATIONAL	01/11/2018	4,932,911.84	2.000	10/05/2022	5,000,000.00	1,728	5,000,000.00	2.346	2.379	1,373
89233P7F7	17538	TREAS	MTN	TOYOTA MOTOR CREDIT	03/01/2018	4,920,309.14	2.625	01/10/2023	5,000,000.00	1,776	5,000,000.00	3.012	3.054	1,470
89236TEL5	17539	TREAS	MTN	TOYOTA MOTOR CREDIT	03/01/2018	4,934,194.86	2.700	01/11/2023	5,000,000.00	1,777	5,000,000.00	3.012	3.054	1,471
89236TEL5	17542	TREAS	MTN	TOYOTA MOTOR CREDIT	04/02/2018	19,677,271.67	2.700	01/11/2023	20,000,000.00	1,745	20,000,000.00	3.091	3.134	1,471
037833DE7	17541	TREAS	MTN	APPLE INC	03/01/2018	2,438,472.33	2.400	01/13/2023	2,500,000.00	1,779	2,500,000.00	3.018	3.060	1,473
3133EH7F4	17557	TREAS	FAC	FEDERAL FARM CREDIT	04/19/2018	19,534,433.40	2.350	01/17/2023	19,869,000.00	1,734	19,869,000.00	2.759	2.797	1,477
3135G0T94	17533	TREAS	FAC	FEDERAL NATIONAL	01/23/2018	49,757,879.45	2.375	01/19/2023	50,000,000.00	1,822	50,000,000.00	2.469	2.503	1,479
90331HNL3	17534	TREAS	MTN	US BANK NA	01/24/2018	9,984,965.54	2.850	01/23/2023	10,000,000.00	1,825	10,000,000.00	2.850	2.890	1,483
90331HNL3	17537	TREAS	MTN	US BANK NA	03/01/2018	4,946,913.30	2.850	01/23/2023	5,000,000.00	1,789	5,000,000.00	3.091	3.134	1,483
90331HNL3	17556	TREAS	MTN	US BANK NA	04/20/2018	9,882,229.20	2.850	01/23/2023	10,000,000.00	1,739	10,000,000.00	3.121	3.164	1,483
46625HJH4	17559	TREAS	MTN	JP MORGAN	04/26/2018	9,868,334.23	3.200	01/25/2023	10,000,000.00	1,735	10,000,000.00	3.505	3.554	1,485
3133EJBP3	17535	TREAS	FAC	FEDERAL FARM CREDIT	02/07/2018	9,964,704.19	2.500	02/02/2023	10,000,000.00	1,821	10,000,000.00	2.557	2.593	1,493
3133EJBP3	17536	TREAS	FAC	FEDERAL FARM CREDIT	02/28/2018	50,670,399.30	2.500	02/02/2023	51,180,000.00	1,800	51,180,000.00	2.724	2.762	1,493
037833BU3	17540	TREAS	MTN	APPLE INC	03/01/2018	9,918,406.25	2.850	02/23/2023	10,000,000.00	1,820	10,000,000.00	3.022	3.064	1,514
594918AT1	17580	TREAS	MTN	MICROSOFT	06/22/2018	9,685,841.51	2.375	05/01/2023	10,000,000.00	1,774	10,000,000.00	3.119	3.162	1,581
037833AK6	17563	TREAS	MTN	APPLE INC	05/03/2018	4,825,403.11	2.400	05/03/2023	5,000,000.00	1,826	5,000,000.00	3.234	3.279	1,583
037833AK6	17564	TREAS	MTN	APPLE INC	05/03/2018	4,825,229.56	2.400	05/03/2023	5,000,000.00	1,826	5,000,000.00	3.235	3.280	1,583
037833AK6	17581	TREAS	MTN	APPLE INC	06/22/2018	9,662,800.69	2.400	05/03/2023	10,000,000.00	1,776	10,000,000.00	3.202	3.246	1,583
166764BK5	17571	TREAS	MTN	CHEVRON CORP	06/08/2018	9,700,882.87	2.566	05/16/2023	10,000,000.00	1,803	10,000,000.00	3.267	3.313	1,596
166764BK5	17579	TREAS	MTN	CHEVRON CORP	06/22/2018	4,860,191.96	2.566	05/16/2023	5,000,000.00	1,789	5,000,000.00	3.217	3.262	1,596
166764BK5	17585	TREAS	MTN	CHEVRON CORP	07/25/2018	6,106,519.82	2.566	05/16/2023	6,288,000.00	1,756	6,288,000.00	3.239	3.284	1,596
3130AEEW6	17572	TREAS	FAC	FEDERAL HOME LOAN	06/07/2018	21,035,551.32	2.760	05/30/2023	21,150,000.00	1,818	21,150,000.00	2.853	2.893	1,610
3130AEAP5	17576	TREAS	FAC	FEDERAL HOME LOAN	05/30/2018	49,977,533.31	2.875	05/30/2023	50,000,000.00	1,826	50,000,000.00	2.846	2.886	1,610
931142EK5	17604	TREAS	MTN	Wal-Mart Stores	11/13/2018	9,953,773.90	3.400	06/26/2023	10,000,000.00	1,686	10,000,000.00	3.464	3.512	1,637
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	1,655
3133EJUS6	17584	TREAS	FAC	FEDERAL FARM CREDIT	07/17/2018	19,997,636.89	2.875	07/17/2023	20,000,000.00	1,826	20,000,000.00	2.838	2.878	1,658
3133EJUS6	17589	TREAS	FAC	FEDERAL FARM CREDIT	07/25/2018	29,931,249.93	2.875	07/17/2023	30,000,000.00	1,818	30,000,000.00	2.904	2.945	1,658
3133EJUS6	17593	TREAS	FAC	FEDERAL FARM CREDIT	09/19/2018	9,984,582.20	2.875	07/17/2023	10,000,000.00	1,762	10,000,000.00	2.988	3.029	1,658
3133EJUS6	17607	TREAS	FAC	FEDERAL FARM CREDIT	12/20/2018	2,958,032.24	2.875	07/17/2023	2,910,000.00	1,670	2,910,000.00	2.736	2.774	1,658
90331HNV1	17586	TREAS	MTN	US BANK NA	07/25/2018	9,989,254.39	3.400	07/24/2023	10,000,000.00	1,825	10,000,000.00	3.381	3.428	1,665
90331HNV1	17587	TREAS	MTN	US BANK NA	07/25/2018	1,497,394.96	3.400	07/24/2023	1,500,000.00	1,825	1,500,000.00	3.397	3.444	1,665
90331HNV1	17588	TREAS	MTN	US BANK NA	07/25/2018	1,248,291.49	3.400	07/24/2023	1,250,000.00	1,825	1,250,000.00	3.388	3.435	1,665
3133EJK57	17606	TREAS	FAC	FEDERAL FARM CREDIT	12/20/2018	17,302,178.09	3.080	07/24/2023	17,000,000.00	1,677	17,000,000.00	2.737	2.775	1,665
3130AFBD8	17608	TREAS	FAC	FEDERAL HOME LOAN	12/20/2018	12,746,839.03	3.125	07/25/2023	12,500,000.00	1,678	12,500,000.00	2.736	2.774	1,666
3133EJ4G1	17610	TREAS	FAC	FEDERAL FARM CREDIT	12/28/2018	64,952,506.51	2.770	07/28/2023	65,000,000.00	1,673	65,000,000.00	2.749	2.787	1,669
94988J5R4	17591	TREAS	MTN	WELLS FARGO	08/14/2018	9,984,940.61	3.550	08/14/2023	10,000,000.00	1,826	10,000,000.00	3.537	3.586	1,686

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
94988J5R4	17602	TREAS	MTN	WELLS FARGO	11/13/2018	9,970,168.12	3.550	08/14/2023	10,000,000.00	1,735	10,000,000.00	3.778	3.830	1,686
					Subtotal and Average	**3,186,585,668.80**			**3,188,790,250.00**		**3,188,629,000.00**	**2.032**	**2.060**	**861**
					Net Maturities and Average	**3,186,585,668.80**			**3,188,790,250.00**		**3,188,629,000.00**	**2.032**	**2.060**	**861**

FTN FINANCIAL
MAIN STREET ADVISORS
A Subsidiary of First Tennessee Bank National Association

Quarterly Economic and Market Update

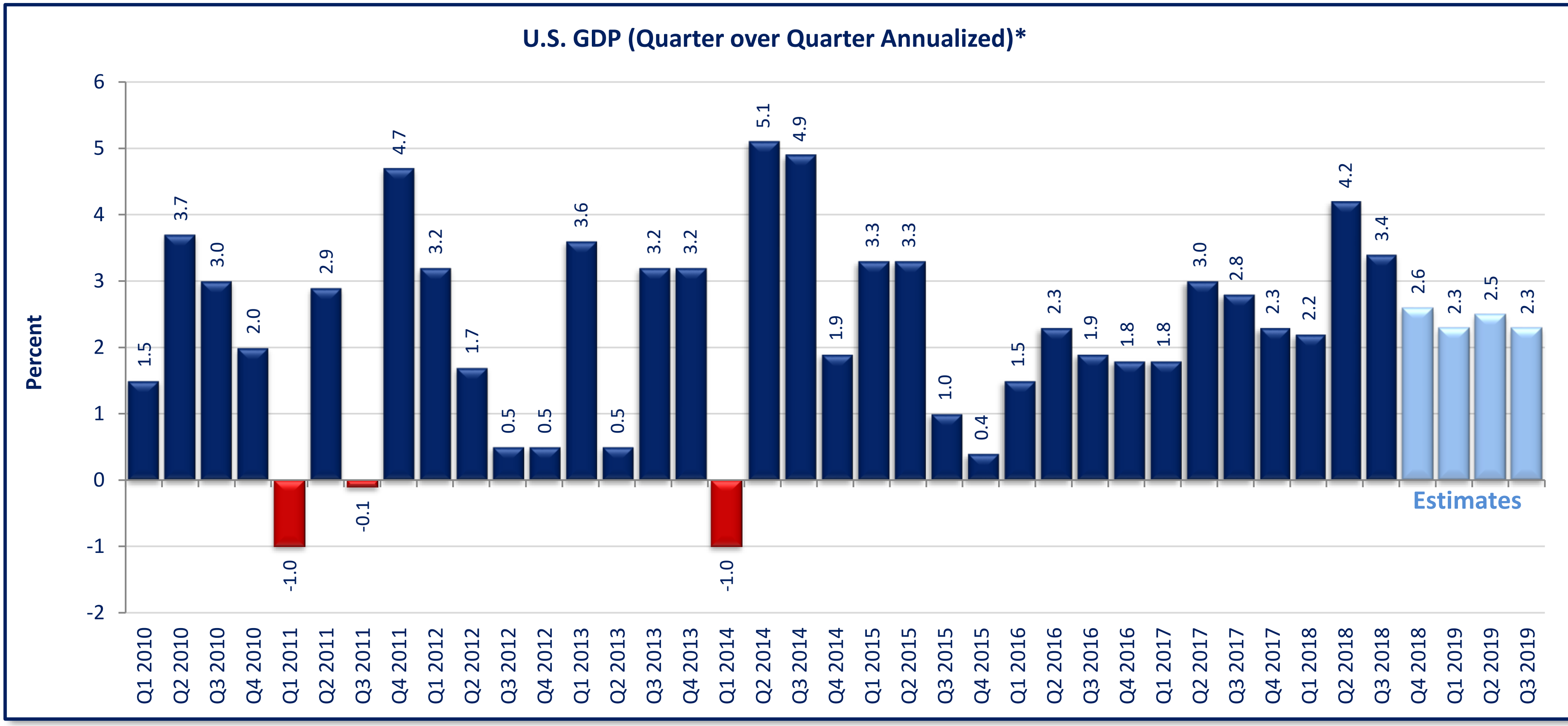
December 2018

Economic and Market Update
12/31/18

Item	12/31/18	9/30/18	Change
U.S. Payrolls Monthly Change	312,000	119,000	193,000
Unemployment Rate	3.9%	3.7%	0.2%
Labor Force Participation	63.1%	62.7%	0.4%
Effective Fed Funds Rate	2.40%	2.18%	0.22%
3 Month T-Bill	2.36%	2.20%	0.16%
2 Year T-Note	2.49%	2.82%	-0.33%
3 Year T-Note	2.46%	2.88%	-0.43%
5 Year T-Note	2.51%	2.95%	-0.44%
10 Year T-Note	2.69%	3.06%	-0.38%
U.S. Fed Debt Avg Yield*	2.42%	2.37%	0.05%
30 Year Mortgage Rate	4.51%	4.57%	-0.06%
1-5 Yr Agency Spread	0.05%	0.06%	-0.01%
1-5 Yr A-AAA Corporate Spread	0.75%	0.45%	0.30%
Dow Jones	23,327	26,458	-11.8%
S&P 500	2,507	2,914	-14.0%
Consumer Price Index YOY*	2.1%	2.3%	-0.2%
U.S. Avg Regular Unleaded	$2.26	$2.88	-$0.62
Retail Sales YOY*	4.2%	4.0%	0.2%
Case-Shiller Home Prices YOY*	5.0%	5.6%	-0.5%
Gold (per ounce)	$1,282.49	$1,190.88	$91.61
Dollar Index	96.17	95.13	1.04
Consumer Confidence	1.28	135.30	-134.02

*Estimates for the current quarter/month, some data are lagged

Sources: FTN Main Street and Bloomberg

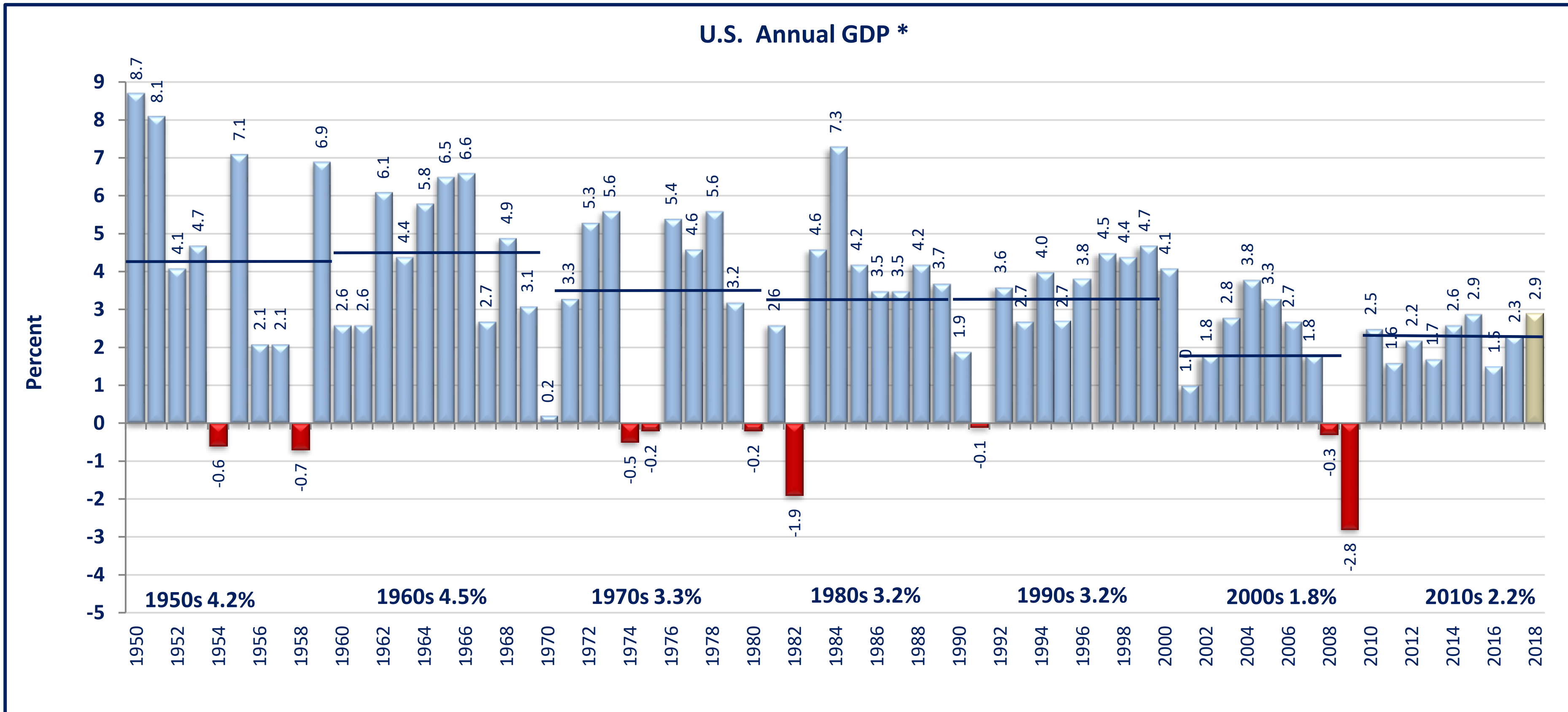


* Real Rate (Inflation Adjusted)

Estimate: Bloomberg's Survey of Economists

Source: Bureau of Economic Analysis

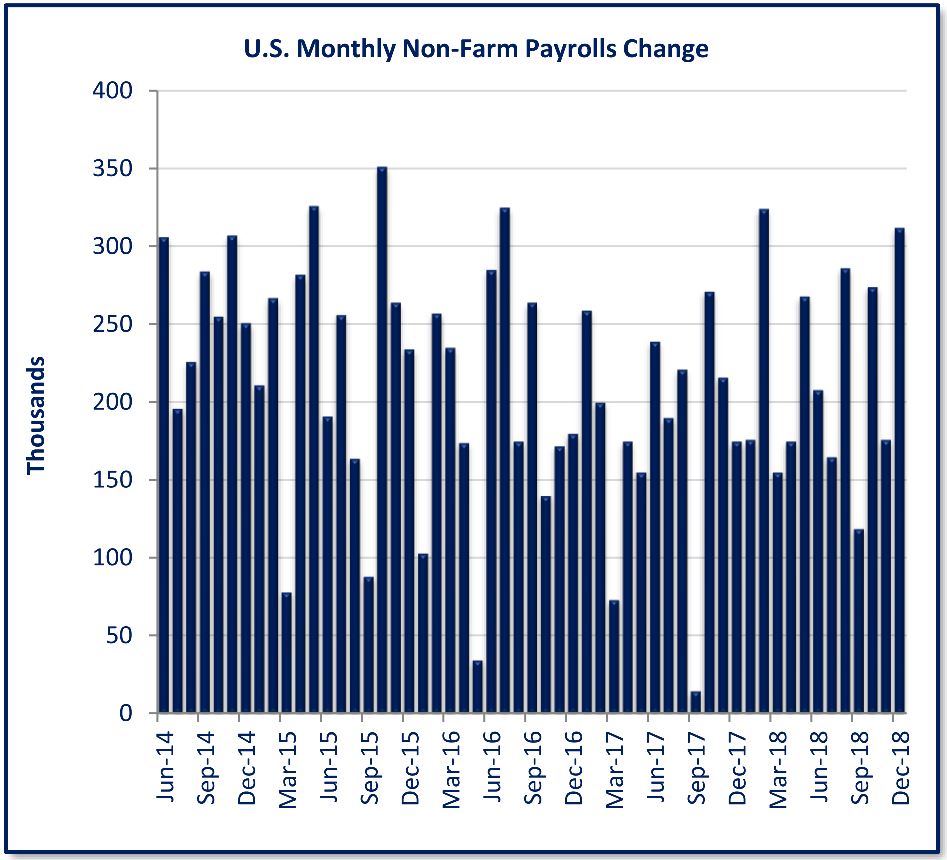
As of: 12/31/18

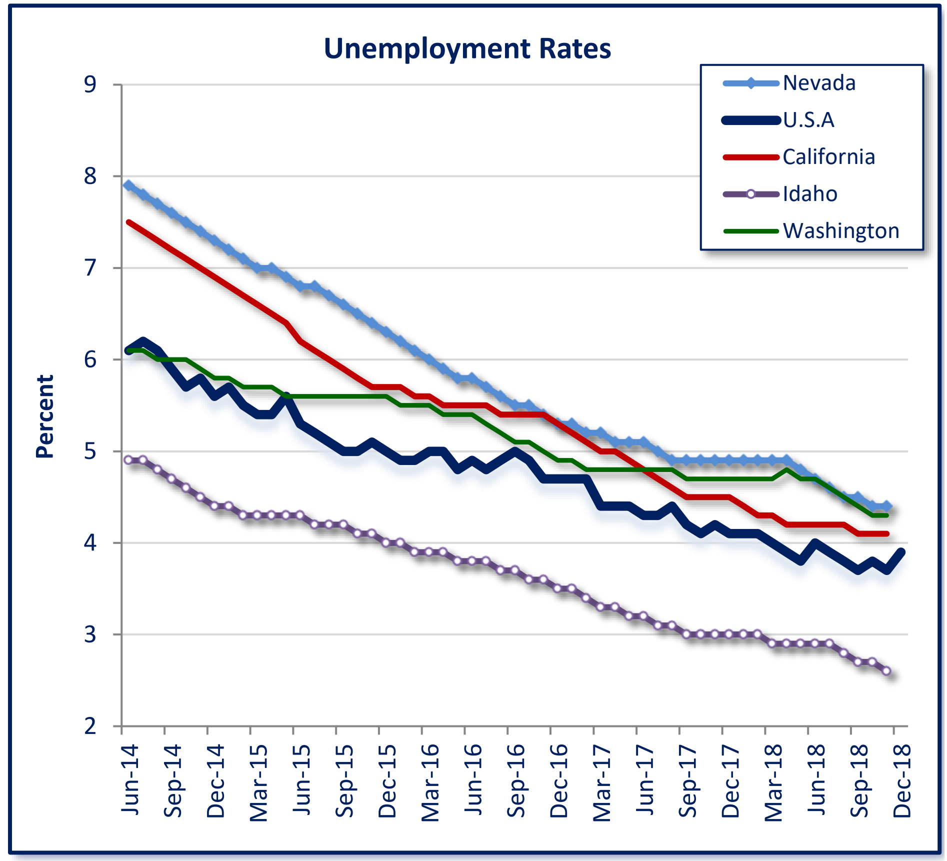


* Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

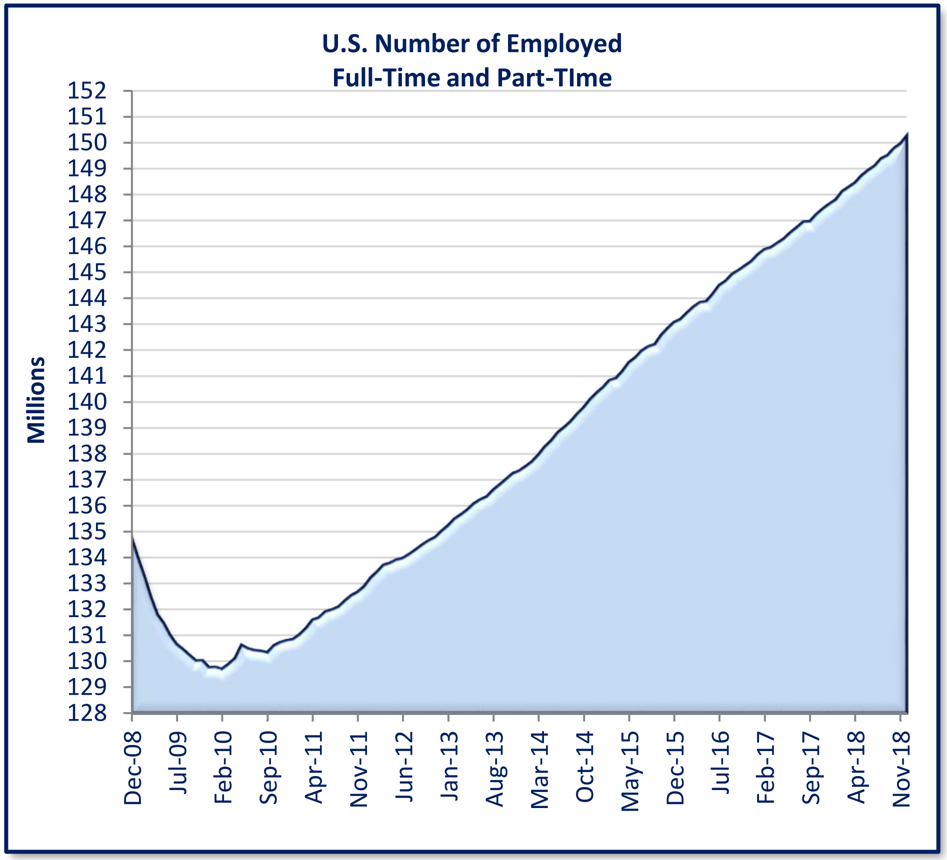
Estimate: Bloomberg's Survey of Economists
As of: 12/31/18

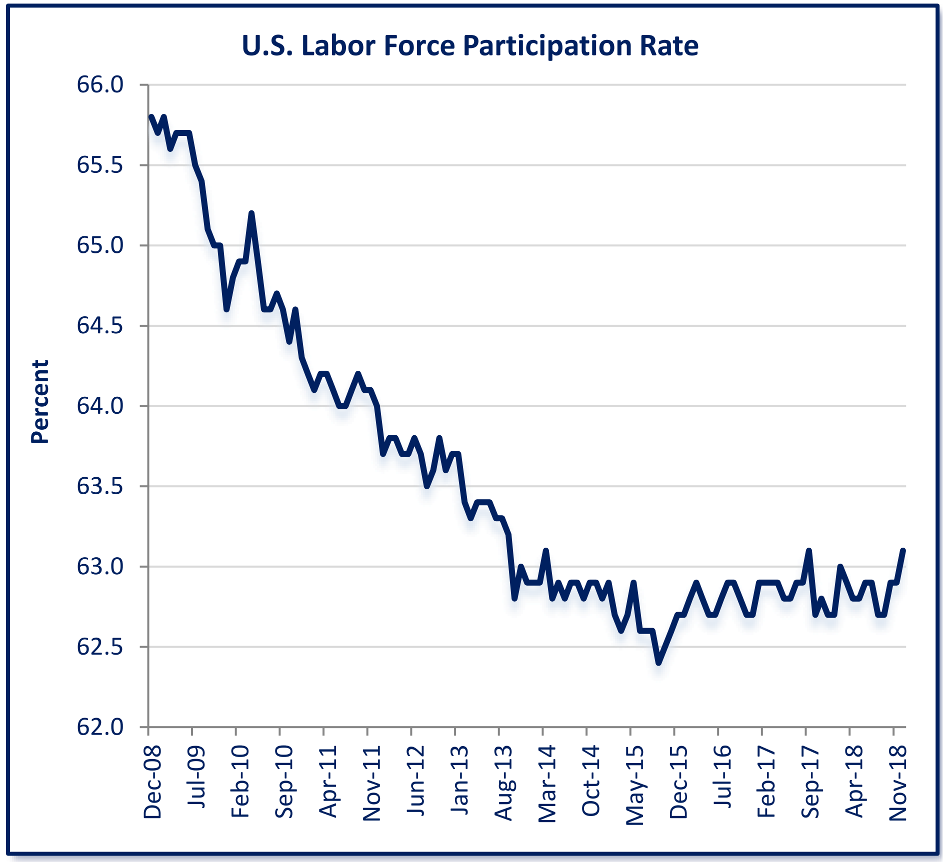




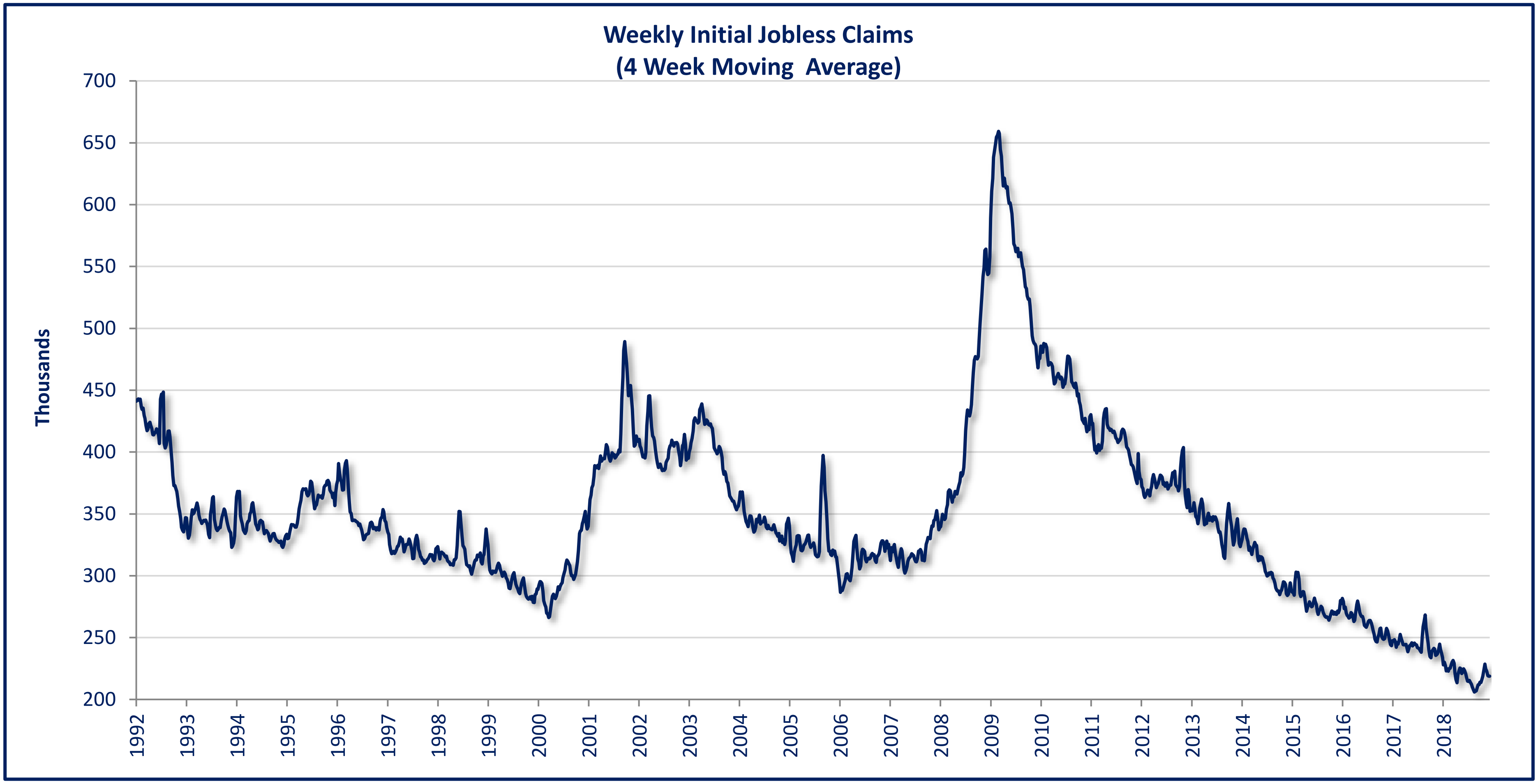
12 Month Average Job Change	219,833

Source: Bureau of Labor Statistics



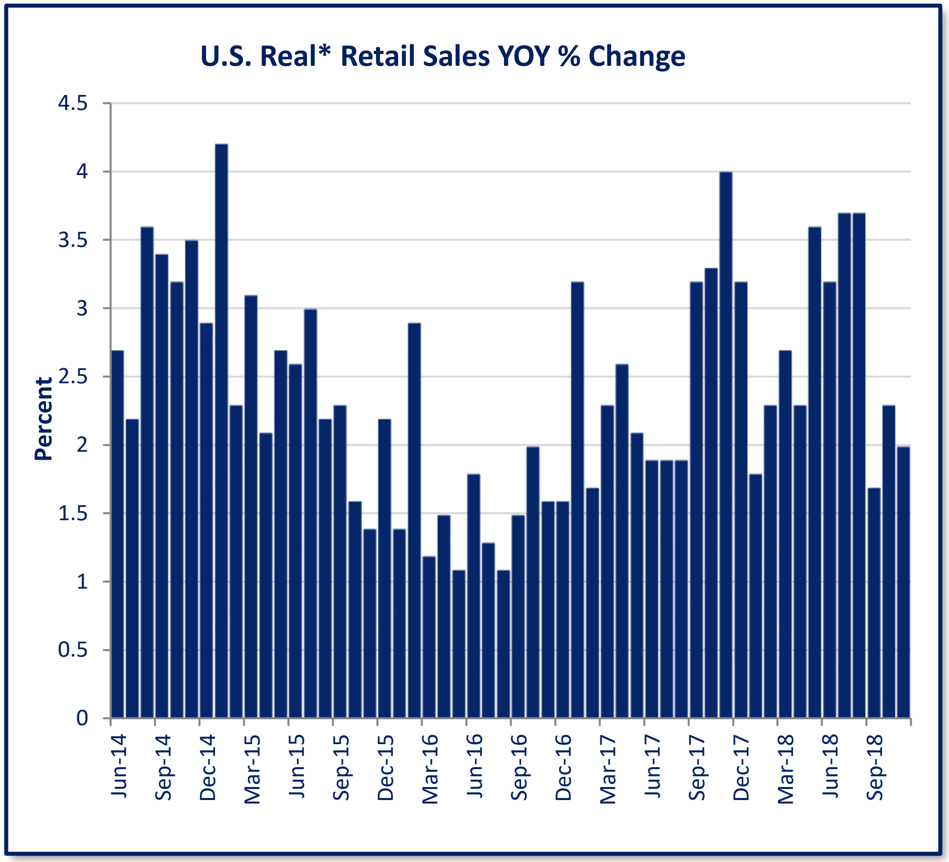


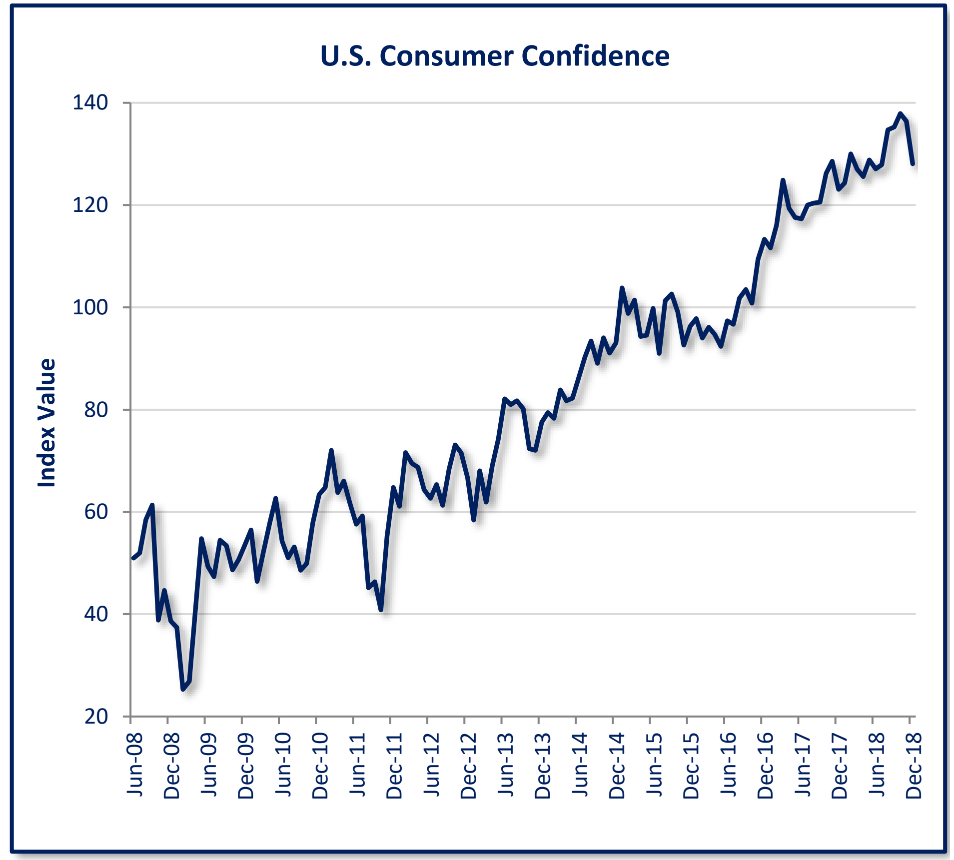
Source: Bureau of Labor Statistics



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

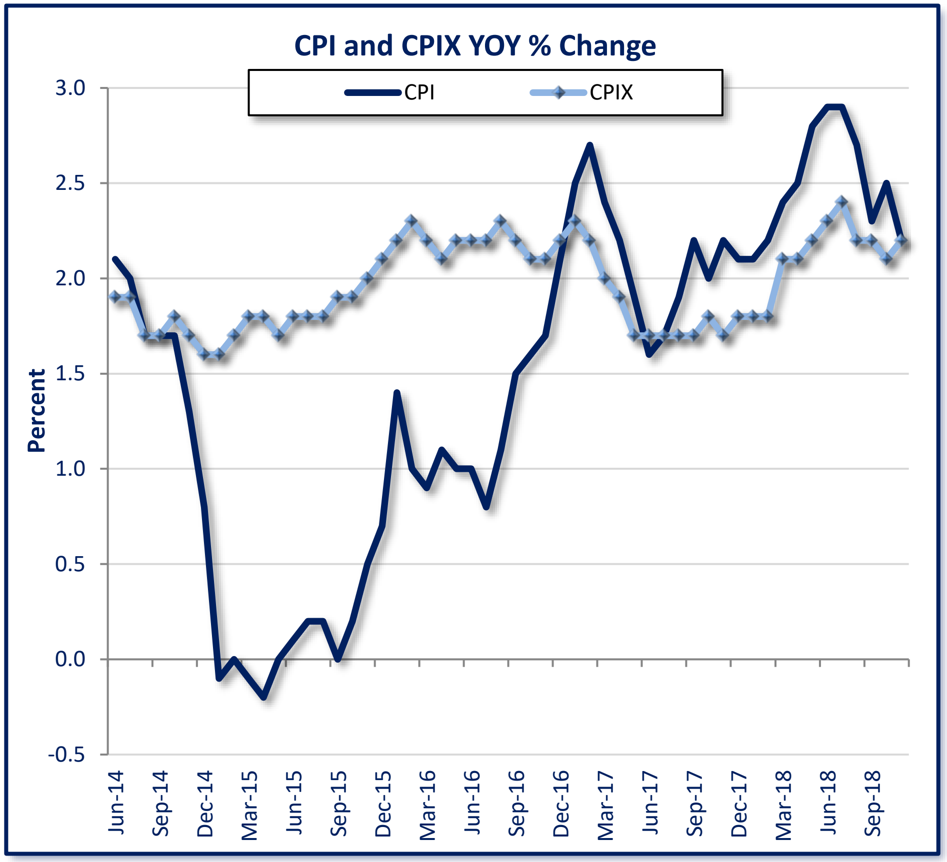




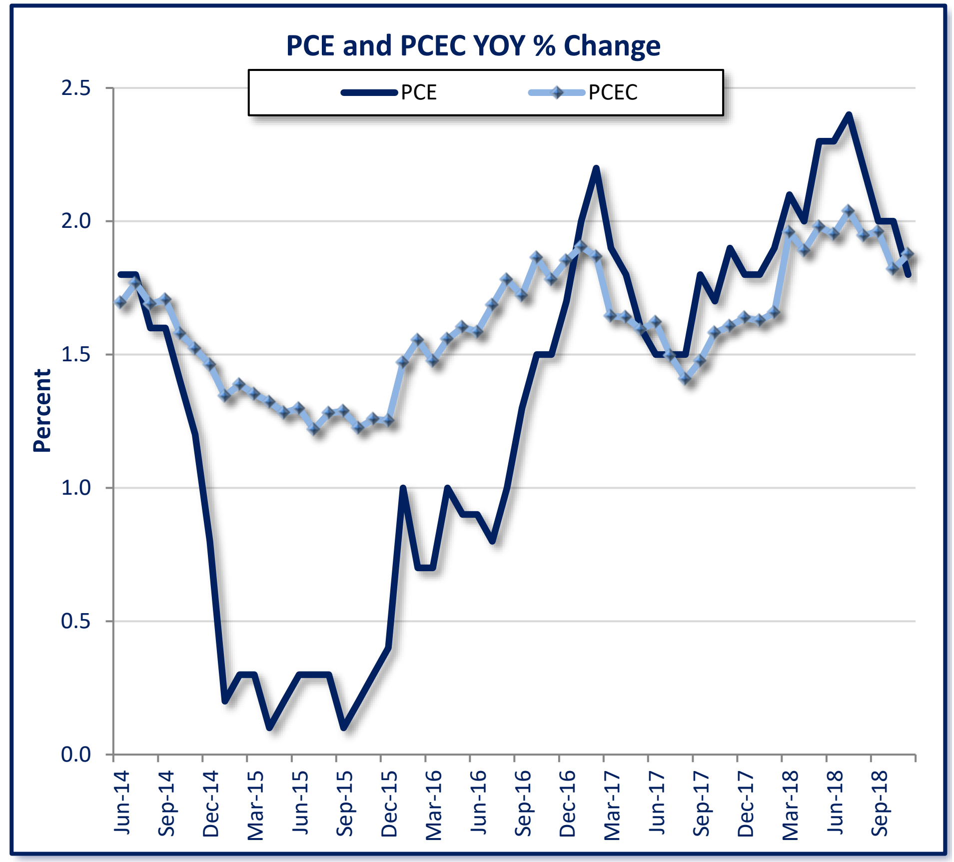
*Real: Inflation Adjusted

Source: U.S. Census Bureau

Source: Conference Board

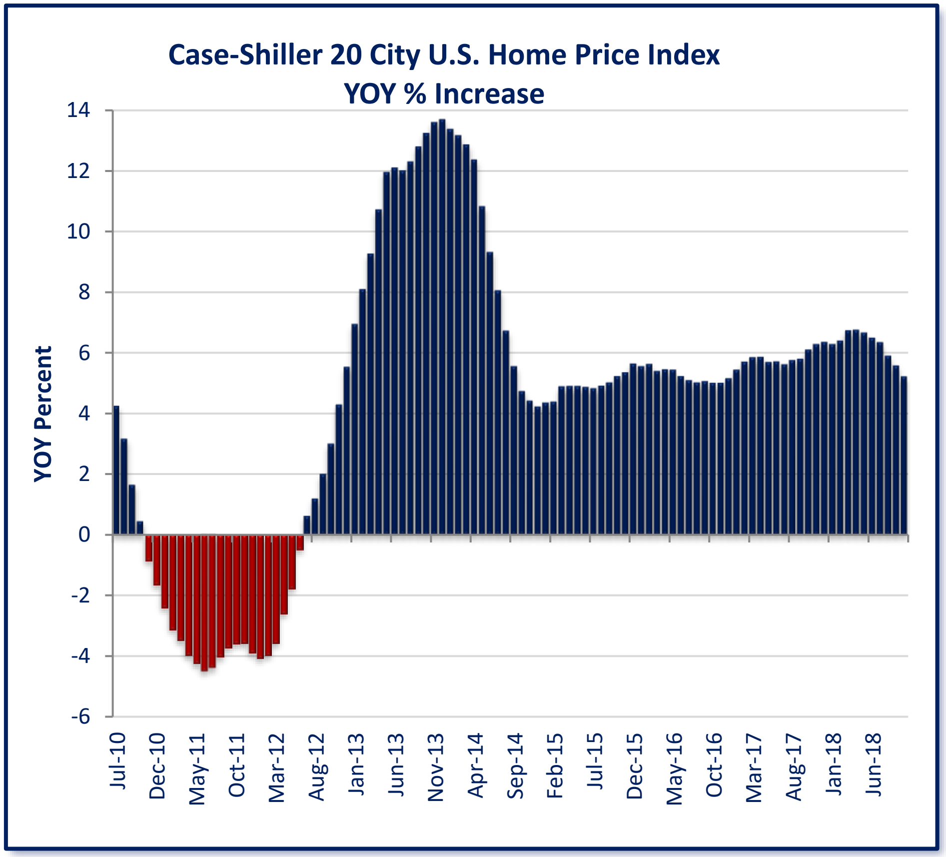


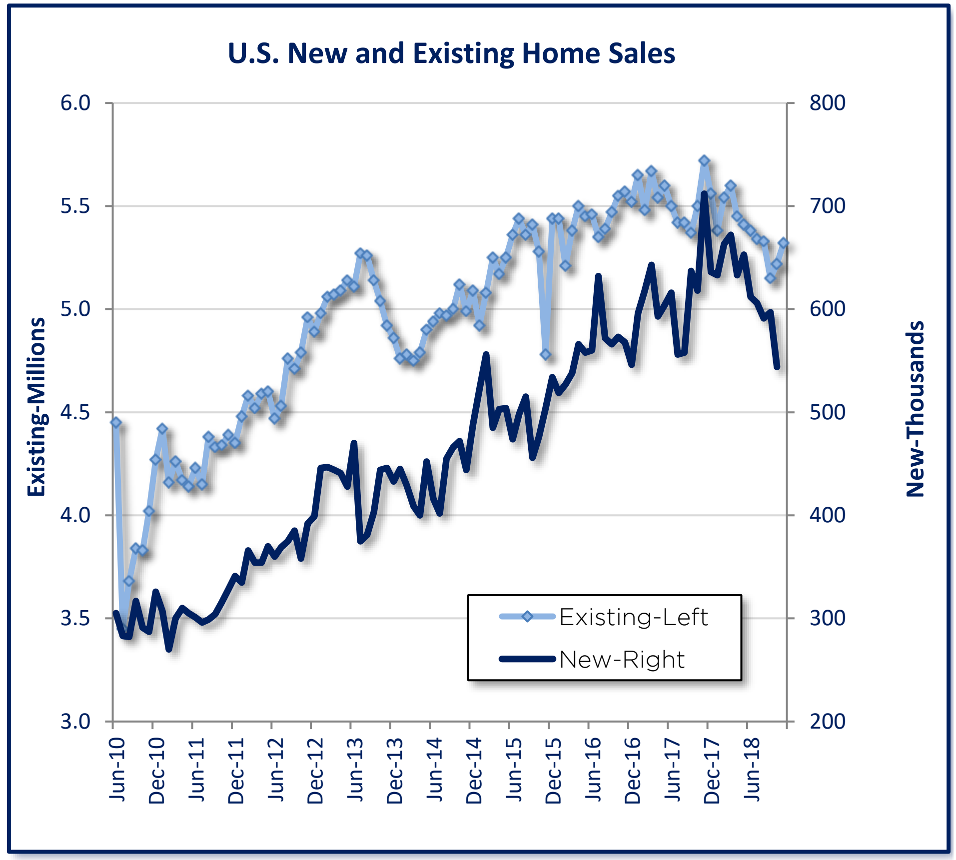
CPIX: Consumer Price Index, excluding food and energy



PCEC: Personal Consumption Expenditure Core

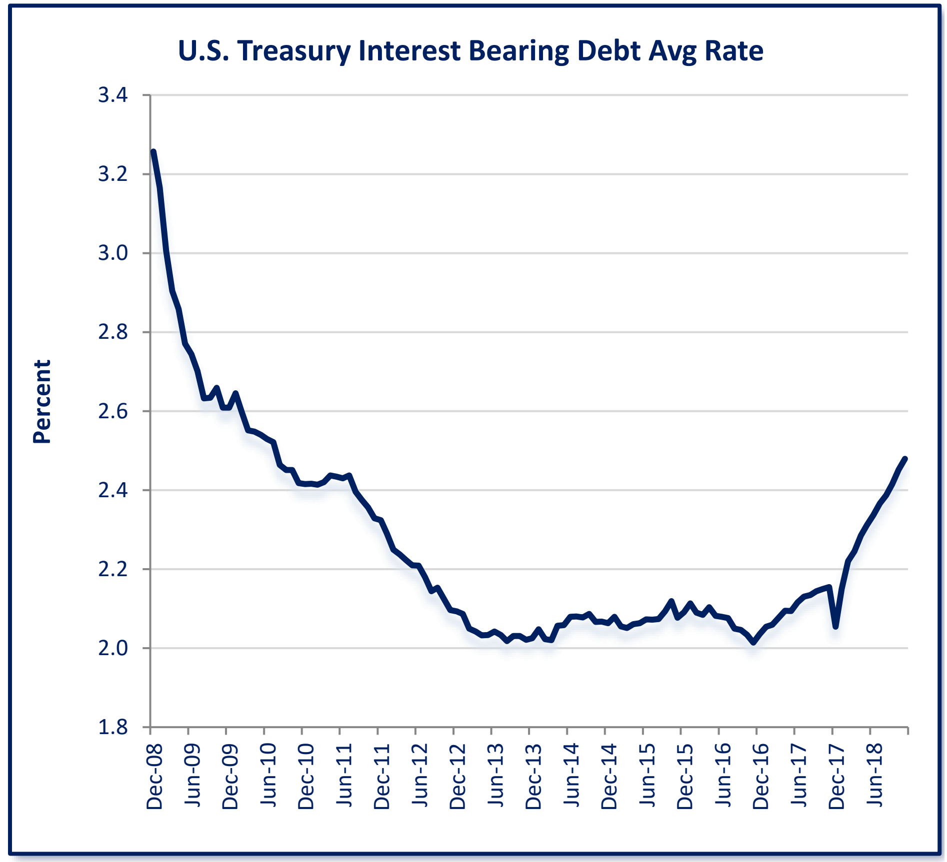
Source: Bureau of Labor Statistics and Bureau of Economic Analysis



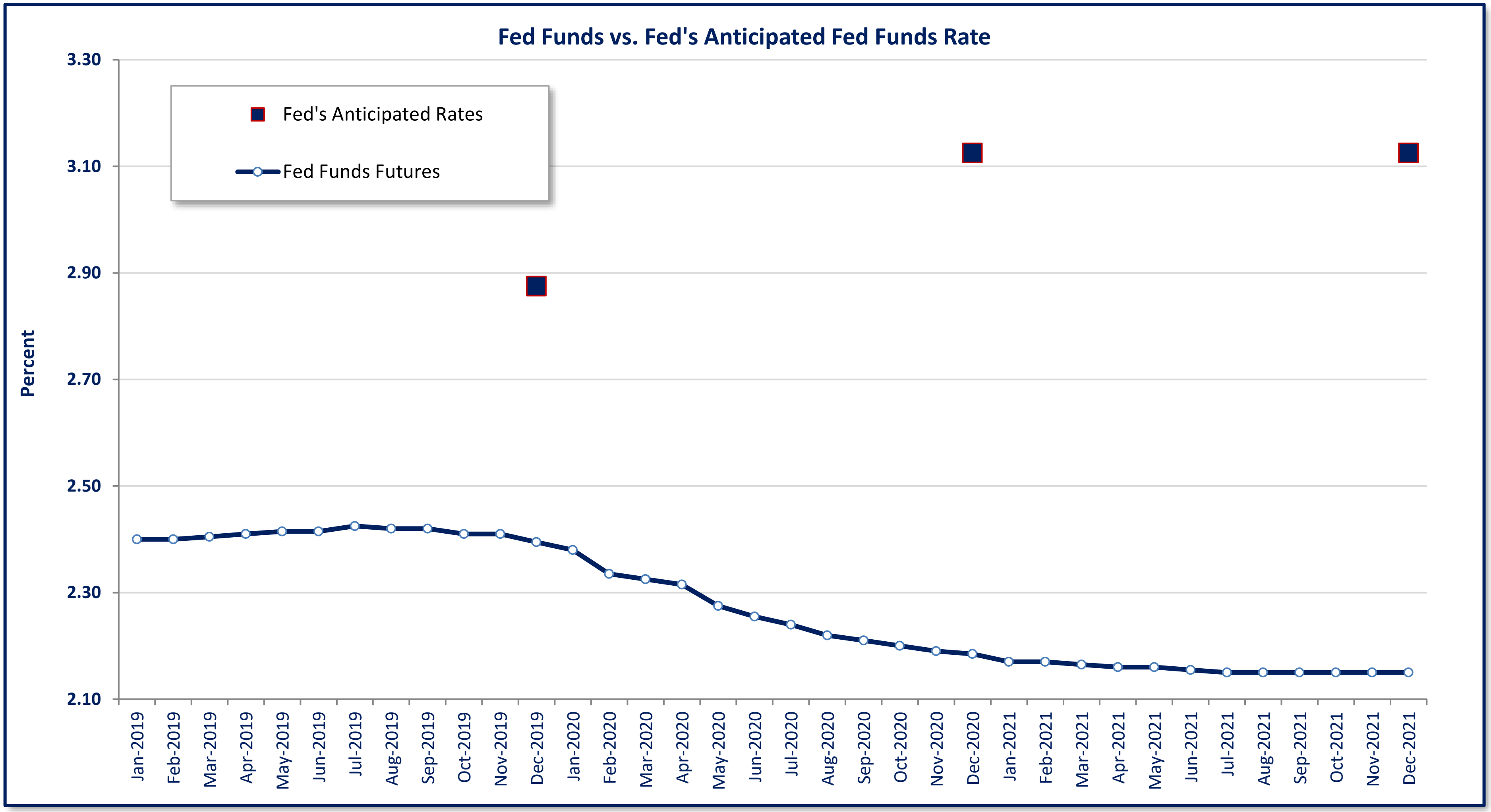


Source: Case-Shiller

Sources: New (U.S. Census Bureau),Existing (National Assoc. of Realtors)
Seasonally Adjusted Annual Rate

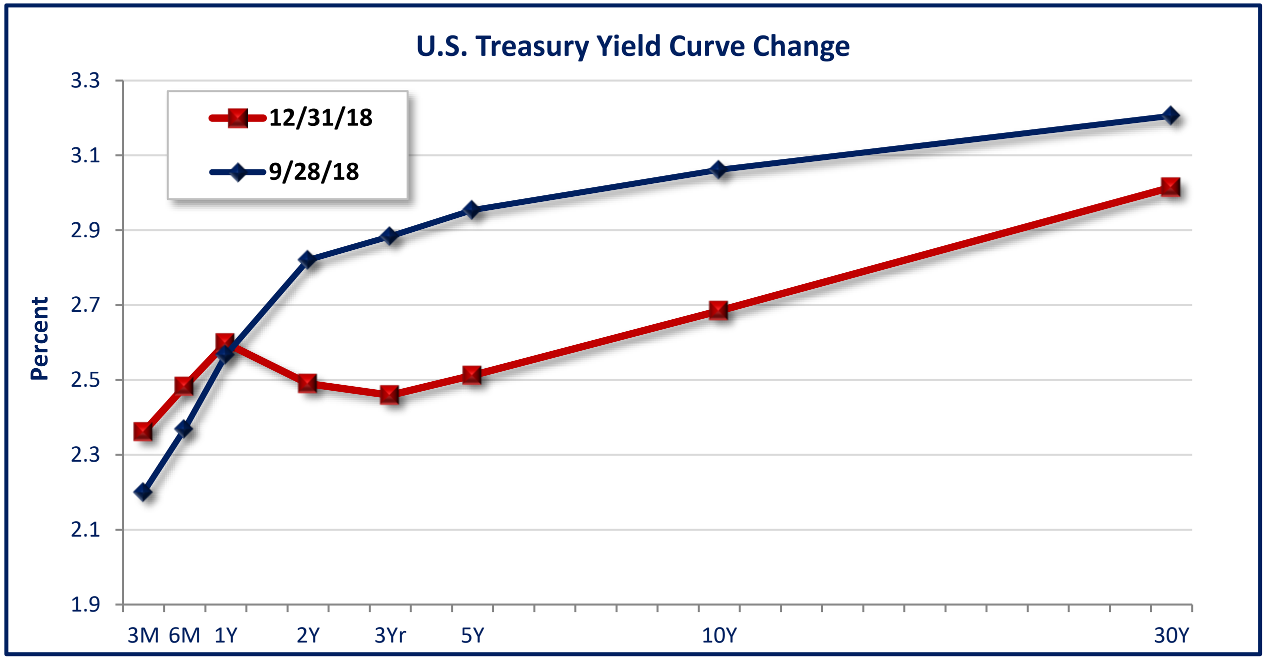


Source: U.S. Treasury

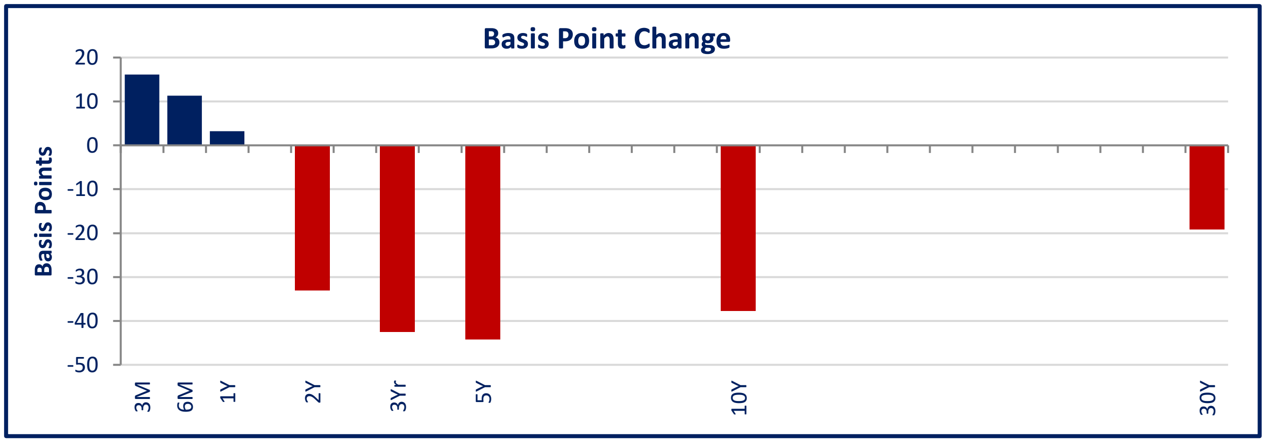


Fed Funds Anticipated Rate from the December 19, 2018 FOMC Meeting

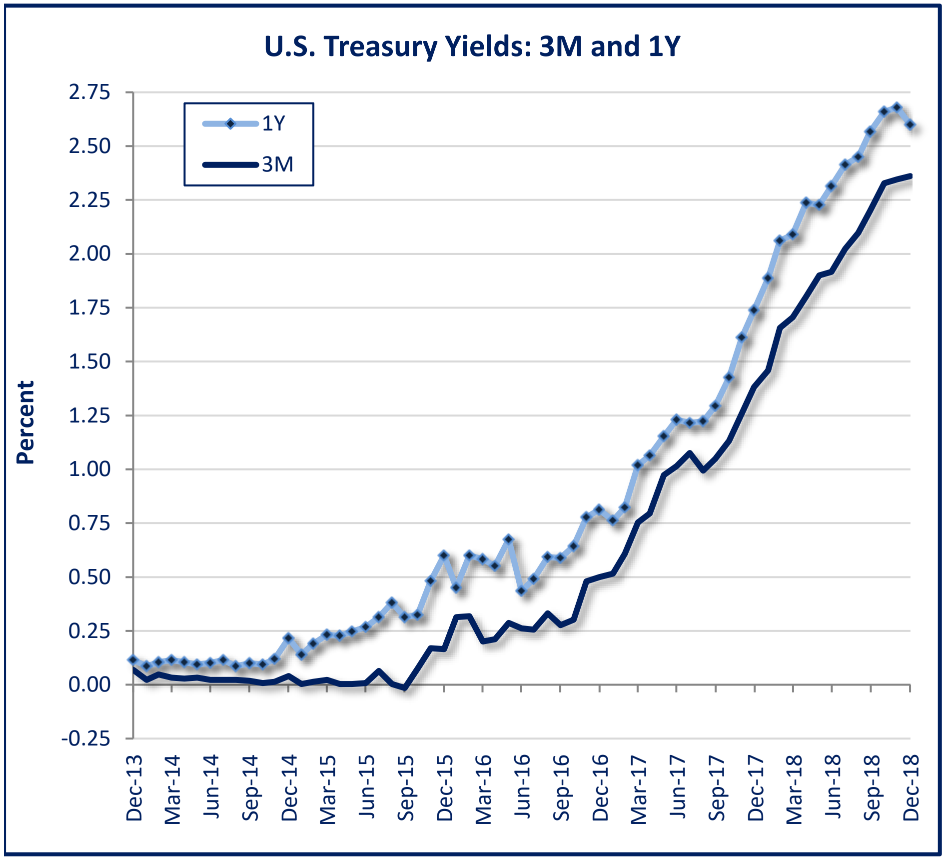
Source: Bloomberg

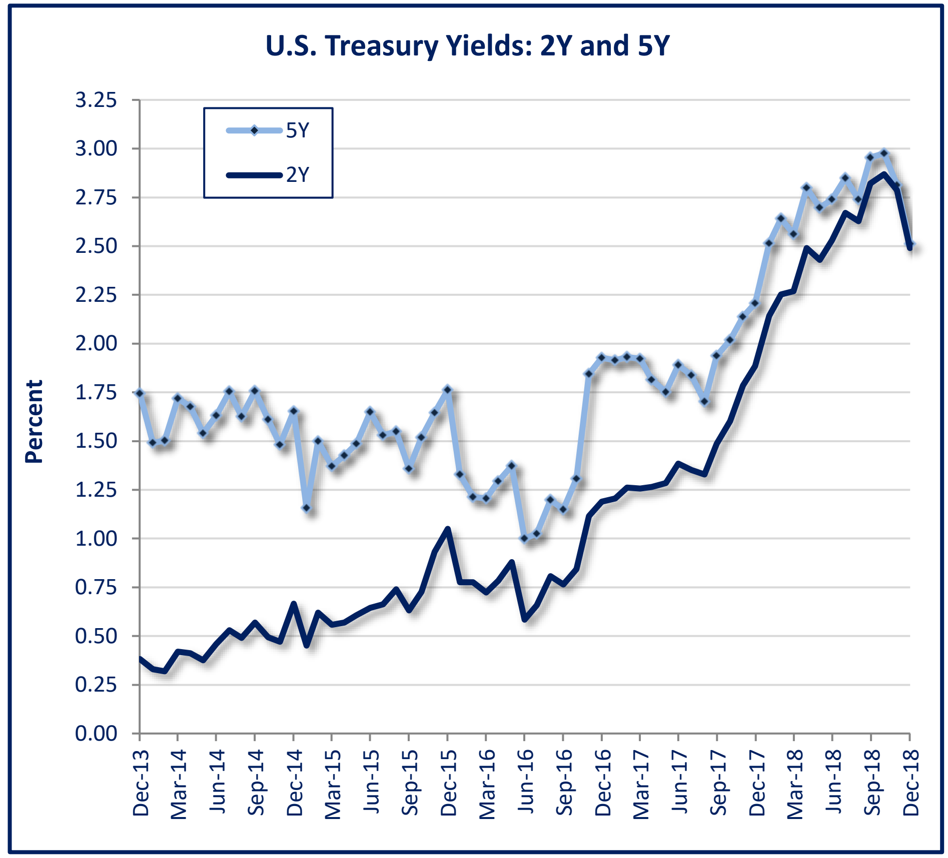


Maturity	9/28/18	12/31/18	Change
3M	2.20	2.36	0.16
6M	2.37	2.48	0.11
1Y	2.57	2.60	0.03
2Y	2.82	2.49	-0.33
3Y	2.88	2.46	-0.43
5Y	2.95	2.51	-0.44
10Y	3.06	2.69	-0.38
30Y	3.21	3.02	-0.19

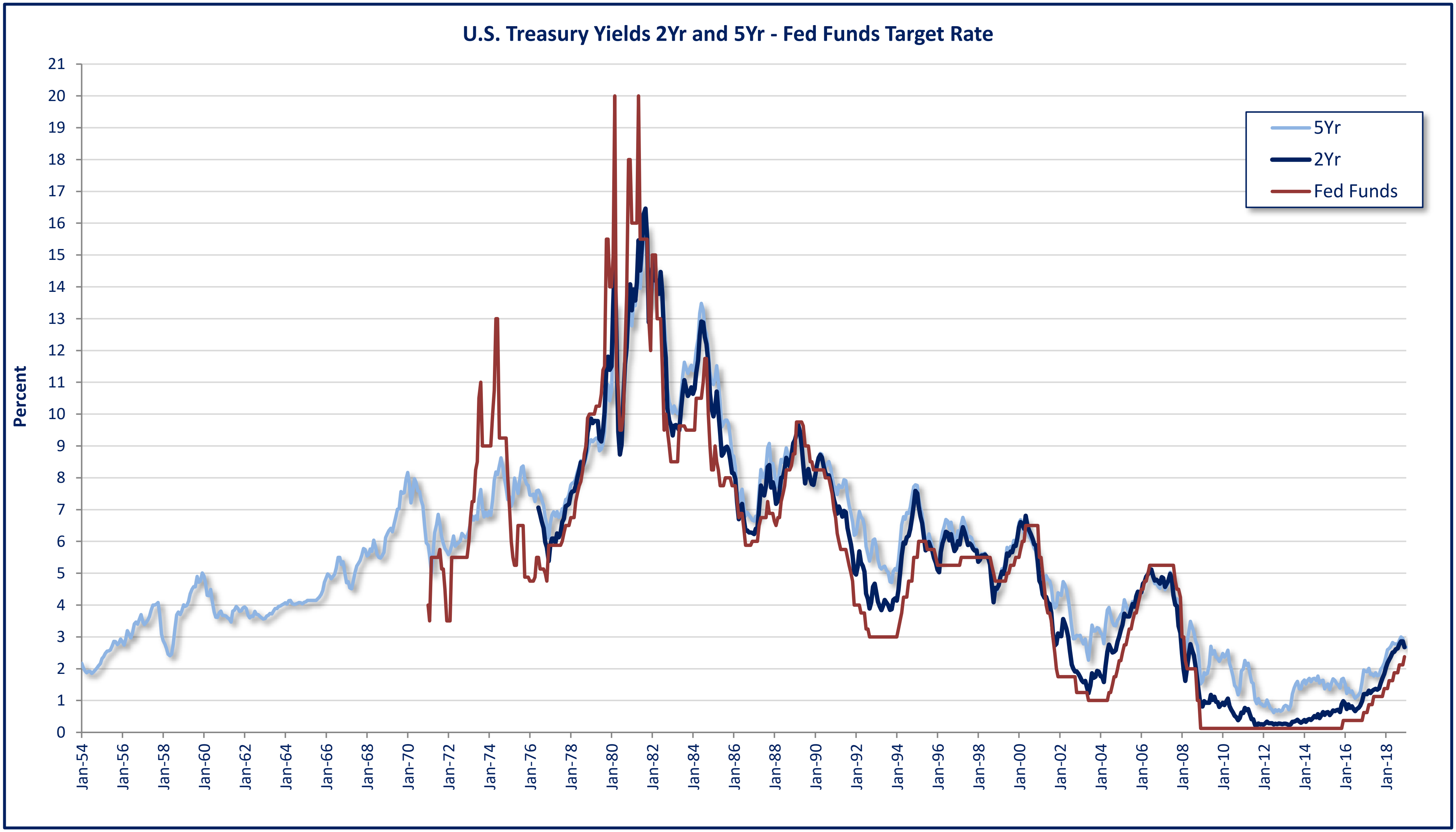


Source: Bloomberg
Figures may not total due to rounding



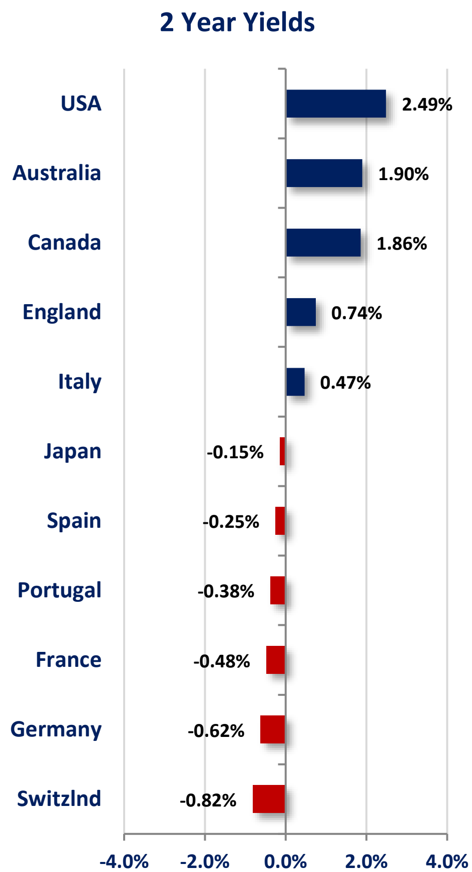


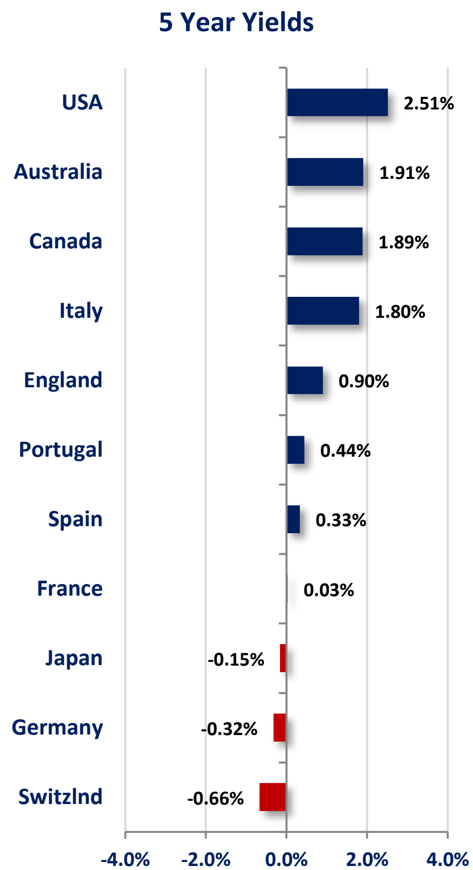
Source: Bloomberg

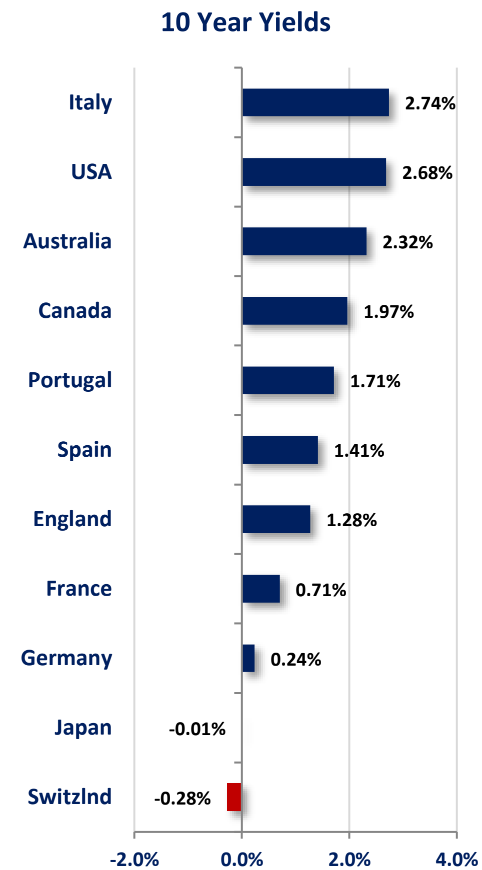


Source: Bloomberg

Global Treasury Rates







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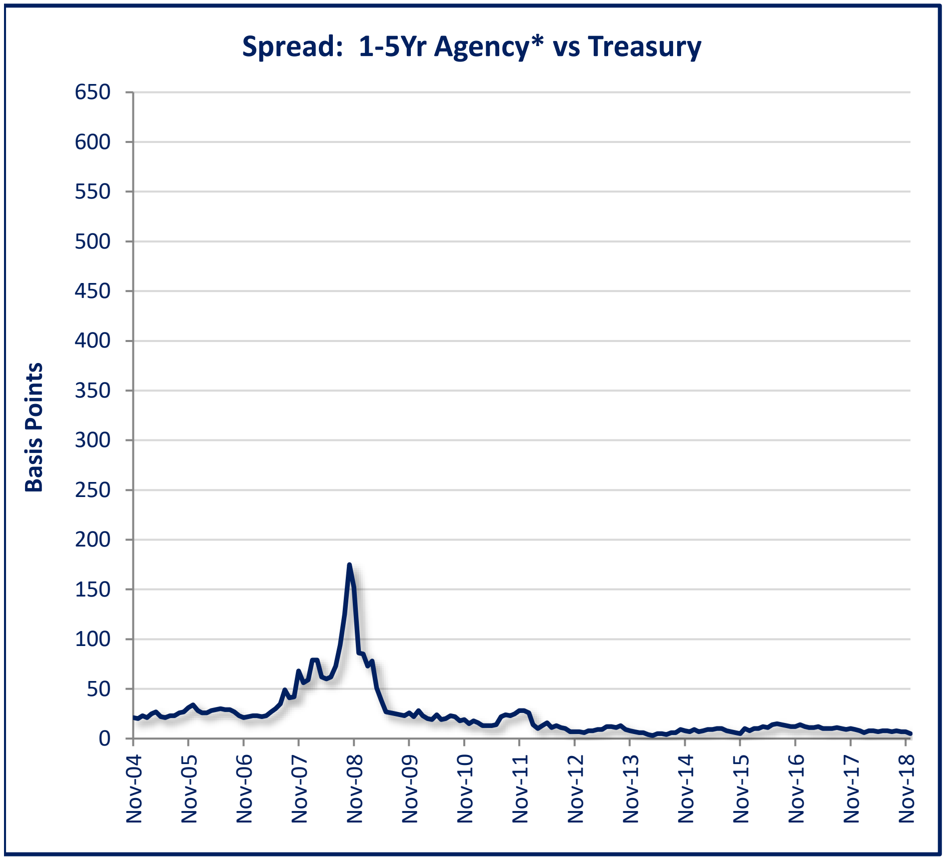
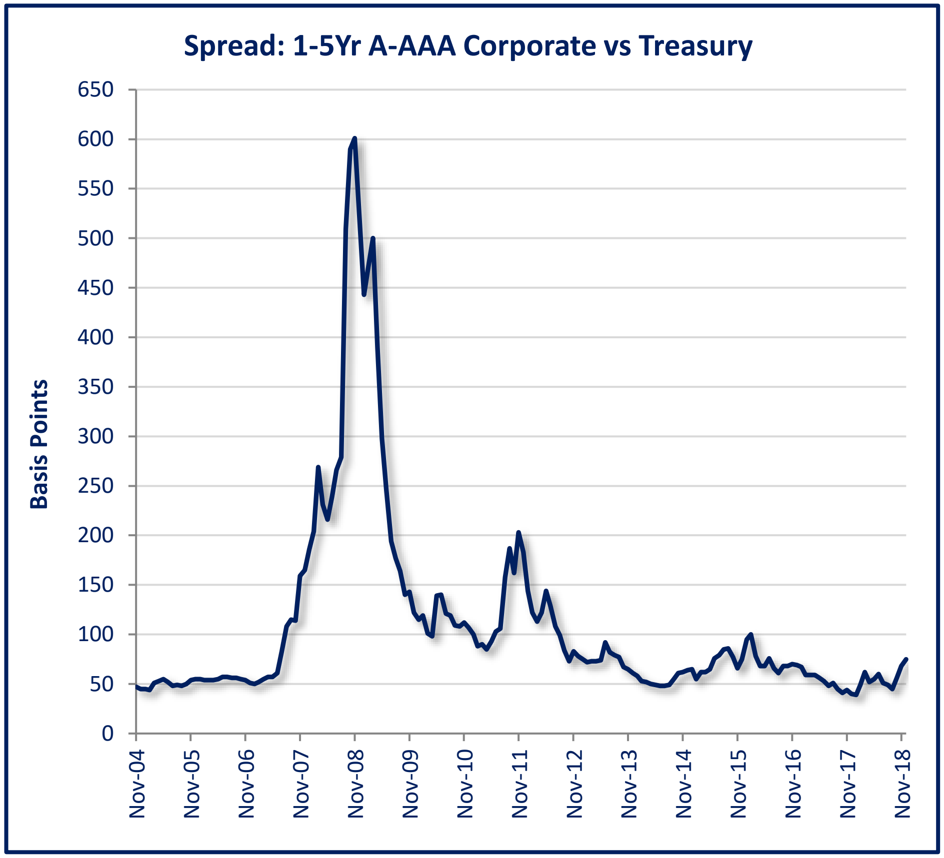


Current Spread is 5

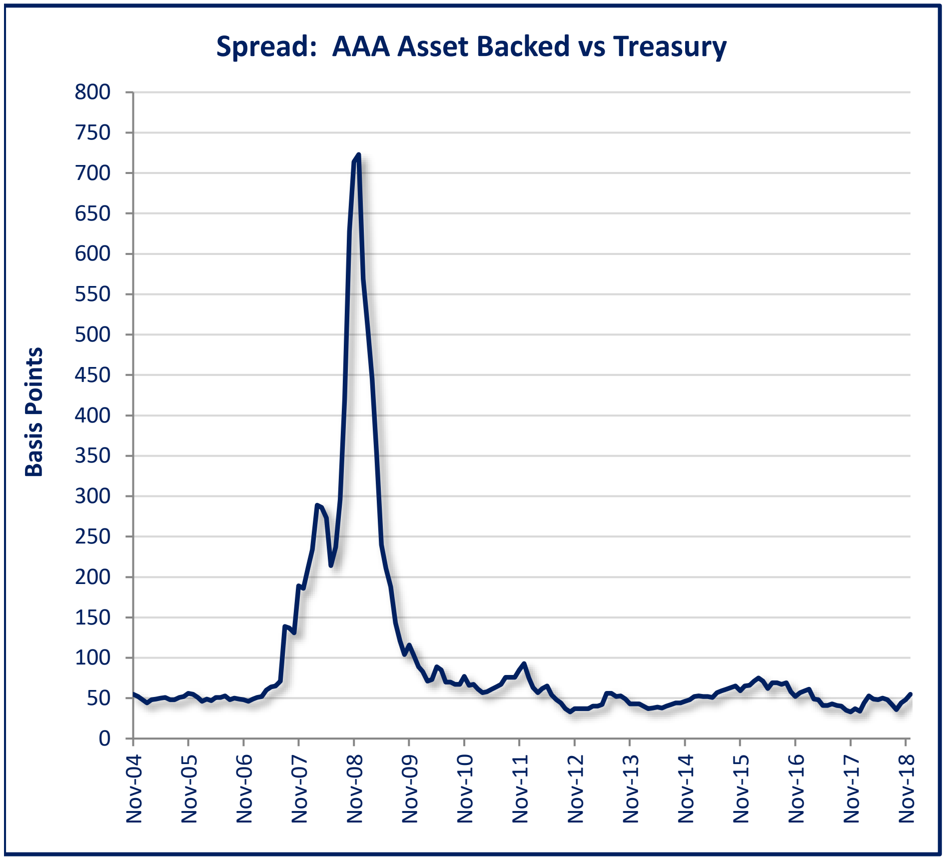


Current Spread is 75

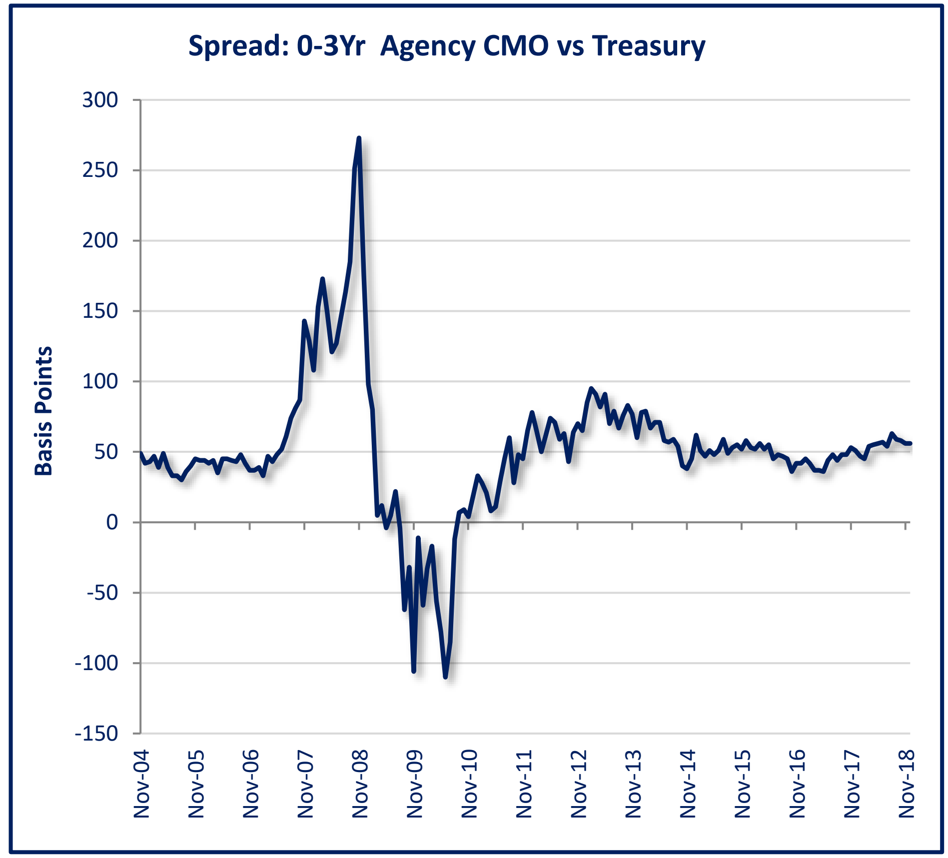
*ICE BofAML Index (option adjusted spread vs. Treasury)
Agency (GVP0)

*ICE BofAML Index (option adjusted spread vs. Treasury)
Corporate A-AAA Excluding Yankee (CVAC)

Source: ICE BofAML Indices



Current Spread is 55

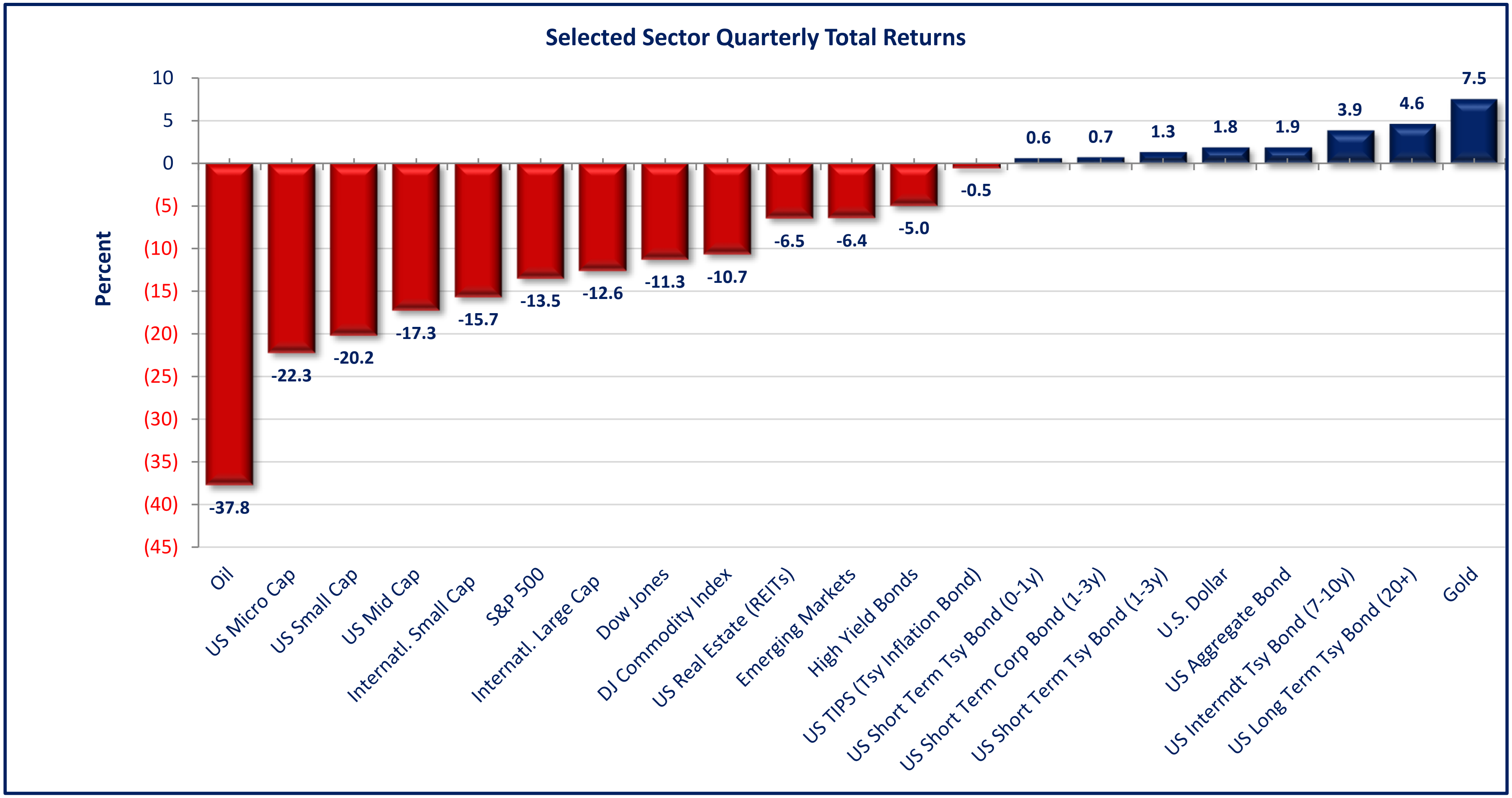


Current Spread is 56

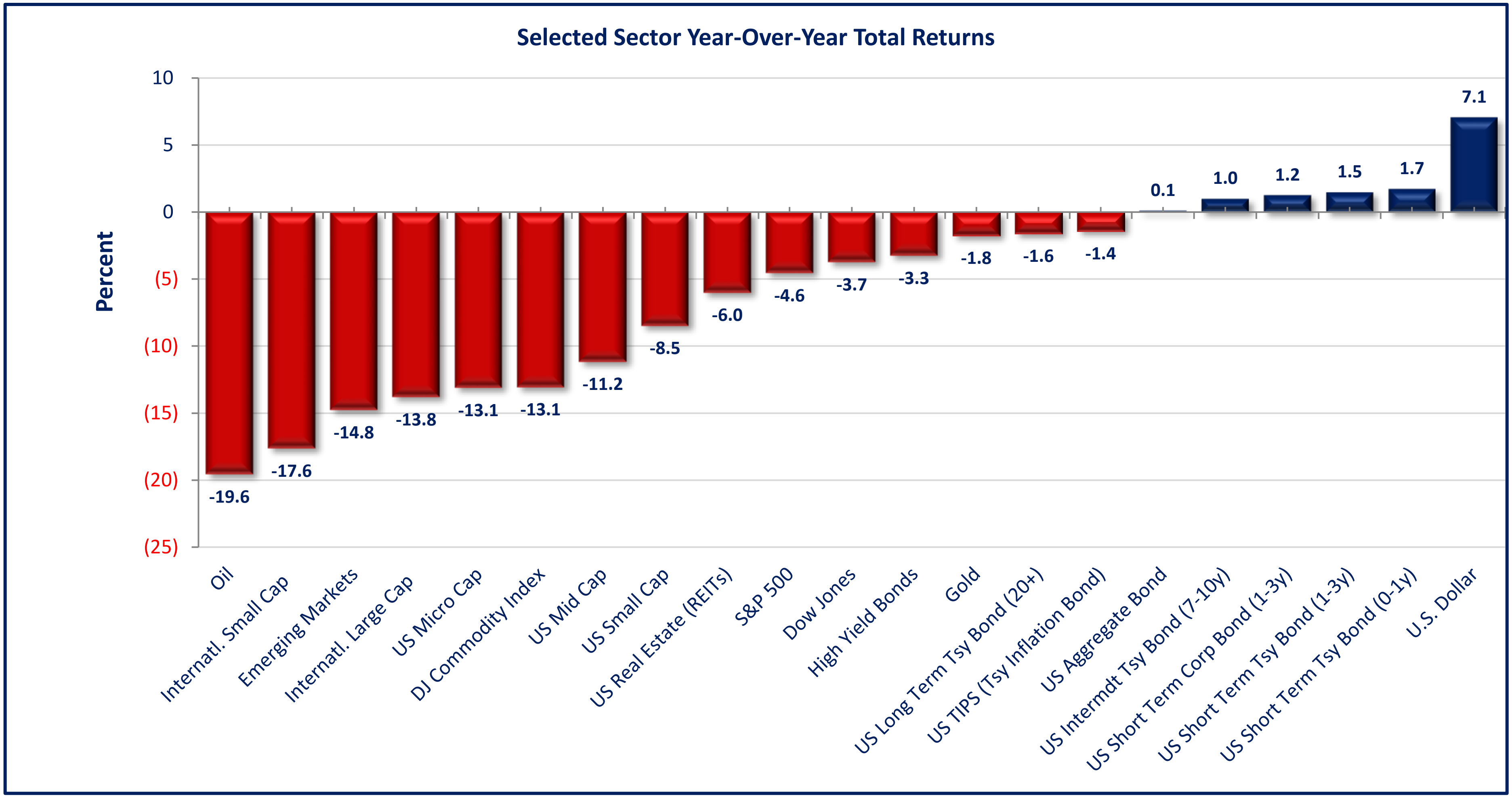
*ICE BofAML Index (option adjusted spread vs. Treasury)
AAA Rated ABS (R0A1)

*ICE BofAML Index (option adjusted spread vs. Treasury)
CMO Agency 0-3Yr PAC (CM1P)

Source: ICE BofAML Indices



Source: Bloomberg



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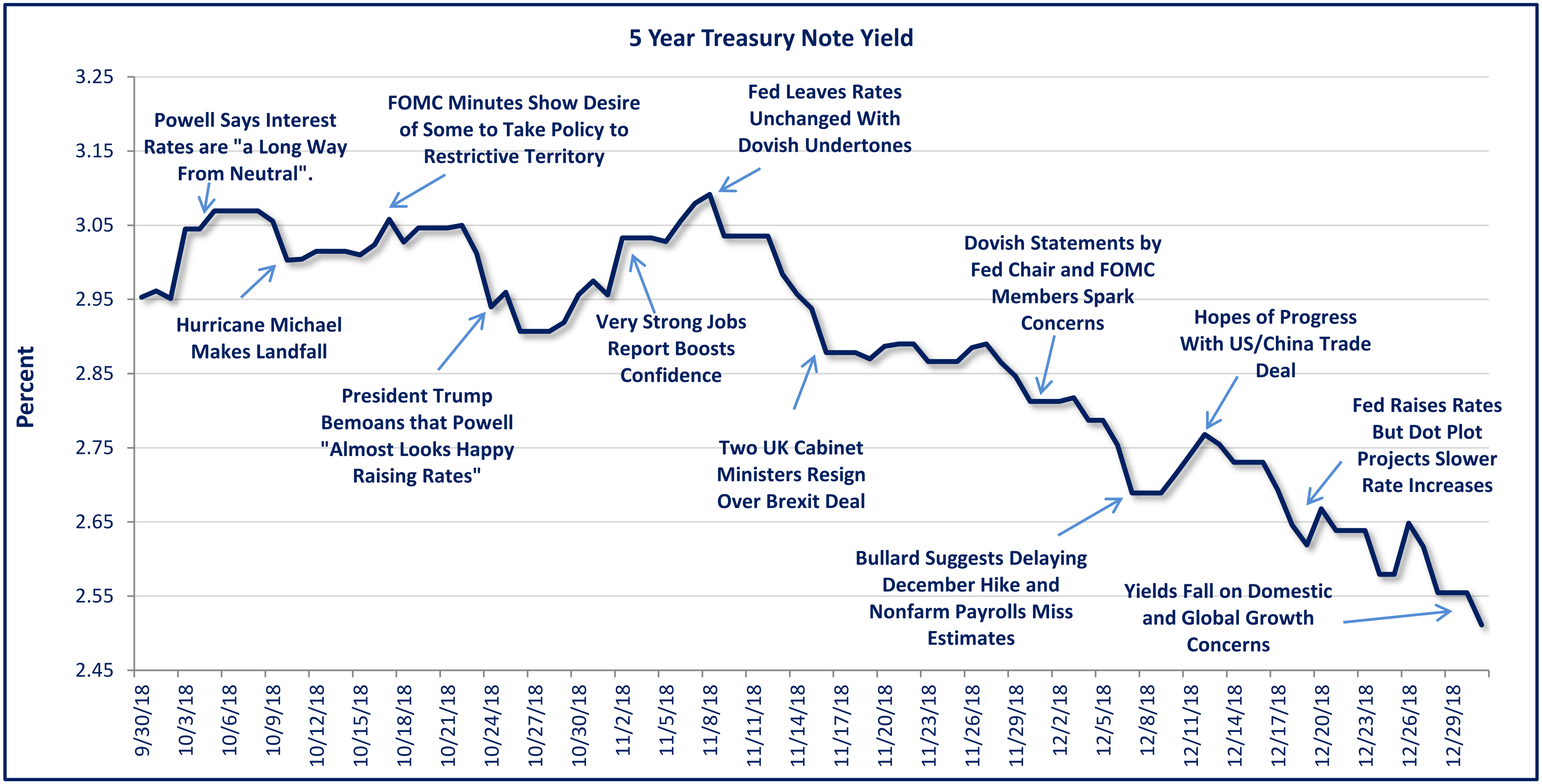
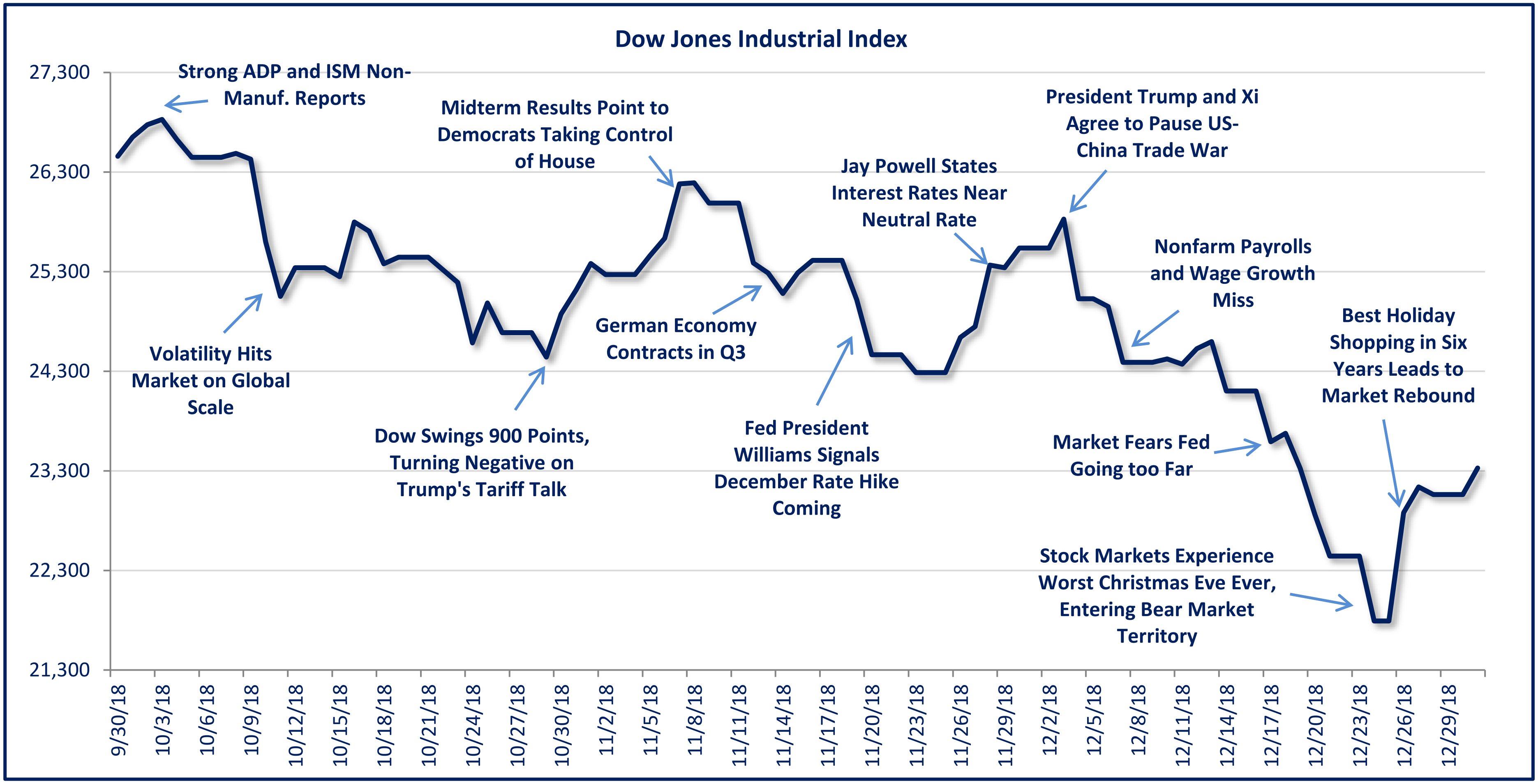


Sources: Bloomberg, FTN Main Street



Sources: Bloomberg, FTN Main Street

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FTN Financial Group, through FTB or its affiliates, offers investment products and services. Investment Products are not FDIC insured, have no bank guarantee and may lose value.

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APPENDIX H

TABLE OF ACCRETED VALUES

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APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL ASSURANCE CORP.

AN ASSURED GUARANTY COMPANY

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

MUNICIPAL ASSURANCE CORP. ("MAC"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of MAC, 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 Business Day next following the Business Day on which MAC shall have received Notice of Nonpayment, MAC will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by MAC, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 MAC. 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 MAC is incomplete, it shall be deemed not to have been received by MAC for purposes of the preceding sentence and MAC shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, MAC shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by MAC hereunder. Payment by MAC to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of MAC under this Policy.

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 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 MAC 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to MAC which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

MAC may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent 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 and the Paying Agent, (a) copies of all notices required to be delivered to MAC pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to MAC and shall not be deemed received until received by both and (b) all payments required to be made by MAC under this Policy may be made directly by MAC or by the Insurer's Fiscal Agent on behalf of MAC. The Insurer's Fiscal Agent is the agent of MAC only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of MAC to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, MAC 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 MAC to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of MAC, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, MUNICIPAL ASSURANCE CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

MUNICIPAL ASSURANCE CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Ltd.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100