PRELIMINARY OFFICIAL STATEMENT DATED MARCH 22, 2019

NEW ISSUE -- FULL BOOK-ENTRY

RATING: Moody's: "Aa1"
(See "RATING" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$15,000,000*
JEFFERSON ELEMENTARY SCHOOL DISTRICT
(San Mateo County, California)
Election of 2018 General Obligation Bonds, Series A

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

This cover page contains information for cursory reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page and not otherwise defined shall have the meanings set forth herein.

The Jefferson Elementary School District Election of 2018 General Obligation Bonds, Series A, in the aggregate principal amount of $15,000,000* (the "Bonds"), were authorized at an election of the registered voters of the Jefferson Elementary School District (the "District") held on November 6, 2018, at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $30,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued (i) to acquire, repair and construct certain equipment, sites and facilities of the District and (ii) to pay the costs associated with the issuance of the Bonds.

The Bonds represent general obligations of the District, payable solely from *ad valorem* property taxes. The Board of Supervisors of San Mateo County is empowered and obligated to annually levy *ad valorem* property taxes for the payment 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 as to certain personal property which is taxable at limited rates). 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 (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds, such that interest with respect to the Bonds accrues from the date of delivery (the "Date of Delivery") and is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2019. The Bonds are issuable in denominations of $5,000 or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as Paying Agent, to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners (defined herein) of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds are subject to optional redemption and mandatory sinking fund redemption as described herein.*

MATURITY SCHEDULE*
(see inside front cover)

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*The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed on for the Underwriter by Kutak Rock LLP, Denver, Colorado. The Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about April 30, 2019.**

STIFEL

The date of this Official Statement is _____ __, 2019.

* Preliminary, subject to change.

MATURITY SCHEDULE FOR BONDS*

$15,000,000*
JEFFERSON ELEMENTARY SCHOOL DISTRICT
(San Mateo County, California)
Election of 2018 General Obligation Bonds, Series A

Base CUSIP†: 472412

$_________ Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP†

$_____________ ___% Term Bonds due September 1, 20__ Yield _____ % CUSIP†___

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Services. Neither the Underwriter nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

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 in this Official Statement, 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 Underwriter has provided the following sentence for inclusion in this Official Statement:

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

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page and said public offering prices may be changed from time to time by the Underwriter.

The District maintains a website. However, the information presented on the District's website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

JEFFERSON ELEMENTARY SCHOOL DISTRICT
(San Mateo County, California)

BOARD OF EDUCATION

Clayton Koo, *President*
Shakeel Ali, *Vice President*
Maybelle Manio, *Clerk*
Marie Brizuela, *Member*
Manufou Liaiga-Anoa'i, *Member*

DISTRICT ADMINISTRATION

Bernardo Vidales, *Superintendent*
Julie Kessler, *Assistant Superintendent of Business Services/Chief Business Officer*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

Municipal Advisor

Keygent LLC
El Segundo, California

Paying Agent

The Bank of New York Mellon
Trust Company, N.A.
Dallas, Texas

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$15,000,000*
JEFFERSON ELEMENTARY SCHOOL DISTRICT
(San Mateo County, California)
Election of 2018 General Obligation Bonds, Series A

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of Jefferson Elementary School District (San Mateo County, California) Election of 2018 General Obligation Bonds, Series A, in the principal amount of $15,000,000* (the "Bonds").

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

The District

The Jefferson Elementary School District (the "District") was established in 1866 and serves pre-kindergarten through 8th grade students from four contiguous areas in San Mateo County (the "County") – the cities of Daly City and Colma, unincorporated Broadmoor Village, and a small section of the city of Pacifica. The population served by the District is approximately 103,000. The District operates 10 elementary schools, one K-8 school, three intermediate schools and a Pre-K Child Development Center. The District's P-2 average daily attendance for fiscal year 2018-19 is projected to be 5,778 students. The District has a 2018-19 total assessed valuation of $11,037,556,164. See "THE DISTRICT" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

The District is governed by a five-member Board of Education (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other personnel. Bernardo Vidales is currently the District Superintendent. See "THE DISTRICT" herein.

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates). See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Purpose of Issue

The Bonds are being issued to (i) acquire, repair and construct certain equipment, sites and facilities of the District (the "Project") as authorized by the voters of the District at the election on

* Preliminary, subject to change.

November 6, 2018, and (ii) pay all necessary legal, financial and contingent costs in connection with the issuance of the Bonds. See "THE BONDS – Application and Investment of Bond Proceeds" herein.

Description of the Bonds

Form, Registration and Denomination. The Bonds will be issued in fully registered form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover, under the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. See "THE BONDS – Book-Entry Only System" herein. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See "THE BONDS –Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners", "Bondowners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS" and in "APPENDIX B") will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount, or any integral multiple thereof.

Redemption.* The Bonds maturing on or after September 1, 20__* are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on September 1, 20__* or on any date thereafter as a whole, or in part. The Term Bonds are subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Redemption" herein.

Payments. Interest on the Bonds accrues from the date of delivery of the Bonds (the "Date of Delivery") and is payable semiannually on each March 1 and September 1, commencing September 1, 2019 (each a "Bond Payment Date"). Principal on the Bonds is payable in the amounts and years as set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as the bond registrar and paying agent (in such capacity, the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the beneficial owners of the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), based on existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. In addition,

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* Preliminary, subject to change.

the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and other applicable law, and pursuant to a Resolution (defined herein) adopted by the Board of Education of the District. See "THE BONDS – Authority for Issuance" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about April 30, 2019*.

Continuing Disclosure

The District will covenant for the benefit of bondholders to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with S.E.C. Rule 15c2-12(b)(5). The specific nature of the information to be made available and of the notices of enumerated events required to be provided are summarized in APPENDIX C.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth will receive compensation from the District contingent upon the sale and delivery of the Bonds. Keygent LLC, El Segundo, California, is acting as Municipal Advisor to the District with respect to the issuance of the Bonds. Certain matters are being passed upon for the Underwriter by Kutak Rock LLP, Denver, Colorado. The Bank of New York Mellon Trust Company, N.A. is acting as Paying Agent for the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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* Preliminary, subject to change.

The District does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Superintendent, Jefferson Elementary School District, 101 Lincoln Avenue, Daly City, CA 94015, telephone: (650) 991-1000. The District may impose a charge for copying, mailing and handling.

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

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

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

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution (defined herein).

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Act”), Article XIIIA of the California Constitution and pursuant to a resolution adopted by the Board of Education of the District on February 27, 2019 (the “Resolution”). The County has adopted a resolution pursuant to Section 15140(b) of the Education Code that authorizes the District to issue the Bonds on their own behalf.

The District received authorization at an election held on November 6, 2018 (the “2018 Authorization”), at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $30,000,000 principal amount of general obligation bonds of the District. After the issuance of the Bonds, $15,000,000* of the 2018 Authorization will remain.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. The levy may include allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. Such taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be placed in the Debt Service Fund (defined herein), which is required to be segregated and maintained by the County and which is designated for the payment of Bonds to which such Debt Service Fund relates, and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds to which such fund relates. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Fund, none of the Bonds are a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable, will be transferred to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants for subsequent disbursement to the Beneficial Owners of the Bonds.

The rate of the annual *ad valorem* property taxes levied by the County 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 in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien

Pursuant to California Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other

* Preliminary, subject to change.

parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

Description of the Bonds

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 certificates representing their interests in the Bonds.

Interest with respect to the Bonds accrues from the Date of Delivery, and is payable semiannually on March 1 and September 1 of each year commencing September 1, 2019. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before August 15, 2019, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on September 1, in the years and amounts set forth on the inside cover page hereof.

Payment. The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month preceding any Bond Payment Date (each a "Record Date"), whether or not such day is a business day, such interest to be paid by wire transfer on such Bond Payment Date to such bank and account number as the registered Owner may have filed with the Paying Agent for that purpose. See "THE BONDS – Book-Entry Only System" herein.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District, the Underwriter and the Municipal Advisor take no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates 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 Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "MMI Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Bonds 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 Bonds 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 and www.dtc.org.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect 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.

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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and 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, 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 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.

DTC may discontinue providing its services as 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 depository is not obtained, Bond certificates are required to be printed and delivered.

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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

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

The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the Record Date, whether or not such day is a business day, such interest to be paid by wire transfer on such Bond Payment Date to such bank and account number as the registered Owner may have filed with the Paying Agent for that purpose.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount upon presentation and surrender at the designated corporate trust office of the Paying Agent together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond registration books only upon presentation and surrender of the Bond at such designated corporate trust office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the owner equal to the principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners", "Bondowners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS" and in "APPENDIX B") will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Paying Agent

The Bank of New York Mellon Trust Company, N.A., located in Dallas, Texas, 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 any notice of redemption or other notices to Owners only to DTC.

Neither the Paying Agent, the District, the Municipal Advisor, nor the Underwriter of the Bonds have any 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.

Redemption

Optional Redemption.* The Bonds maturing on or before September 1, 20__* are not subject to redemption. The Bonds maturing on or after September 1, 20__* are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part on any date, on or after September 1, 20__*, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Redemption.* The Term Bonds maturing on September 1, 20__*, are subject to redemption prior to maturity from mandatory sinking fund payments on September 1 of each year, on and after September 1, 20__*, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such Term Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

* Preliminary, subject to change.

Redemption Date (September 1)	**Principal Amount**

[(1)] Maturity.

In the event that a portion of the Term Bonds maturing on September 1, 20__ are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select the Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption as directed by the District and, if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent will determine; *provided, however*, with respect to redemption by lot, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption. When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bonds to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a notice of redemption has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any notice of redemption nor any defect in any such notice of redemption so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Conditional Notice of Redemption. With respect to any notice of optional redemption of Bonds (or portions thereof) described above, unless upon the giving of such notice such Bonds (or portions thereof) will be deemed to have been defeased, such notice will state that such redemption is conditional upon the receipt by an independent escrow agent selected by the District on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the principal of, and premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys are not so received said notice shall be of no force and effect, no portion of the Bonds shall be subject to redemption on such date and such Bonds shall not be required to be redeemed on such date. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice, to the persons to whom and in the manner in which the notice of redemption was given, that such moneys were not so received. In addition, the District has the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of rescission of such notice in the same manner as such notice was originally provided.

Payment of Redeemed Bonds. When notice of redemption has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is set aside for that purpose, as described below, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the notice of redemption with the form of assignment endorsed thereon executed in blank, said Bonds will be redeemed and paid at the redemption price thereof. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, is held in trust so as to be available therefor on such redemption date, and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held by the Paying Agent or an independent escrow agent irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the Debt Service Fund, if any, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any), at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys transferred from the Debt Service Fund, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), and obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed by S&P Global Ratings ("S&P") or Moody's Investors Service at least as high as direct and general obligations of the United States of America ("Moody's").

Application and Investment of Bond Proceeds

The Project. The District plans to use the proceeds from the sale of the Bonds to (i) acquire, repair and construct certain equipment, sites and facilities of the District, as authorized by the voters of the District in the 2018 Authorization (collectively, the "Project") and (ii) pay the costs associated with the issuance of the Bonds.

Building Fund. The proceeds of the sale of the Bonds shall be deposited in the Jefferson Elementary School District Election of 2018 General Obligation Bonds, Series A Building Fund (the "Building Fund") and shall be applied only to finance the Project as described above. Any interest earnings on moneys held in the Building Fund shall be retained in the Building Fund. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds.

Debt Service Fund. Any premium or accrued interest received by the District on the sale of the Bonds shall be deposited in the fund held by the County and known as the "Jefferson Elementary School District Election of 2018 General Obligation Bonds, Series A Debt Service Fund" (the "Debt Service Fund"). Any interest earnings on moneys held in the Debt Service Fund shall be retained in the Debt Service Fund. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the Debt Service Fund or otherwise held in trust for the payment of the redemption price of the Bonds, said moneys shall be transferred to the general fund of the District as provided and permitted by law.

Expected Investment of Bond Proceeds. In accordance with the Resolution and subject to federal tax restrictions, moneys in the Debt Service Fund and the Building Fund may be invested in the following: (i) lawful investments permitted by Sections 16429.1 and 53601 of the Government Code; (ii) shares in a State common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Section 53635 of the Government Code; (iii) a guaranteed investment contract with a provider rated in at least the second highest category by each rating agency then rating the Bonds, (iv) the Local Agency Investments Fund of the State Treasurer, (v) the County's Treasury Pool (as defined herein), and (vi) State and Local Government Series Securities.

Subject to federal tax restrictions, moneys in the Building Fund and the Debt Service Fund held by the County are permitted to be invested at the County Treasurer-Tax Collector's discretion pursuant to law and the investment policy of the County. Moneys in the Building Fund and the Debt Service Fund are expected to be invested through the San Mateo County Treasury Pool. See "APPENDIX E - SAN MATEO COUNTY TREASURY POOL" herein.

ESTIMATED 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 the Bonds
Net Original Issue Premium
Total Sources

Uses of Funds

Building Fund
Debt Service Fund
Costs of Issuance[(1)]
Total Uses

[(1)] Reflects all costs of issuance including, but not limited to, the Underwriter's discount, the Municipal Advisory fees, legal fees, printing costs, rating agency fees, the costs and fees of the Paying Agent, and other costs of issuance of the Bonds.

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule with respect to the Bonds (assuming no optional redemptions are made):

Period Ending September 1	Annual Principal Payment	Annual Interest Payment[(1)]	Total Debt Service
Totals			

(1) Interest payments will be made semiannually on March 1 and September 1 of each year, commencing September 1, 2019 for the Bonds.

See "DISTRICT FINANCIAL INFORMATION – District Debt Structure – General Obligation Bonds" herein for a schedule of the combined debt service requirements for all of the District's outstanding general obligation bonds.

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CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax levied by the County for the payment thereof. (See "THE BONDS – Security and Sources of Payment" herein). Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and the District to 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 County on behalf 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, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

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

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value, adjusted for inflation. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on 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% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence, the tax for payment of the bonds issued by the District under the 2012 Authorization (as defined herein) falls within the exception described in (c) of the immediately preceding sentence, and the tax for payment of bonds issued by the District under the 2001 Authorization (as defined herein) falls within the exception described in (b) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the State legislature to change any state taxes for the purpose of increasing tax revenues.

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 relevant 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.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

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

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor, (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120 percent of the Original Cash Value, then the Replacement Base Year Value is calculate by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120 percent of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged

Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105 percent of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110 percent of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115 percent of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

State-Assessed Utility 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. Such State-assessed unitary and certain other property is allocated to the counties by the 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.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION" herein.

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. As amended, Article XIIIB defines

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

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

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article 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 such as the Bonds, (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 State 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.

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 pursuant to Section 8.5 of Article XVI of the State Constitution. See "Propositions 98 and 111" below.

Article XIIIC and Article 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. 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.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the California Constitution. 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.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article 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.

Propositions 98 and 111

On November 8, 1988, voters of the State of California 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 changed 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 the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, 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 is automatically 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 can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's budget.

On June 5, 1990, the voters of the State of California 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:

a. <u>Annual Adjustments to Spending Limit</u>. 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.

b. <u>Treatment of Excess Tax Revenues</u>. "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.

c. <u>Exclusions from Spending Limit</u>. 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 State 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 State Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. <u>Recalculation of Appropriations Limit</u>. 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.

e. <u>School Funding Guarantee</u>. 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. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% 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 State-wide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State 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, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% 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% of the voters. These provisions require such bonds may be issued only if the tax rate per $100,000 of taxable property value projected to be levied as the result of any single election would not exceed $60 (for a unified school district), $30 (for a high school or elementary school district), or $25 (for a community college district) when assessed valuation is projected to increase in accordance with Article XIIIA of the State Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

Jarvis v. Connell

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

Proposition 1A and Proposition 22

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

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades. See "DISTRICT FINANCIAL INFORMATION – State Dissolution of Redevelopment Agencies" herein.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 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 personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 98" and "—Proposition 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the

10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at $3 million for a new facility and $1.5 for a modernized facility. Charter schools must be deemed financially sound before project approval.

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

The District makes no guarantees that it will either pursue or qualify for Proposition 51 state facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 22, 26, 30, 39, 98, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from* ad valorem *property taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem **Property Taxation**

District property taxes are assessed and collected by the County at the same time and on the same rolls as special district property taxes. Assessed valuations are the same for both the District and the County's taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." Unsecured property comprises certain property not attached to land such as personal property or business property. Boats and airplanes are examples of such property. Unsecured property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within that County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus a minimum $10 cost on the second installment, plus any additional amount determined by the Treasurer-Tax Collector of the County. Property on the secured roll with delinquent taxes is declared tax-defaulted on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a minimum $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the tax-collecting authority of the County.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "– Tax Levies, Collections and Delinquencies" herein.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and K-14 school districts share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

The assessed valuation of property in the District is established by the tax assessing authority for the county in which such property is located, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full cash value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed and re-assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein. Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Property within the District has a total assessed valuation for fiscal year 2018-19 of $11,037,556,164. The following table shows the historical assessed valuations in the District as of the date the equalized assessment tax roll is established in August of each year, excluding any exemptions granted after such date in each year.

ASSESSED VALUATIONS
FISCAL YEARS 2009-10 THROUGH 2018-19
Jefferson Elementary School District

	Secured	Utility	Unsecured	Total	% Change[1]
2009-10	$7,115,917,990	$723,100	$241,497,034	$7,358,138,124	--
2010-11	7,172,837,549	723,100	236,412,540	7,409,973,189	0.70%
2011-12	7,237,077,928	542,325	241,058,927	7,478,679,180	0.93
2012-13	7,353,964,815	542,325	235,369,967	7,589,877,107	1.49
2013-14	7,837,113,952	542,325	229,397,131	8,067,053,408	6.29
2014-15	8,243,817,646	542,325	233,449,762	8,477,809,733	5.09
2015-16	8,688,880,945	723,100	258,040,358	8,947,644,403	5.54
2016-17	9,182,720,923	723,100	235,584,118	9,419,028,141	5.27
2017-18	9,699,466,794	723,100	236,388,646	9,936,578,540	5.49
2018-19	10,779,114,274	723,100	257,718,790	11,037,556,164	11.08

Source: California Municipal Statistics, Inc.
[1] Provided by the Underwriter.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, drought, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rates levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Appeals and Adjustments of Assessed Valuations. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be 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. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

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.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein. Such reductions are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA.

No assurance can be given that property tax appeals or actions by the County Assessor in the future will not significantly reduce the assessed valuation of property within the District.

Assessed Valuation and Parcels by Land Use. The following table shows the assessed valuation and parcels by land use in fiscal year 2018-19 in the District.

ASSESSED VALUATION AND PARCELS BY LAND USE
FISCAL YEAR 2018-19
Jefferson Elementary School District

Non-Residential:	**2018-19 Assessed Valuation**[1]	**% of Total**	**No. of Parcels**	**% of Total**
Commercial/Office	$1,773,415,249	16.45%	531	2.68%
Industrial	54,515,267	0.51	41	0.21
Hotel	17,782,273	0.16	5	0.03
Recreational	90,429,608	0.84	28	0.14
Government/Social/Institutional	132,140,643	1.23	148	0.75
Miscellaneous	17,412,170	0.16	86	0.43
Subtotal Non-Residential	$2,085,695,210	19.35%	839	4.24%
Residential:				
Single Family Residence	$6,991,547,192	64.86%	16,189	81.72%
Condominium/Townhouse	474,483,934	4.40	1,166	5.89
Mobile Home	11,012,937	0.10	260	1.31
Mobile Home Park	52,104,463	0.48	3	0.02
2 Residential Units	342,742,434	3.18	583	2.94
5+ Residential Units/Apartments	754,404,833	7.00	293	1.48
Miscellaneous Residential	3,037,756	0.03	10	0.05
Subtotal Residential	$8,629,333,549	80.06%	18,504	93.41%
Vacant Parcels	$64,085,515	0.59%	467	2.36%
Total	$10,779,114,274	100.00%	19,810	100.00%

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

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Assessed Valuation Per Parcel of Single Family Homes. The following table shows the assessed valuation per parcel of single-family homes in fiscal year 2018-19 in the District.

ASSESSED VALUATION PER PARCEL OF SINGLE-FAMILY HOMES
FISCAL YEAR 2018-19
Jefferson Elementary School District

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	16,189	$6,991,547,192	$431,870	$388,498

2018-19 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	72	0.445%	0.445%	$3,043,225	0.044%	0.044%
50,000 - 99,999	2,215	13.682	14.127	170,867,444	2.444	2.487
100,000 - 149,999	992	6.128	20.254	122,267,845	1.749	4.236
150,000 - 199,999	875	5.405	25.659	153,157,714	2.191	6.427
200,000 - 249,999	955	5.899	31.558	215,118,680	3.077	9.504
250,000 - 299,999	922	5.695	37.254	254,591,722	3.641	13.145
300,000 - 349,999	1,130	6.980	44.234	367,258,689	5.253	18.398
350,000 - 399,999	1,180	7.289	51.523	441,210,934	6.311	24.709
400,000 - 449,999	832	5.139	56.662	352,644,402	5.044	29.753
450,000 - 499,999	874	5.399	62.061	415,608,523	5.944	35.697
500,000 - 549,999	797	4.923	66.984	418,807,677	5.990	41.687
550,000 - 599,999	833	5.145	72.129	479,346,997	6.856	48.543
600,000 - 649,999	739	4.565	76.694	462,139,644	6.610	55.153
650,000 - 699,999	677	4.182	80.876	457,178,795	6.539	61.692
700,000 - 749,999	669	4.132	85.008	484,354,238	6.928	68.620
750,000 - 799,999	589	3.638	88.647	456,642,450	6.531	75.151
800,000 - 849,999	470	2.903	91.550	386,809,856	5.533	80.684
850,000 - 899,999	427	2.638	94.187	373,178,253	5.338	86.021
900,000 - 949,999	312	1.927	96.115	287,768,973	4.116	90.137
950,000 - 999,999	187	1.155	97.270	181,916,707	2.602	92.739
1,000,000 and greater	442	2.730	100.000	507,634,424	7.261	100.000
Total	16,189	100.000%		$6,991,547,192	100.000%	

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

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Assessed Valuation by Jurisdiction. The following table shows the assessed valuation by jurisdiction in fiscal year 2018-19 in the District.

ASSESSED VALUATION BY JURISDICTION
FISCAL YEAR 2018-19
Jefferson Elementary School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
Town of Colma	$618,390,970	5.60%	$677,672,468	91.25%
City of Daly City	9,576,764,703	86.77	12,796,476,784	74.84
City of Pacifica	134,683,550	1.22	6,271,558,194	2.15
Unincorporated San Mateo County	707,716,941	6.41	21,766,167,452	3.25
Total District	$11,037,556,164	100.00%		
San Mateo County	$11,037,556,164	100.00%	$223,462,912,060	4.94%

Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

The following table shows the secured tax charges and delinquencies for fiscal years 2008-09 through 2017-18 in the District.

SECURED TAX CHARGE AND DELINQUENCY
FISCAL YEARS 2008-09 THROUGH 2017-18
Jefferson Elementary School District

	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
2008-09	$2,574,663.50	$110,910.50	4.31%
2009-10	2,731,456.50	68,798.47	2.52
2010-11	2,827,041.48	44,326.28	1.57
2011-12	2,919,436.69	47,186.14	1.62
2012-13	2,318,331.96	19,965.87	0.86
2013-14	5,540,287.47	42,004.12	0.76
2014-15	5,403,186.36	28,326.85	0.52
2015-16	5,809,883.05	29,307.44	0.50
2016-17	6,196,468.63	30,981.07	0.50
2017-18	6,388,230.95	38,281.07	0.60

(1) Debt Service Levy only.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - "Teeter Plan"

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

The Teeter Plan applies to the 1% general purpose secured property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county.

Under the Teeter Plan, the County funds the District its full tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments, when the late taxes are collected. The County includes the District's 1% general purpose secured property tax levy and the *ad valorem* property tax levy for the District's general obligation bonds, including the Bonds, under the Teeter Plan.

Tax Rates

The following table summarizes the total *ad valorem* property tax rates, as a percentage of total assessed valuation, levied by all taxing entities in a typical tax rate area within the District (TRA 5-001) during the five-year fiscal year period from 2014-15 to 2018-19.

SUMMARY OF *AD VALOREM* TAX RATES(1)
TYPICAL TAX RATES
FISCAL YEARS 2014-15 THROUGH 2018-19
Jefferson Elementary School District

	2014-15	2015-16	2016-17	2017-18	2018-19
General Tax Rate	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Jefferson Elementary School District Bonds	.0662	.0674	.0680	.0663	.0563
Jefferson High School District Bonds	.0530	.0583	.0800	.0816	.0739
San Mateo Community College District Bonds	.0190	.0250	.0247	.0235	.0175
Total Tax Rate	1.1382%	1.1507%	1.1727%	1.1714%	1.1477%

(1) 2018-19 assessed valuation for TRA 5-001 of $3,544,571,509 is 32.11% of the District's assessed valuation.
Source: California Municipal Statistics, Inc.

Largest Property Owners

The following table shows the 20 largest property taxpayers in the District as determined by secured assessed valuation in fiscal year 2018-19.

LARGEST LOCAL SECURED PROPERTY TAXPAYERS
FISCAL YEAR 2018-19
Jefferson Elementary School District

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total(1)
1.	Daly City Serramonte Center LLC	Shopping Center	$494,080,480	4.58%
2.	Westlake Associates, Lessee	Apartments	275,522,158	2.56
3.	Kimco Westlake LP	Shopping Center	168,986,871	1.57
4.	280 Metro LP	Shopping Center	110,513,770	1.03
5.	DC Station Owner LLC	Office Building	91,749,379	0.85
6.	BRE Piper MF Skyline Heights CA LLC	Apartments	70,220,580	0.65
7.	Century Theaters Inc., Lessee	Movie Theater	64,810,803	0.60
8.	WASL Daly City Investors V	Mixed Use	61,256,703	0.57
9.	Target Corporation, Lessee	Shopping Center	58,786,120	0.55
10.	Verity Holdings LLC	Office Building	52,660,436	0.49
11.	Franciscan Park LLC	Mobile Home Park	52,104,463	0.48
12.	EQR Hillside LP	Apartments	43,684,636	0.41
13.	Cole HD Colma CA LP	Commercial	41,604,036	0.39
14.	Serramonte Ridge Apartments	Apartments	38,207,282	0.35
15.	EQR-a Terrazza Colma St. LP, Lessee	Apartments	37,894,090	0.35
16.	Daly City Partners	Commercial	34,904,719	0.32
17.	Rober F. Whittey Trust	Casino/Card House	33,028,531	0.31
18.	Bertucci Properties LLC	Auto Sales/Repair	29,268,968	0.27
19.	Extra Space Properties Forty LLC	Public Storage	25,690,354	0.24
20.	Junipero Serra Properties LLC	Office Building	24,723,778	0.23
			$1,809,698,157	16.79%

(1) 2018-19 local secured assessed valuation: $10,779,114,274.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

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

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

DIRECT AND OVERLAPPING DEBT STATEMENT
Jefferson Elementary School District

2018-19 Assessed Valuation: $11,037,556,164

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 2/1/19**
San Mateo Community College District	4.939%	$41,380,427
Jefferson Union High School District	51.806	123,140,603
Jefferson Elementary School District	**100.000**	**93,410,000** (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$257,931,030
OVERLAPPING GENERAL FUND DEBT:		
San Mateo County General Fund Obligations	4.939%	$28,049,340
San Mateo County Board of Education Certificates of Participation	4.939	431,916
San Mateo County Flood Control District Certificates of Participation	22.589	3,798,340
Jefferson Union High School District Certificates of Participation	51.806	339,641
Town of Colma Certificates of Participation	91.252	4,471,348
City of Daly City Pension Obligation Bonds	74.839	15,356,963
City of Pacifica Certificates of Participation and Pension Obligation Bonds	2.148	530,878
TOTAL OVERLAPPING GENERAL FUND DEBT		$52,978,426
COMBINED TOTAL DEBT		$310,909,456 (2)

Ratios to 2018-19 Assessed Valuation:

Direct Debt ($93,410,000)... 0.85%
Total Direct and Overlapping Tax and Assessment Debt...... 2.34%
Combined Total Debt 2.82%

(1) Excludes the Bonds described herein.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

THE DISTRICT

The information in this section concerning the operations of the District and the District's operating budget are 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 solely from the proceeds of an ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources for Payment" herein.*

Introduction

The District was established in 1866 and serves pre-kindergarten through 8th grade students from four contiguous areas in the County – the cities of Daly City and Colma, unincorporated Broadmoor Village, and a small section of the city of Pacifica. The population served by the District is approximately 103,000. The District operates 10 elementary schools, one K-8 school, three intermediate schools and a Pre-K Child Development Center. The District's P-2 average daily attendance for fiscal year 2018-19 is projected to be 5,778 students. The District has a 2018-19 total assessed valuation of $11,037,556,164.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial reports of the District may be obtained by contacting: Jefferson Elementary School District, 101 Lincoln Avenue, Daly City, CA 94015, telephone: (650) 991-1000, Attention: Superintendent. The District may impose a charge for copying, mailing and handling.

Administration

The governing board of the District (the "Board") consists of five elected members. Members are elected at-large to serve staggered four-year terms. Elections for positions to the Board are held every two years, alternating between two and three available positions. A president is elected by members of the Board each year. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

Board Member	Office	Term Expires
Clayton Koo	President	November 2022
Shakeel Ali	Vice President	November 2020
Maybelle Manio	Clerk	November 2022
Marie Brizuela	Member	November 2022
Manufou Liaiga-Anoa'i	Member	November 2020

Mr. Bernardo Vidales, the Superintendent of the District, is responsible for administering the affairs of the District in accordance with the policies of the Board. Julie Kessler currently serves as the Assistant Superintendent of Business Services/Chief Business Officer of the District. Brief biographies follow:

Bernardo Vidales, Superintendent. Mr. Vidales joined the District in July 2008 as Director of Curriculum and Instruction and Pupil Personnel Services and became Superintendent in July 2011. Mr. Vidales has 31 years of education experience and has held various positions including teacher and Director of Parent Engagement and Involvement at San Francisco Unified School District, principal of K-5 and K-8 schools at Redwood City School District, and continued as District Partnership Director of San Francisco Unified Partnership at Partners in School Innovation. He received his Bachelor of Science from Stanford University, School of Engineering, in Industrial Engineering and Engineering Management; and his Master of Arts from Stanford University, School of Education, in Education Policy Analysis and Administration, Preliminary Administrative Services Credential.

Julie Kessler, Assistant Superintendent, Business Services/CBO. Ms. Kessler joined the District as Assistant Superintendent of Business Services/CBO in December 2010. Prior thereto, Ms. Kessler was the Controller for eight years at the Cambrian Elementary School District in San Jose, California, and then Chief Business Officer for an additional six years. She has worked for over 22 years in the business sector of education. Ms. Kessler received her Bachelor of Science degree from San Jose State University, in Business Administration, with a concentration in accounting.

Recent Enrollment Trends

On average throughout the District, the regular education pupil-teacher ratio is approximately 22:1 for grades TK-3, 28:1 in grades 4-5, and 30:1 in grades 6-8. District enrollment decreased by 2.24% between 2005-06 and 2018-19. The following table shows a 14-year enrollment history for the District.

ANNUAL ENROLLMENT
FISCAL YEARS 2005-06 THROUGH 2018-19
Jefferson Elementary School District

Year	Enrollment	Annual Change	Annual % Change
2005-06	6,123	--	--
2006-07	5,961	(162)	(2.65)%
2007-08	5,905	(56)	(0.94)
2008-09	5,993	88	1.49
2009-10	5,945	(48)	(0.80)
2010-11	5,978	33	0.56
2011-12	6,192	214	3.58
2012-13	6,235	43	0.69
2013-14	6,327	92	1.48
2014-15	6,282	(45)	(0.71)
2015-16	6,336	54	0.86
2016-17	6,275	(61)	(0.96)
2017-18	6,096	(179)	(2.85)
2018-19	5,986	(110)	(1.80)

Note: Enrollment for fiscal years 2005-06 through 2012-13 is reported as of the October report submitted to the California Basic Educational Data System ("CBEDS"). Fiscal years 2013-14 through 2018-19 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. CALPADS figures exclude preschool and adult transitional students.
Source: Jefferson Elementary School District.

Charter School

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

The District has certain fiscal oversight and other responsibilities with respect to both independent and affiliated charter schools established within its boundaries. However, independent charter schools receive funding directly from the State, and such funding would not be reported in the District's audited financial statements. Affiliated charter schools receive their funding from the District, and would be reflected in the District's audited financial statements.

There is one independent charter school currently operating within the District (the "Charter School") and a 9-12 charter school sponsored by the Jefferson Union High School District. The Charter School is a virtual school which draws enrollment from San Mateo County and adjacent counties. Fifteen K-8 grade and six 9-12 grade students residing in the District's attendance boundaries during fiscal year 2018-19 attended the Charter School. The following table shows enrollment figures for the Charter School for the past ten fiscal years and a projected amount for fiscal year 2018-19.

CHARTER SCHOOL ENROLLMENT
FISCAL YEARS 2008-09 THROUGH 2018-19
Jefferson Elementary School District

Fiscal Year	Independent Charter School
2008-09	736
2009-10	937
2010-11	925
2011-12	1,216
2012-13	791
2013-14	828
2014-15	831
2015-16	807
2016-17	749
2017-18	723
2018-19[1]	853

(1) Projected.
Source: Jefferson Elementary School District.

Labor Relations

The District currently employs 385 full-time and 13 part-time certificated employees, and 89 full-time and 185 part-time classified employees. The District employees, except management, confidential and some part-time employees, are represented by the bargaining units noted in the following table:

LABOR RELATIONS
Jefferson Elementary School District

Labor Organization	Number of Employees In Organization	Contract Expiration Date
American Federation of Teachers	342	June 30, 2021
California School Employees Association	252	June 30, 2019

Source: Jefferson Elementary School District.

District Retirement Systems

The information set forth below regarding the District's retirement 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, the Municipal Advisor or the Underwriter.

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

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

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

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018.

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

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

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

The District's contributions to STRS were $1,931,134 in fiscal year 2013-14, $2,312,369 in fiscal year 2014-15, $3,237,154 in fiscal year 2015-16, $4,125,443 in fiscal year 2016-17, and $4,806,170 in fiscal year 2017-18. The District currently projects $5,603,113 for its contribution to STRS for fiscal year 2018-19.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures for fiscal year 2018-19. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2017-18 and fiscal year 2018-19, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6.5% in fiscal year 2017-18 and will be 7% in fiscal year 2018-19. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $718,329 in fiscal year 2013-14, $842,004 in fiscal year 2014-15, $951,545 in fiscal year 2015-16, $1,199,625 in fiscal year 2016-17, and $1,437,497 in fiscal year 2017-18. The District currently projects $1,764,587 for its contribution to PERS for fiscal year 2018-19.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) [(1)]
Fiscal Years 2010-11 through 2016-17

STRS

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

PERS

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

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 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 "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on the change in actuarial assumptions adopted by the STRS Board, including the adoption of a 7% investment rate of return, recent investment experience and the insufficiency of the contributions received in fiscal year 2016-17 to cover interest on the unfunded actuarial obligation, the 2017 STRS Actuarial Valuation reports that the unfunded actuarial obligation increased by $10.6 billion since the June 30, 2016 actuarial valuation and the funded ratio decreased by 1.1% to 62.6% over such time period. As a result, it is currently projected that there will be a need for higher contributions from the State, employers and members in the future to reach full funding by 2046.

According to the 2017 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.6%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

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

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

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

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

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

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

The Schools Pool Actuarial Valuation as of June 30, 2017, reported that, based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for 2019-20 is projected to be 20.7%, with annual increases thereafter, resulting in a projected 25.5% employer contribution rate for fiscal year 2025-26.

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

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

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

For fiscal year ending June 30, 2018, the District's proportionate share of the net STRS pension liability was $57,073,316. As of such date, the District's proportionate share of the net PERS pension liability was $16,148,434.

For additional information, see "APPENDIX A – THE DISTRICT'S FISCAL YEAR 2017-18 AUDITED FINANCIAL STATEMENTS – Note 14 – Employee Retirement Systems" herein.

Other Post-Employment Benefits

Plan Description. The District administers a single-employer defined benefit healthcare plan (the "Plan"). The Plan provides medical and dental insurance benefits (the "Post-Employment Benefits") to eligible retirees and their spouses until age 65. Post-Employment Benefits are eligible to be received for a period of ten years, or until such employee reaches age 65, whichever occurs first. Membership of the Plan consists of 35 retirees currently receiving benefits, and 483 active plan members. Retirees are eligible if they retire directly from the District on or after age 55 for classified employees and age 50 for certificated employees having served with the District for at least 10 years. The Post-Employment Benefits are capped for all employees at the time of retirement and they end at age 65.

Funding Policy. The contribution requirements of Plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The

District's funding policy is based on a "pay-as-you-go" basis for the cost of providing coverage to current retirees. For fiscal year 2012-13, the District contributed $739,785 to the Plan, all of which were used for current premiums of health and medical benefits for retired employees. For fiscal year 2013-14, the District contributed $820,723 to the Plan, all of which were used for current premiums of health and medical benefits for retired employees. For fiscal year 2014-15, the District contributed $512,111 to the Plan, all of which were used for current premiums of health and medical benefits for retired employees. For fiscal year 2015-16, the District contributed $533,033 to the Plan, all of which was used for current premiums of health and medical benefits for retired employees. For fiscal year 2016-17, the District contributed $599,477 to the Plan, all of which was used for current premiums of health and medical benefits for retired employees. For fiscal year 2017-18, the District contributed $590,488 to the Plan, all of which was used for current premiums of health and medical benefits for retired employees. For fiscal year 2018-19, the District currently projects a contribution of $587,000 to the Plan, all of which is expected to be used for current premiums of health and medical benefits for retired employees. See "APPENDIX A – THE DISTRICT'S FISCAL YEAR 2017-18 AUDITED FINANCIAL STATEMENTS– Note 13 - Total Post Employment Benefit (OPEB) Liability" herein.

The contributions detailed above include the funding of the Post-Employment Benefits for current retirees receiving benefits and an implicit subsidy in premium rates calculated in accordance with GASB 45. Under GASB 45, the District is required to recognize an implicit rate subsidy because retirees and current employees in the District's health insurance plan are insured together as a group, since it is assumed that the premiums paid for the retirees insurance coverage is lower than they would have been if the retirees were insured separately.

As of June 30, 2018, the District had segregated $8,301,484 for its accrued liability with respect to the Benefits (discussed below). These funds, however, will not be deposited into an irrevocable trust and are available for general fund purposes upon formal action of the Board.

Actuarial Study. The District has implemented *Governmental Accounting Standards Board Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 74") and *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. The new GASB statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The actuarial study, dated as of June 30, 2018 (the "Study"), concluded that, as of June 30, 2017, the Total OPEB Liability (the "TOL") with respect to such benefits, was $12,282,420, the Fiduciary Net Position (the "FNP") of the Trust was $0, and the Net OPEB Liability (the "NOL") was $12,282,420. The TOL is the amount of the actuarial present value of projected benefits payments attributable to employees' past service based on the actuarial cost method used. The FNP are the net assets (liability) of the qualifying irrevocable trust or equivalent arrangement. The NOL is TOL minus the FNP.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB No. 74 replaces GASB Statements No. 43 and 57 and Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the net OPEB Liability (NOL), to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the total OPEB liability (the TOL), if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (FNP) is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 will be effective for employer fiscal years beginning after June 15, 2017. The District first recognized GASB No. 74 and GASB No. 75 in their financial statements for fiscal year 2017-18. The full extent of the effect of the new standards on the District is not known at this time. See also "APPENDIX A – THE DISTRICT'S FISCAL YEAR 2017-18 AUDITED FINANCIAL STATEMENTS – Note 1 – Summary of Significant Accounting Policies" herein.

Risk Management

The District's risk management activities are recorded in the general fund. Employee life, health, dental and disability programs are administered by the general fund through the purchase of commercial insurance and participation in a public entity risk pool. The District participates in the San Mateo County Schools Insurance Group public entity risk pool ("SMCSIG") which covers the District for up to $250,000 per occurrence for both property and liability. Excess coverage for liability is purchased through the SMCSIG up to $5,000,000 through CSAC Excess Insurance Authority and from $5,000,000 to $55,000,000 is purchased through the SMCSIG from School Excess Liability Fund ("SELF"). Excess coverage for property is purchased through the JPA up to $1,000,000,000 from Alliant Insurance Services, Inc. "APPENDIX A – THE DISTRICT'S FISCAL YEAR 2017-18 AUDITED FINANCIAL STATEMENTS – Note 11 – Risk Management" herein.

Joint Powers Agreements

The District is a member of the SMCSIG and Municipal, Colleges, Schools Insurance Group ("MCSIG"), joint powers authorities (collectively, "JPAs"). The District pays an annual premium to the entity for its dental, workers' compensation, and property liability coverage. The relationship between the District and the JPAs are such that they are not a component unit of the District for financial reporting purposes. During the year ended June 30, 2018, the District made payments of $2,739,130 to SMCSIG. "APPENDIX A – THE DISTRICT'S FISCAL YEAR 2017-18 AUDITED FINANCIAL STATEMENTS – Note 12 – Joint Ventures (Joint Powers Agreements)" herein.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem *property tax required to be levied by the County in the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Accounting Practices

The accounting policies 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. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a LCAP, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

A school district whose budget has been disapproved must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final school district budgets and not later than November 8, must approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than November 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a school district's budget is approved, the school district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. 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 fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

The District has never had an adopted budget disapproved by the county superintendent of schools and has never received a "qualified" or "negative" certification of an Interim Financial Report pursuant to A.B. 1200.

General Fund Budgeting

The District's general fund adopted budgets compared with actual results for the fiscal years ending June 30, 2015 through June 30, 2018, and the adopted budget compared with projected totals for the year ending June 30, 2019, are set forth below:

GENERAL FUND BUDGETS AND ACTUAL RESULTS
FISCAL YEARS 2014-15 THROUGH 2018-19
Jefferson Elementary School District

	Adopted Budget 2014-15[(1)]	Audited Actuals 2014-15[(1)]	Adopted Budget 2015-16[(1)]	Audited Actual 2015-16[(1)]	Adopted Budget 2016-17[(1)]	Audited Actuals 2016-17[(1)]	Adopted Budget 2017-18[(1)]	Audited Actuals 2017-18[(1)]	Adopted Budget 2018-19[(2)]	Projected Totals 2018-19[(2)]
REVENUES										
LCFF Sources	$47,753,359	$48,364,087	$54,528,587	$54,735,493	$57,966,233	$58,001,769	$58,631,610	$58,906,529	$60,641,506	$60,821,661
Federal	2,446,409	2,642,979	2,435,335	2,841,752	2,508,215	2,762,001	2,494,433	2,649,143	2,692,845	2,698,214
Other State	2,173,327	3,006,745	6,431,858	8,077,434	6,167,615	6,178,124	5,087,824	6,570,520	7,345,659	8,654,772
Other Local	942,219	1,280,158	734,318	1,133,943	752,486	1,302,079	1,830,298	2,754,603	1,876,853	2,333,026
TOTAL	53,315,314	55,293,969	64,130,098[(3)]	66,788,622[(3)]	67,394,549[(3)]	68,243,973[(3)]	68,044,165[(3)]	70,880,795[(3)]	72,556,863	74,507,673
EXPENDITURES:										
Certificated Salaries	27,265,858	26,377,356	31,479,829	30,684,741	32,804,662	33,059,707	33,433,075	33,554,306	34,475,146	34,691,884
Classified Salaries	7,069,184	7,094,311	7,708,359	7,835,594	8,229,942	8,396,189	8,903,386	8,958,694	9,303,461	9,247,725
Employee Benefits	11,131,694	10,219,196	12,255,560	13,086,379	15,423,482	15,221,109	16,764,558	17,316,101	18,720,570	19,156,860
Books & Supplies	1,870,431	3,319,605	2,331,667	2,639,584	2,913,038	2,805,622	4,469,983	4,227,632	4,109,382	4,858,995
Services and Other Operating Expenditures	4,943,079	4,964,666	5,745,513	6,649,844	8,009,392	6,342,109	7,142,499	6,892,616	7,731,620	8,287,679
Capital Outlay	6,500	6,639	6,500	--	6,500	--	--	39,980	6,500	1,390,519
Other Outgo	2,470,144[(4)]	1,922,155[(4)]	1,366,250[(4)]	2,151,757[(4)]	2,098,881[(4)]	1,537,707	1,220,718[(4)]	1,877,331	2,233,022	2,633,022
Other Outgo – Transfers of Indirect Costs	--	--	--	--	--	--	--	--	(280,362)	(280,362)
TOTAL	54,756,890	53,903,928	60,893,678	63,047,899	69,485,897	67,362,443	71,934,219	72,866,660	76,299,339	79,986,322
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,441,576)	1,390,041	3,236,420	3,740,723	(2,091,348)	881,530	(3,890,054)	(1,985,865)	(3,742,476)	(5,478,649)
OTHER FINANCING SOURCES/(USES):										
Operating Transfers In	--	--	--	--	--	--	1,000,000	881,313	1,267,132	1,522,132
Operating Transfers Out	(720,000)	(12,400,000)[(6)]	(500,000)	(500,000)	(500,000)	(523,681)	(500,000)	(538,305)	(200,000)	(257,458)
TOTAL	(720,000)	(12,400,000)	(500,000)	(500,000)	(500,000)	(523,681)	500,000	343,008	1,067,132	1,264,674
.										
NET INCREASE (DECREASE) IN FUND BALANCE	(2,161,576)	(11,009,959)	2,736,420	3,240,723	(2,591,348)	357,849	(3,390,054)	(1,642,857)	(2,675,344)	(4,213,975)
Fund Balance, beginning of year[(5)]	22,647,498[(8)]	22,647,498	11,637,539[(8)]	11,637,539	14,878,264[(8)]	14,878,262	15,236,111[(8)]	15,236,111	13,593,254[(8)]	13,593,254[(8)]
Special Reserve Fund for Other Than Capital Outlay[(7)]	--	6,047,684	--	6,096,380	--	6,154,367	--	5,358,936	--	--
Fund Balance, end of year	$20,485,922	$17,685,223	$14,373,959	$20,974,642	$12,286,916	$21,390,478	$11,846,057	$18,952,190	$10,917,910	$9,379,279

(1) From the District's comprehensive audited financial statements.
(2) From the District's Second Interim Financial Report for fiscal year 2018-19 approved by the Board on March 13, 2019.
(3) On behalf payments of $1,642,944, $2,216,659, and $2,687,624, are included in the actual revenues and expenditures or the budgeted revenues and expenditures for fiscal years 2015-16 through 2017-18, respectively.
(4) The categories Other Outgo (excluding Transfers of Indirect Costs) and Other Outgo (Transfers of Indirect Costs) were combined for comparison purposes.
(5) Beginning balance does not reflect audit adjustment to the beginning fund balance to include the District's special reserve fund for other than capital outlay in the general fund of the District. See –"Financial Statements" below.
(6) Includes a $8,000,000 transfer from the general fund to the Special Reserve Fund for Postemployment Benefits for the purpose of accumulating resources to fund the District's obligations for postemployment benefits, $3,900,000 into Fund 17 for future textbook purchases and $500,000 to Fund 40 is for the purpose of "building" a future technology replacement reserve. The Special Reserve Fund for Postemployment Benefits has not been irrevocably pledged for the payment of the District's Post-Employment Benefits, and is available for other purposes by action of the Board. See "THE DISTRICT – Other-Post Employment Benefits" herein.
(7) Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects does not meet the definition of special revenue fund under GASB Statement No. 54. Although this fund is authorized by statute and will remain open for internal reporting purposes, this fund has been combined with the general fund for presentation in the District's financial statements.
(8) Does not include Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects.

Source: Jefferson Elementary School District.

Financial Statements

Audited financial statements for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection at the Office of Business Services of the District, 101 Lincoln Avenue, Daly City, CA 94015, telephone: (650) 991-1000. The District's audited financial statements for the year ended June 30, 2018 are attached hereto as Appendix A. The following tables reflect the District's revenues, expenditures and fund balances for fiscal years 2013-14 through 2017-18 in the revised reporting format:

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SUMMARY OF GENERAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEARS 2013-14 THROUGH 2017-18
Jefferson Elementary School District

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
REVENUES					
Local Control Funding Formula	$42,449,612	$48,364,087	$54,735,493	$58,001,769	$58,906,529
Federal	2,613,428	2,642,979	2,841,752	2,762,001	2,649,143
Other State	4,818,900	4,242,624	8,077,434	6,178,124	6,570,520
Other Local	1,591,845	1,310,592	1,182,639	1,360,066	2,840,485
TOTAL REVENUES	51,473,785	56,560,282	66,837,318	68,301,960	70,966,677
EXPENDITURES					
Instruction	30,743,808	35,097,089	38,758,853	41,350,733	45,966,385
Instruction-related Services:					
Supervision of instruction	2,250,698	2,783,893	3,177,079	3,141,946	2,790,468
Instructional library, media and technology	178,518	449,650	546,572	576,596	598,792
School site administration	3,525,724	4,244,622	4,764,166	5,030,716	5,068,195
Pupil Services					
Home-to-school transportation	646,641	777,729	1,044,913	948,927	1,347,343
Food services	449	1,401	3,449	1,901	4,110
All other pupil services	1,499,877	1,938,281	3,238,502	3,772,338	4,991,588
Ancillary Services	865,100	297,880	665,165	1,302,220	259,347
Community Services	23,848	24,951	--	--	--
General Administration					
Data processing	566,251	811,353	990,640	1,842,427	1,239,449
All other administration	2,532,287	2,578,403	3,213,801	3,023,401	3,198,104
Plant Services	3,491,596	3,988,360	4,226,405	4,561,021	5,095,510
Facility acquisition and construction	--	6,639	--	--	124,925
Other Outgo	2,072,944	2,139,556	2,418,354	1,810,217	2,182,444
Debt Service - Principal	--	--	--	--	--
Debt Service - Interest	32,986	--	--	--	--
TOTAL EXPENDITURES	48,430,727	55,139,807	63,047,899	67,362,443	72,866,660
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	3,043,058	1,420,475	3,789,419	939,517	(1,899,983)
OTHER FINANCING SOURCES/(USES)					
Operating Transfers In	--	--	--	--	--
Operating Transfers Out	--	(8,500,000)[2]	(500,000)	(523,681)	(538,305)
Issuance of Capital Lease	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES/(USES)	--	(8,500,000)	(500,000)	(523,681)	(538,305)
NET CHANGE IN FUND BALANCES	3,043,058	(7,079,525)	3,289,419	415,836	(2,438,288)
FUND BALANCES, JULY 1 (as restated)[1]	21,721,690	24,764,748	17,685,223	20,974,642	21,390,478
FUND BALANCES, JUNE 30,	$24,764,748	$17,685,223	$20,974,642	$21,390,478	$18,952,190

[1] The District's special reserve fund for other than capital outlays projects fund does not meet the definition of special revenue fund under GASB 54. Thus, to conform with GASB 54, the beginning fund balances of the special reserve fund for other than capital outlays projects has been combined with the general fund for fiscal years 2013-14 through 2017-18.
[2] Includes an $8,000,000 transfer from the general fund to the Special Reserve Fund for Postemployment Benefits and a $500,000 transfer from the general fund to the Special Reserve Capital Outlay Fund.
Source: Jefferson Elementary School District.

State Funding of Education

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Beginning in fiscal year 2013-14, school districts are funded based on uniform funding grants assigned to certain grade spans. See "—Local Control Funding Formula" herein.

The following table reflects the District's historical P-2 ADA and the revenue limit rates per unit of ADA for fiscal years 2006-07 through 2012-13.

AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT
FISCAL YEARS 2006-07 THROUGH 2012-13
Jefferson Elementary School District

Academic Year	Enrollment[1]	Average Daily Attendance[2]	ADA Base Revenue Limit[3]	ADA Funded Base Revenue Limit[3]
2006-07	5,961	5,736	$5,293.14	$5,293.14
2007-08	5,905	5,707	5,534.14	5,534.14
2008-09	5,993	5,803	5,849.14	5,390.33
2009-10	5,945	5,729	6,099.14	4,979.64[4]
2010-11	5,978	5,789	6,075.14	4,983.86
2011-12	6,192	6,002	6,212.14	4,932.32[5]
2012-13	6,235	6,029	6,414.14	4,985.59

[1] Enrollment as of October CBEDS in each school year.
[2] Reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is each four week period of instruction beginning with the first day of school for any school district. ADA figures exclude enrollment from County operated programs.
[3] Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in fiscal year 2008-09 and discontinued following the implementation of the LCFF (as defined herein).
[4] $252 per ADA reduction (one time).
[5] $13 per ADA reduction (one time).
Source: Jefferson Elementary School District.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), as amended by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91"), established the current system for funding school districts, charter schools and county offices of education.

The primary component of AB 97 was the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. During the implementation period of the LCFF, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) \$6,845 for grades K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See also "—State Budget Measures" for information on the adjusted Base Grants provided by current budgetary legislation.

The Base Grants for 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 early grades and the provision of career technical education in high schools. Unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals). AB 97 authorizes a supplemental grant add-on (each, a "Supplemental Grant") for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table shows a breakdown of the District's P-2 ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2012-13 through 2017-18 and a projected amount for fiscal year 2018-19.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
FISCAL YEARS 2012-13 THROUGH 2018-19
Jefferson Elementary School District

	Average Daily Attendance[1]				Enrollment	
Fiscal Year	K-3	4-6	7-8	Total ADA	Total Enrollment[2]	% of EL/LI Enrollment[3]
2012-13	n/a	n/a	n/a	6,029	6,235	73.68%
2013-14	2,768	1,991	1,383	6,142	6,327	73.68
2014-15	2,734	2,035	1,334	6,103	6,282	73.52
2015-16	2,724	2,035	1,365	6,124	6,336	73.53
2016-17	2,692	2,003	1,370	6,065	6,275	72.34
2017-18	2,616	1,952	1,330	5,898	6,096	72.16
2018-19[4]	2,564	1,896	1,318	5,778	5,986	70.69

[1] Except for 2018-19, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is each four week period of instruction beginning with the first day of school for any school district. ADA figures exclude enrollment from County operated programs.
ADA for County operated programs is included for purposes of calculating the District's LCFF allocation. ADA for County operated programs was 15 students in fiscal year 2016-17, 15 students in fiscal year 2017-18 and is projected to be 16 students for fiscal year 2018-19.
[2] Enrollment for fiscal year 2012-13 is reported as of the October report submitted to the California Basic Educational Data System ("CBEDS"). Fiscal years 2013-14 through 2018-19 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures exclude preschool and adult transitional students.
[3] For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students is based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
[4] Projected.
Source: Jefferson Elementary School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain schools districts, referred to as "basic aid" (or "community funded"), have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as basic aid.

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs covering a three-year period were required to be adopted beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a State agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Other Revenue Sources

Federal and Local Sources. The federal government provides funding for several of the District's programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, the District receives additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees (as discussed below) and other local sources.

Parcel Tax. Parcel taxes are "special taxes" for purposes of the State Constitution, as and such must be approved by at least two-thirds of the voters voting on the relevant proposition. On November 8, 2016, the voters of the District approved a nine year parcel tax to raise funds to augment the District's operating budget, beginning July 1, 2017. The measure provides for a levy of a tax of $68 per parcel. The parcel tax provides an exemption for property owners who are 65 years or older and occupy the parcel subject to the tax as their principal residence. For fiscal year 2017-18, the parcel tax generated $1,245,758 and for fiscal year 2018-19, the parcel tax is projected to generate $1,248,692.

Developer Fees. The District maintains a Capital Project Fund, apart from the general fund, to account for developer fees collected by the District. Annual developer fees received by the District during fiscal years 2007-08 through 2017-18 were $358,089, $122,495, $69,253, $114,503, $72,365, $137,103, $104,311, $305,069, $738,276, $400,410 and $244,920. The District has projected receipt of $314,000 in developer fee revenues for fiscal year 2018-19.

Future Lease Revenues. The District has elected to lease unused space in certain buildings that it owns to unrelated entities. The lease terms range from one to three years and are all renewable upon written agreement. The future minimum lease payments received or expected to be received under these lease agreements for fiscal years 2016-17 through 2019-20 are $174,092 (actual), $181,420 (actual), $167,091 (projected) and $167,091 (projected).

Redevelopment Revenues. The District has historically received certain tax offset revenue from the County as a part of certain redevelopment projects within the County (the "Tax Offset Revenues"). The Tax Offset Revenues received were deposited directly into the general fund of the District and offset the State apportionment received by the District. The District received $1,854,707 of Tax Offset Revenues in fiscal year 2014-15, $860,902 of such revenues in fiscal year 2015-16, $996,384 of such revenues in fiscal year 2016-17, and $1,206,797 of such revenues in fiscal year 2017-18. Since these revenues offset State apportionment, the District does not budget for receipt of such funds since the District's total LCFF allocation will not change due to receipt thereof.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the State Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in the State ceased to exist as a matter of law on February 1, 2012.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth is tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received had the redevelopment agency existed at that time," and that the County Auditor-Controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of [ABX1 26] using current assessed values and pursuant to statutory [pass-through] formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its revenue limit apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

District Debt Structure

Short-Term Debt. The District currently has no outstanding short-term debt.

Long-Term Debt. A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2018 is shown below:

	Balance at July 1, 2017	Additions	Reductions	Balance at June 30, 2018
General obligation bonds	$86,495,000	$31,205,000	$20,025,000	$97,675,000
Bond Premium	5,353,633	4,382,070	3,034,772	6,700,931
Total bonded Debt	91,848,633	35,587,070	23,059,772	104,375,931
Compensated absences payable	235,994	38,054	--	274,048
Totals	$92,084,627	$35,625,124	$23,059,772	$104,649,979
Deferred refunding charges	$1,470,789	$509,154	$799,656	$1,180,287

Source: Jefferson Elementary School District.

General Obligation Bonds. The District received authorization at an election held on November 6, 2001, by at least two-thirds of the votes cast by eligible voters within the District, to issue $52,000,000 maximum principal amount of general obligation bonds (the "2001 Authorization"). The District issued an initial series of bonds (the "Series 2002 Bonds") on March 28, 2002 in the original principal amount of $15,000,000, a second series of bonds (the "Series 2004 Bonds") on February 4, 2004 in the original principal amount of $20,000,000, and a third series of bonds (the "Series 2005 Bonds") in September 1, 2005 in the original principal amount of $17,000,000. There is no more principal remaining from the 2001 Authorization for the issuance of additional general obligation bonds. On January 30, 2007, the District issued its 2007 General Obligation Refunding Bonds in the aggregate principal amount of $9,229,269.12 (the "2007 Refunding Bonds"), the proceeds of which were utilized to advance refund a portion of the District's Series 2002 Bonds. On March 8, 2012, the District issued its 2012 General Obligation Refunding Bonds in the aggregate principal amount of $17,175,000 (the "2012 Refunding Bonds"), the proceeds of which were utilized to currently refund the outstanding Series 2002 Bonds and a portion of the outstanding Series 2004 Bonds. On May 14, 2013, the District issued its 2013 General Obligation Refunding Bonds in the aggregate principal amount of $15,395,000 (the "2013 Refunding Bonds"), the proceeds of which were utilized to advance refund a portion of the Series 2005 Bonds. On August 15, 2017, the District issued its 2017 General Obligation Refunding Bonds in the aggregate principal amount of $16,205,000 (the "2017 Refunding Bonds"), the proceeds of which were utilized to currently refund all of the District's outstanding 2007 Refunding Bonds and advance refund a portion of the District's outstanding 2012 Refunding Bonds.

The District received authorization at an election held on November 6, 2012 (the "2012 Authorization"), at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $67,500,000 principal amount of general obligation bonds of the District. On June 11, 2013, the District issued its Election of 2012 General Obligation Bonds Series A in an aggregate principal amount of $17,500,000 (the "Election of 2012 Series A Bonds"). On November 13, 2014, the District issued its Election of 2012 General Obligation Bonds, Series B in an aggregate principal amount of $17,500,000 (the "Election of 2012 Series B Bonds"). On November 17, 2015, the District issued its Election of 2012 General Obligation Bonds, Series C in an aggregate principal amount of $17,500,000 (the "Election of 2012 Series C Bonds"). On August 15, 2017, the District issued its Election of 2012 General Obligation Bonds, Series D in an aggregate principal amount of $15,000,000 (the "Election of 2012 Series D Bonds"). There is no more principal remaining from the 2012 Authorization for the issuance of additional general obligation bonds.

Pursuant to the 2018 Authorization, the voters of the District authorized the issuance of not-to-exceed $30,000,000 of general obligation bonds. After the issuance of the Bonds, $15,000,000* of the 2018 Authorization will remain.

The table on the following page indicates the annual debt service for all of the District's currently outstanding general obligation bonds.

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* Preliminary, subject to change.

OUTSTANDING GENERAL OBLIGATION BONDS ANNUAL DEBT SERVICE
Jefferson Elementary School District

	2001 Authorization				2012 Authorization				2018 Authorization	
September 1	Series 2005 Bonds[1]	2012 Refunding Bonds[2]	2013 Refunding Bonds[1]	2017 Refunding Bonds[3]	Election of 2012 Series A Bonds[1]	Election of 2012 Series B Bonds[1]	Election of 2012 Series C Bonds[1]	Election of 2012 Series D Bonds[1]	The Bonds	Combined Debt Service
2019	$398,000.00	$834,550.00	$621,431.26	$1,902,750.00	$655,500.00	$629,550.00	$780,443.76	$1,416,537.50		
2020	477,000.00	851,600.00	619,031.26	1,975,850.00	655,500.00	629,550.00	837,643.76	1,030,287.50		
2021	--	961,800.00	1,056,631.26	2,062,250.00	655,500.00	629,550.00	893,643.76	1,004,687.50		
2022	--	961,400.00	1,131,031.26	1,608,250.00	1,025,500.00	629,550.00	793,443.76	864,187.50		
2023	--	--	1,156,631.26	1,353,250.00	1,060,700.00	629,550.00	855,193.76	899,437.50		
2024	--	--	1,175,231.26	1,393,250.00	1,103,900.00	629,550.00	903,443.76	946,937.50		
2025	--	--	1,294,368.76	1,389,000.00	1,149,900.00	629,550.00	923,693.76	1,020,937.50		
2026	--	--	1,257,368.76	1,477,500.00	1,197,400.00	699,550.00	972,193.76	1,004,937.50		
2027	--	--	1,320,118.76	2,659,000.00	1,246,150.00	726,050.00	1,017,443.76	1,043,187.50		
2028	--	--	1,376,618.76	2,682,080.56	1,295,900.00	756,050.00	1,014,443.76	1,122,937.50		
2029	--	--	4,474,275.00	--	1,346,400.00	787,000.00	1,075,443.76	1,151,937.50		
2030	--	--	4,532,675.00	--	1,401,200.00	815,200.00	1,092,193.76	1,225,800.00		
2031	--	--	--	--	1,457,400.00	847,000.00	1,138,893.76	1,271,250.00		
2032	--	--	--	--	1,509,800.00	884,037.50	1,183,643.76	1,324,450.00		
2033	--	--	--	--	1,578,400.00	919,612.50	1,225,518.76	1,378,650.00		
2034	--	--	--	--	1,642,400.00	953,725.00	1,275,362.50	1,433,850.00		
2035	--	--	--	--	1,706,800.00	990,900.00	1,331,762.50	1,488,350.00		
2036	--	--	--	--	1,771,400.00	1,033,700.00	1,385,400.00	--		
2037	--	--	--	--	1,846,000.00	1,074,100.00	1,438,400.00	--		
2038	--	--	--	--	--	1,617,100.00	2,147,600.00	--		
2039	--	--	--	--	--	1,682,500.00	2,231,600.00	--		
2040	--	--	--	--	--	1,748,500.00	2,319,200.00	--		
2041	--	--	--	--	--	1,816,500.00	--	--		
2042	--	--	--	--	--	1,892,750.00	--	--		
2043	--	--	--	--	--	1,966,500.00	--	--		
2044	--	--	--	--	--	2,047,500.00	--	--		
Total	$875,000.00	$3,609,350.00	$20,015,412.60	$18,503,180.56	$24,305,750.00	$27,665,125.00	$26,836,606.40	$19,628,362.50		

[1] Interest with respect thereto is payable semiannually on March 1 and September 1 of each year. Principal payments are payable on September 1 of each year.
[2] Interest with respect thereto is payable semiannually on January 15 and July 15 of each year. Principal payments are payable on July 15 of each year.
[3] Interest payments are payable semiannually on March 1 and September 1 of each year, and concluding on the final maturity date therefor on July 15, 2028. Principal payments are payable on September 1 of each year and conclude on the final maturity date therefor on July 15, 2028.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof.*

2018-19 Budget. On June 27, 2018, the Governor signed into law the State budget for fiscal year 2018-19 (the "2018-19 Budget"). The following information is drawn from the LAO's review of the 2018-19 Budget.

To protect against potential future economic recessions, the 2018-19 Budget fully funds the BSA with a total deposit of over $4.4 billion, including a $2.6 billion optional deposit in addition to the Constitutionally-required deposit, and adds two additional reserves to State law: the Safety Net Reserve Fund, intended to save money specifically for future expenditures of the CalWORKs and Medi-Cal programs; and the Budget Deficit Savings Account ("BDSA"), which for 2018-19 will temporarily hold the $2.6 billion optional BSA deposit until May 2019. In May 2019, the optional BSA deposit amount will be adjusted as necessary to reflect updated estimates of revenues, at which point it will be transferred to the BSA. The projected ending balance in the BSA at the end of the 2018-19 fiscal year is expected to equal the BSA's current constitutional maximum of 10 percent of the estimated general fund revenues for fiscal year 2018-19.

For fiscal year 2017-18, the 2018-19 Budget projects total general fund revenues and transfers of $129.8 billion and total expenditures of $127.0 billion. The State is projected to end the 2017-18 fiscal year with total available general fund reserves of $16.7 billion, including $7.3 billion in the traditional general fund reserve and $9.4 billion in the BSA. For fiscal year 2018-19, the 2018-19 Budget projects total general fund revenues of $133.3 billion and authorizes expenditures of $138.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $15.9 billion, including $2.0 billion in the traditional general fund reserve, $13.8 billion in the BSA and $200 million in the Safety Net Reserve Fund. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the 2018-19 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2016-17 and 2017-18, as a result of higher general fund revenues. The 2018-19 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2016-17 at $71.6 billion, an increase of $252 million from the prior year. The 2018-19 Budget revises the minimum funding guarantee for fiscal year 2017-18 at $75.6 billion, reflecting an increase of $1.1 billion from the prior year. As part of the 2017-18 increase, the State is making an additional maintenance factor payment of $789 million, on top of a previous $536 million payment. After making the approximately $1.3 billion total payment, the State will have eliminated all remaining maintenance factor for the first time since 2005-06. In both 2016-17 and 2017-18, the State is spending at the calculated minimum guarantee.

For fiscal year 2018-19, the 2018-19 Budget sets the minimum funding guarantee at $78.4 billion, reflecting an increase of $2.8 billion (or 3.7%) from the revised prior-year level. Fiscal year 2018-19 is projected to be a "Test 2" year, with the increase in the minimum funding guarantee attributable to a 3.67% increase in per capita personal income. With respect to K-12 education, the 2018-19 Budget sets Proposition 98 funding at $67.9 billion, including $47.5 billion from the State general fund, reflecting an increase of \$1.3 billion (or 2.7%) from the prior year. Per-pupil spending increases by \$579 (or 5.2%) from the prior year, up to \$11,640.

Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of \$3.7 billion in Proposition 98 funding to fully implement the LCFF, reaching the target funding targets and funding the statutory 2.71% COLA to the adjusted Base Grants for the prior year. Additionally, the 2018-19 Budget provides nearly an extra 1 percentage point increase in the LCFF rates. The adjusted Base Grants for fiscal year 2018-19 are as follows: \$8,235 for grades K-3, \$7,571 for grades 4-6, \$7,796 for grades 7-8 and \$9,269 for grades 9-12.

- *Low-Performing Students Block Grant* – \$300 million in one-time Proposition 98 funding to provide resources to local education agencies to help certain low-performing students, with funding allocated to local education agencies based on the count of students who did not meet statewide standards in spring 2018 on assessments of reading and math and who are not foster youth, low-income students, English learners, or students with disabilities.

- *State System of Support* – An increase of \$54 million in Proposition 98 funding for county offices of education to provide technical assistance to low-performing local educational agencies.

- *California Collaborative for Educational Excellence* – \$12 million in ongoing Proposition 98 funding for the California Collaborative for Educational Excellence (the "Collaborative") to assist county offices of education and regional lead agencies. Additionally, the 2018-19 Budget re-appropriates \$5.6 million from prior-year one-time Proposition 98 appropriations for use by the Collaborative for additional statewide trainings and technical assistance.

- *Special Education Local Plan Area (SELPA) Technical Assistance* – \$10 million in Proposition 98 funding for up to ten SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance within the Statewide system of support.

- *Career Technical Education (CTE)* – \$164 million in ongoing Proposition 98 funding to create a new K-12 CTE program funded through the Strong Workforce Program, which is administrated by California Community College Chancellor's Office, in consultation with the State Department of Education, as well as \$150 million in ongoing Proposition 98 funding to make permanent the State's Career Technical Education Incentive Grant Program.

- *One-Time Discretionary Funding* – An increase of \$1.1 billion in one-time Proposition 98 funding for school districts, charter schools and county offices of education to use at local discretion. Similar to features included in prior State budgets, these funds would offset any applicable mandate reimbursement claims for these entities.

- *Special Education, Bilingual, and STEM Teachers* – \$75 million in one-time Proposition 98 funding to start new or expand existing teacher residency programs with \$50 million earmarked for special education teachers and \$25 million earmarked for bilingual and STEM teachers; and \$50 million in one-time Proposition 98 funding to provide one-time competitive grants to local educational agencies to fund new or existing local efforts to recruit and retain special education teachers.

- *Classified School Employee Summer Assistance Program* – $50 million one-time Proposition 98 funding to provide state matching funds to classified school employees that elect to have a portion of their monthly paychecks withheld during the 2019-20 school year, supplemented by State funding, and paid during the summer recess period.

- *Classified School Employee Professional Development Block Grant Program* – $50 million one-time Proposition 98 funding for professional development opportunities for classified staff, with a priority on professional development for the implementation of school safety plans.

- *Federal Funds for Academic Enrichment* – $165 million one-time federal ESSA Title IV funding for academic enrichment, with $121 million of such funds distributed to local education agencies based on their share of existing Title I funding, and the remainder distributed competitively.

- *Charter School Facility Grant Program* – $21 million one-time and $25 million ongoing Proposition 98 funding to reflect increases in programmatic costs.

- *Kids Code After School Program* – $15 million one-time Proposition 98 funding to fund the inclusion of computer coding in after-school curriculum.

- *Fiscal Crisis and Management Assistance Team (FCMAT)* – $972,000 Proposition 98 funding to allow FCMAT provide additional assistance for fiscally distressed school districts and provide additional training for county offices of education regarding fiscal oversight of school districts.

- *Kindergarten Facilities* – $100 million one-time non-Proposition 98 funding to help school districts cover facility costs associated with converting their part-day kindergarten programs into full-day programs.

- *Proposition 51* – a total allocation of $594 million in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the 2018-19 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Proposed 2019-20 Budget. On January 10, 2019, the Governor released his proposed State budget for fiscal year 2019-20 (the "Proposed 2019-20 Budget"). The following information is drawn from the State Department of Finance's summary, and the LAO's review of, the Proposed 2019-20 Budget.

For fiscal year 2018-19, the Proposed 2019-20 Budget projects total general fund revenues and transfers of $136.9 billion and total expenditures of $144.1 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $18.3 billion, including $3.9 billion in the traditional general fund reserve, $13.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2019-20, the Proposed 2019-20 Budget projects total general fund revenues and transfers of $142.6 billion and authorizes expenditures of $144.2 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $18.5 billion, including $2.3 billion in the traditional general fund reserve, $15.3 billion in the BSA and $900 million in the Safety Net Reserve Fund. The Governor notes that additional deposits to the BSA are premised on a recent opinion by the

California Office of Legislative Counsel which concluded that supplemental payments to the BSA made in prior fiscal years do not count towards calculating its constitutional maximum of 10% Under the Governor's new estimates, mandatory deposits to the BSA represent only 8.1% of State general fund taxes. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the Proposed 2019-20 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2017-18 and 2018-19, as a result of lower-than-anticipated ADA and a year-to-year decline in State general fund revenue growth. The Proposed 2019-20 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2017-18 at $75.5 billion, a decrease of $120.1 million from the prior year. The Proposed 2019-20 Budget revises the minimum funding guarantee for fiscal year 2018-19 at $77.9 billion, reflecting a decrease of $525.7 million from the prior year. Notwithstanding these decreases, the Proposed 2019-20 Budget maintains level funding for K-14 education in these years by maintaining a $44 million overappropriation to the fiscal year 2017-18 minimum guarantee and using settle-up payments to offset otherwise unfunded obligations in fiscal year 2018-19.

For fiscal year 2019-20, the Proposed 2019-20 Budget sets the minimum funding guarantee at $80.7 billion, reflecting an increase of $2.8 billion (or 3.6%) from the revised prior-year level. Fiscal year 2019-20 is projected to be a "Test 3" year. With respect to K-12 education, ongoing per-pupil spending is set at $12,003, reflecting an increase of $435 from the prior year.

Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of $2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% COLA, and bringing total LFCC funding to $63 billion.

- *Categorical Programs* – An increase of $187 million in Proposition 98 funding to support a 3.46% COLA for categorical programs that remain outside the LCFF.

- *Pension Costs* – A $3 billion, one-time payment from non-Proposition 98 funds to CalSTRS, to reduce long-term liabilities for K-14 school districts. Of this amount, $700 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability.

- *State System of Support* – An increase of $20.2 million in Proposition 98 funding for county offices of education to provide technical assistance to low-performing local educational agencies.

- *Special Education* – $577 million in Proposition 98 funding (of which $186 million is one-time) to school districts based on their unduplicated counts of low-income, English learner and disabled students. These funds may be used for either (i) special education services for students with disabilities, or (ii) early intervention programs for students are not yet receiving special education services.

- *Preschool* – $125 million in non-Proposition 98, ongoing funding to provide 10,000 full-day preschool slots for children from low income families. The Proposed 2019-20 Budget also provides for an increase of $26.8 million in Proposition 98 funding to reflect the full-year cost of full-day preschool slots implemented during the prior fiscal year.

- *Early Education* – An increase of $750 million in one-time non-Proposition 98 funding to create more full-day Kindergarten programs. The funds are primarily intended for constructing new or retrofitting existing school facilities needed to operate longer-day programs. The Proposed 2019-20 Budget also includes $500 million for improvements to early education (including $245 million for facilities, $245 million for the child care workforce, and $10 million to improve access and quality).

- *County Offices of Education* – An increase of $9 million in Proposition 98 funding for county offices of education, reflecting a 3.46% COLA and ADA changes applicable to the LCFF.

- *Proposition 51* – a total allocation of $1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the Proposed 2019-20 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, 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 calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest on the Bonds (and original issue discount) is based upon certain representations of fact and certifications made by the

District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest on the Bonds (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest on the Bonds (and original issue discount) to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS OR THE MARKET VALUE OF THE BONDS. TAX REFORM PROPOSALS ARE BEING CONSIDERED BY CONGRESS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES MIGHT BE INTRODUCED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest on the Bonds (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX B.

LIMITATION ON REMEDIES; BANKRUPTCY

General. State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien. Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues. If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to finance or refinance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's pooled investment fund, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – SAN MATEO COUNTY TREASURY POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed forms of the approving opinion of Bond Counsel attached hereto as APPENDIX B is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of bondholders (including Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2018-19 fiscal year, and to provide notices of the occurrence of certain Listed Events. The Annual Reports and notices of Listed Events will be filed by the District in accordance with the requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Reports or the notices of Listed Events is included in APPENDIX C – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. Within the past five years, the District has not failed to file in a timely manner the annual reports and notices of listed events required in connection with its prior continuing disclosure undertakings.

Legality for Investment in California

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

Absence of Material 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 questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX B.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 6, 2018 of Vavrinek, Trine, Day & Co. LLP (the "Auditor"), are included in this Official Statement as APPENDIX A. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX A to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

RATING

Moody's has assigned a rating of "Aa1" to the Bonds.

Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10007. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file on EMMA, notices of any ratings changes on the Bonds. See "APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agency prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the ratings agency and its website and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed, pursuant to a purchase contract by and between the District and the Underwriter (the "Purchase Contract"), to purchase all of the Bonds for a purchase price of $_____________ (which is equal to the principal amount of the Bonds of $__________, plus net original issue premium of $_____________, less Underwriter's discount of $_____________ and less $___________ which the Underwriter has agreed to use to pay costs of issuance for the Bonds).

The Purchase Contract for the Bonds provide that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover hereof. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following information for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should be construed as a representation of the District.

While the Underwriter does not believe that the following represent potential or actual material conflicts of interest, the Underwriter notes that:

In September 2016, the Underwriter made a contribution to the District's Quality Elementary Schools for All Students – Yes on Measure T parcel tax on the ballot of November 2016.

ADDITIONAL INFORMATION

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

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only 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, beneficial or otherwise, of any of the Bonds.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

By ____________________________________

Julie Kessler
Assistant Superintendent of Business Services/Chief Business Officer

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APPENDIX A

THE DISTRICT'S FISCAL YEAR 2017-18 AUDITED FINANCIAL STATEMENTS

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JEFFERSON ELEMENTARY SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2018

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JEFFERSON ELEMENTARY SCHOOL DISTRICT

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JEFFERSON ELEMENTARY SCHOOL DISTRICT

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL SECTION

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Governing Board
Jefferson Elementary School District
Daly City, 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 the Jefferson 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; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

260 Sheridan Ave., Suite 440, Palo Alto, CA 94306 P 650.462.0400 F 650.462.0500 W vtdcpa.com

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 the Jefferson Elementary School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information 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 the Jefferson Elementary School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of the Jefferson 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jefferson Elementary School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson Elementary School District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Palo Alto, California
December 6, 2018

JEFFERSON
Elementary School District

Governing Board
Shakeel Ali
Marie Brizuela
Rebecca Douglass, PhD
Clayton Koo
Manufou Liaiga-Anoa'i

Assistant Superintendent
Business Services
Julie T. Kessler

Superintendent
Bernardo Vidales

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Jefferson Elementary School District's 2017-2018 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018.

This management's discussion and analysis should be read in conjunction with the District's financial statements, including notes and supplementary information that immediately follow this section.

FINANCIAL HIGHLIGHTS

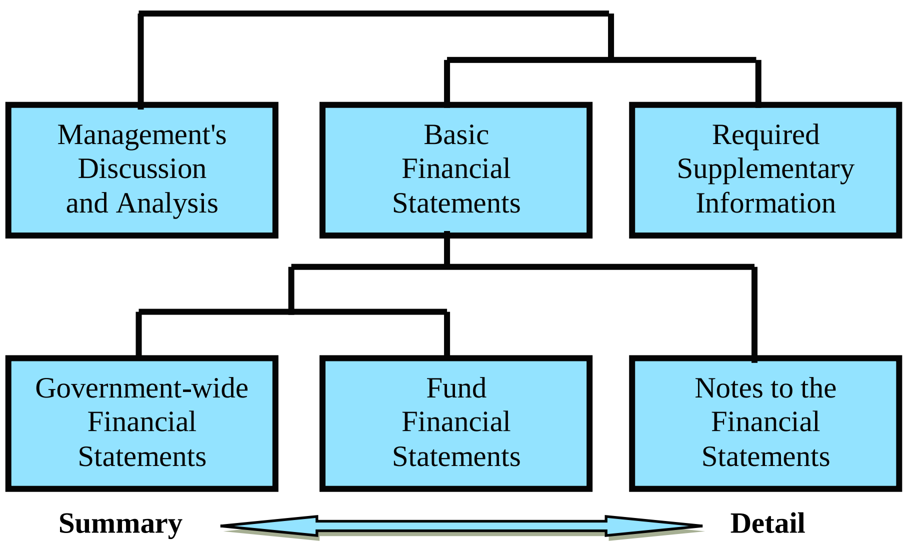
- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $22,919,992 (net position). Of this amount, ($36,900,568) in deficit represents unrestricted net position. In common with school districts in California, the District recorded net pension liabilities for its proportionate share of the unfunded California State Teachers' System (CalSTRS) and California Public Employees' Retirement system (CalPERS) pension liabilities. The District's share of the pension liabilities and related deferrals is $49,792,244. In addition, the District recorded total Other Postemployment Benefits (OPEB) liability and related deferrals of $12,636,714.
- The District's total net position decreased by $4,403,692.
- At the close of the current fiscal year, the District's governmental funds reported combined fund balances of $71,206,979, an increase of $4,893,148 in comparison to the prior year. This increase is, in part, due to the use of bond funds for capital projects in the amount of $11.5 million, and $15.0 million bonds were issued during the year. Below is detailed information of the capital projects funded by Measure I. Of the $71 million, approximately 14% or $9,983,697 of this amount is available for spending at the District's discretion. These available funds include a 5% or $3.7 million reserve for economic uncertainty.
- The District's total outstanding long-term debt other than pension and OPEB increased by $12,565,352 during the current fiscal year due to issuance of bonds and the annual payments of the bonds.
- The District completed the third of a five year contract for food services management with Sodexo America, LLC. The District experienced a loss of $90,892 for fiscal year 2017-2018. This loss is due to several factors including classified employees receiving a 2.0% salary increase. Overall salaries and benefits showed an increase of $70,085. Additionally, the District purchased a new van with a lift-gate for the food service department at the cost of $45,438. The prices for paid meal prices did not increase in 2017-2018 but will be reviewed for a possible increase during the 2018-2019 school year.
- The District continues to maintain a 5% reserve for economic uncertainty, well above the State required 3%. The District believes that reserves are a vital part of financial stability, including cash flow and protection from a history of State and Federal funding cuts.

101 Lincoln Avenue • Daly City, CA 94015 • 650-991-1000 phone • 650-992-2265 fax • http://www.jsd.k12.ca.us

- Measure I bond projects and other significant projects:
  - The District issued its final bond series, Series D, in the amount of $15.0 million during fiscal year 2017-2018.
  - During fiscal year 2017-2018, the District completed all phases of the "TR Pollicita Middle School Facilities Improvement Project". This project included the building of 19 new classrooms, the construction of a new school administrative office, multi-purpose room, library, and the renovation of existing classrooms. The total cost of this project was $38.1 million. During fiscal year 2017-2018, the District substantially completed the following projects paid for with bond funds:
    - Renovation of the District office and parking lot re-paving at the approximate cost of $2.9 million.
    - Gas piping and heating at Benjamin Franklin Middle School at the approximate cost of $360,000.
    - New playground equipment at George Washington and Woodrow Wilson Elementary Schools at the approximate cost of $248,000, and playground equipment projects in progress during the summer of 2018 at Garden Village and Thomas Edison elementary Schools at the approximate cost of $324,000.
    - Re-fencing at Susan B. Anthony Elementary and Thomas R. Pollicita Middle Schools at the approximately cost of $437,000.
    - Security cameras at Thomas R. Policita Middle School and the maintenance yard at the approximate cost of $73,000.
  - In addition to the bond funded programs, the District began the following projects during fiscal year 2017-2018 which were substantially completed during the summer of 2018:
    - Painting of Fernando Rivera Middle and Thomas Edison Elementary Schools at the approximate cost of $600,000.
    - Re-roofing approximately 70% of Benjamin Franklin Middle School at the approximate cost of $910,000 and re-roofing Woodrow Wilson Elementary School at the approximate cost of $1,130,000.
  - The following projects are planned to begin or be substantially completed during fiscal year 2018-2019:
    - New four classroom and restroom wing at Franklin D. Roosevelt K-8 School at an estimated cost of $3.2 million, to be funded with bond funds and developer fee funds.
    - New four classroom and restroom wing at Fernando Rivera Middle School at an estimated cost of $3.2 million, to be funded with bond funds and developer fee funds.
    - Security cameras at all remaining school sites and at the District office at an estimated cost of $500,000, to be funded with bond funds.
    - Re-fencing of all remaining school sites at an estimated cost of $4 million, to be funded with a combination of bond funds and State Facilities Program funds, to be received at a future date.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Required Supplementary Information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements of the basic financial statements are *Government-wide Financial Statements* that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are *Fund Financial Statements* that focus on individual parts of the District, reporting the District's operation in more detail than the government-wide statements.

The *Fund Financial Statements* can be further broken down into two types:

- *Governmental Fund Statements* which tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

- *Fiduciary Fund Statements*, providing information about the financial relationship in which the District acts solely as trustee or agent for the benefit of others to whom the resources belong.

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors including the condition of the District's school buildings and other facilities.

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Governmental Funds

Most of the District's basic services are reported in Governmental Funds which generally focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental Fund information helps 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 that explains the relationship (or differences) between them.

Fiduciary Funds

The District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

	Governmental Activities 2018	Governmental Activities 2017	Total Percentage Change 2018-2017
Assets			
Current and other assets	$ 76,778,036	$ 71,286,788	7.7%
Capital assets	118,854,058	111,098,790	7.0%
Total Assets	195,632,094	182,385,578	7.3%
Deferred Outflows of Resources	27,657,897	18,733,506	47.6%
Liabilities			
Current liabilities	9,705,659	9,482,986	2.3%
Long-term obligations	187,261,942	155,070,455	20.8%
Total Liabilities	196,967,601	164,553,441	19.7%
Deferred Inflows of Resouces	3,402,398	1,577,544	100.0%
Net Position			
Net investment in capital assets	28,072,919	28,425,237	-1.2%
Restricted	31,747,641	29,387,856	8.0%
Unrestricted	(36,900,568)	(22,824,994)	61.7%
Total Net Position	$ 22,919,992	$ 34,988,099	-34.5%

The District's net position was $22.9 million for the fiscal year ended June 30, 2018. Of this amount, $28.1 million is invested in capital assets and an additional $31.7 million is restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the school board's ability to use those assets for day-to-day operations. The unrestricted net position shows a deficit amount of $36.9 million which reflects the recognition of $62.4 million of the District's Proportionate Share of Net Pension Liability and OPEB liability as well as related deferred outflow and inflow of resources. Our analysis above focuses on the net position and changes in net position of the District's governmental activities.

Changes in Net Position

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

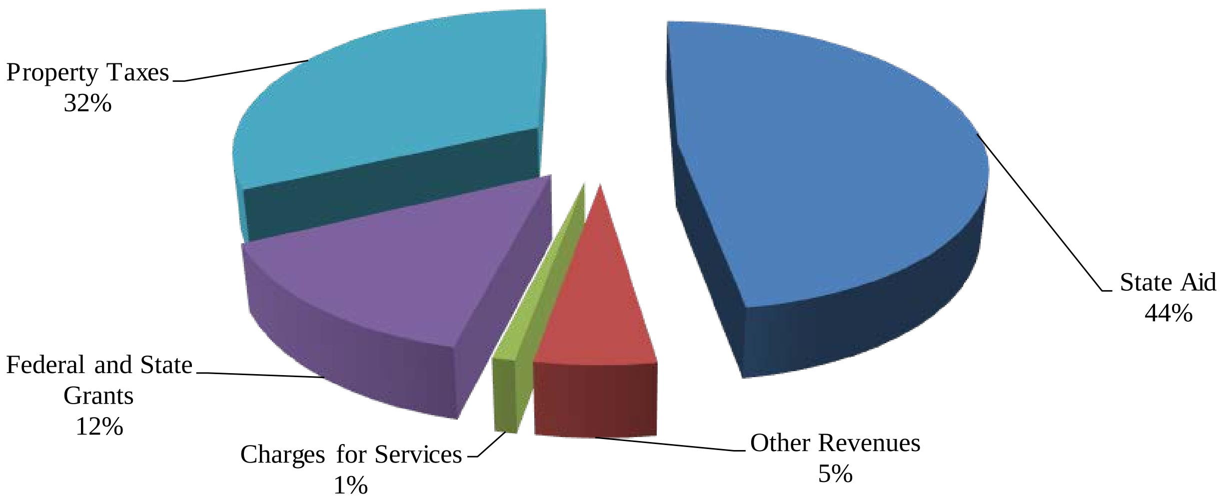
	Governmental Activities		Total Percentage Change
	2018	2017	2018-2017
Revenues			
Program revenues:			
Charges for services	$ 842,254	$ 744,685	13%
Federal and State categorial grants	12,117,730	9,581,834	26%
General revenues:			
State aid not restricted	40,830,163	36,557,634	12%
Property taxes	27,529,147	31,172,105	-12%
Other general revenues	4,527,593	4,409,131	3%
Total Revenues	85,846,887	82,465,389	4%
Expenses			
Instruction-related	62,820,586	57,146,980	10%
Student support servcies	10,501,263	8,214,021	28%
Administration	5,299,910	5,599,987	-5%
Other	11,628,820	11,824,661	-2%
Total Expenses	90,250,579	82,785,649	9%
Change in Net Position	$ (4,403,692)	$ (320,260)	1275%

Governmental Activities

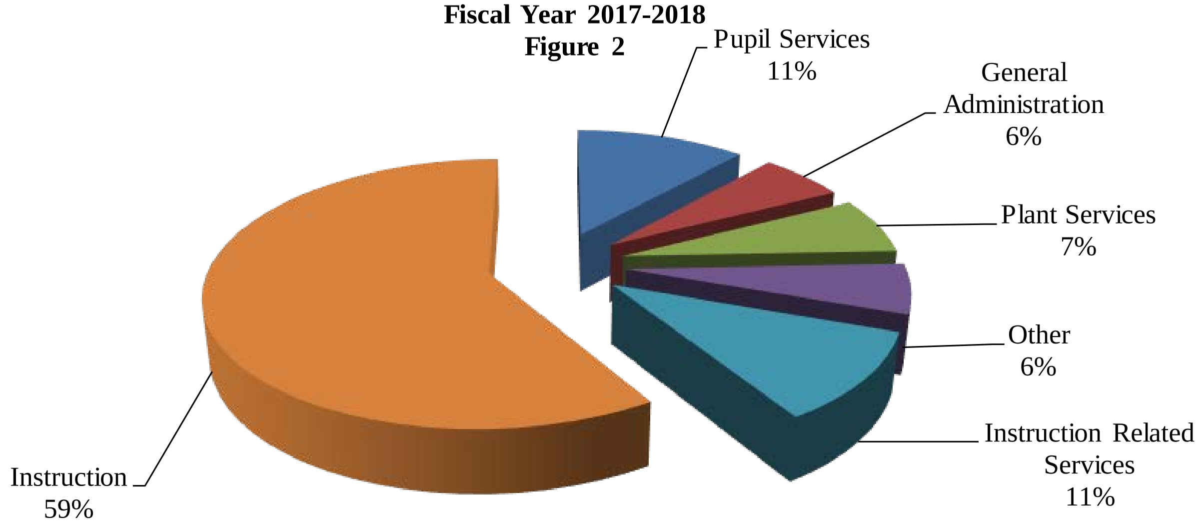
For fiscal year 2017-2018, total District revenues were $85.8 million. Total District expenses were $90.3 million. The difference of ($4.4) million is the decrease in net position bringing the total net position as of June 30, 2018 to $22.9 million. The main operating sources of revenue for the District are property taxes, State aid and Federal and State categorical grants. Categorical grants showed a net increase of $2.5 million. State aid showed an increase of $4.3 million and property taxes showed a decrease of $3.6 million. The other general revenue showed an increase of $0.1 million.

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was $90.3 million. The amount that our local taxpayers ultimately financed for these activities through property taxes was $72.9 million. Other government agencies and organizations subsidized certain programs with grants and contributions in the amount of $12.9 million. The increase in expenses in Instruction-related as well as Student support services are mainly due to additional positions and services as approved in the LCAP, a negotiated increase in certificated and classified salaries and benefits, and an increase in our pension related expenses. Our pension liabilities and related expenses increased because investments with CalPERS and CalSTRS did not perform in-line with expectations and therefore additional pension expenses were reported in the government-wide financial statements.

Sources of Revenue
Fiscal Year 2017-2018
Figure 1



Expenses
Fiscal Year 2017-2018
Figure 2



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed fiscal year 2017-2018, District governmental funds reported a combined fund balance of $71.2 million which is a $4.9 million increase from the previous fiscal year.

District's Fund Balances

	Balances and Activity			
	July 1, 2017	Revenues	Expenditures	June 30, 2018
General	$ 21,390,478	$ 70,966,677	$ 73,404,965	$ 18,952,190
Special reserve retiree benefits	8,186,944	114,540	-	8,301,484
Building	7,704,291	15,226,793	10,516,579	12,414,505
Child development	634,288	2,614,998	2,525,085	724,201
Cafeteria	624,589	3,307,319	3,398,209	533,699
Deferred maintenance	1,539,255	421,876	823,856	1,137,275
Capital facilities	1,597,065	268,371	127,432	1,738,004
County school facilities	11,516	161	-	11,677
Special reserve fund for capital outlay projects	19,081,617	769,082	-	19,850,699
Bond interest and redemption	5,543,788	8,450,810	6,451,353	7,543,245
Total	$ 66,313,831	$ 102,140,627	$ 97,247,479	$ 71,206,979

The primary reasons for the changes are:

- The General Fund is our principal operating fund. The fund balance shows a net decrease of $2.4 million.

- The fund balance in the Building Fund (Bond Fund) increased by $4.7 million. This was the result of expenditures by the District in connection with Measure I projects and new issuance of bonds. The majority of expenditures during fiscal year 2017-2018 were for Phase II of the TRP project as presented above in the Financial Highlights of this report.

- The fund balance in the Bond Interest and Redemption Fund increased by $2.0 million. This was the result of new issuance of bonds in current year in an amount greater than the pay down of previously issued bonds.

General Fund Budgetary Highlights

The District prepares its budget based on the newly adopted State funding model known as the Local Control Funding Formula (LCFF) in conjunction with the Local Control Accountability Plan (LCAP). The LCAP is developed by soliciting input from District stakeholders such as teachers, parents, administrators and the community regarding what types of services, programs, materials and facilities would best meet the needs of our students. Using the input provided, the District prioritizes the needs of the students and the budget is built accordingly.

Under the LCFF funding model, all school districts are guaranteed a set amount of funds for each student based on grade span, these funds are known as Base Grant funds. Additional funding is available for students who are English Learners (EL), students qualifying for Free or Reduced Meals (F&R), and Foster Youth (FY), these funds are known as Supplemental and Concentration Grant funds. Districts must spend these additional funds on those students generating the funds. Because the District has such a high percentage of EL, F&R and FY students, the District receives a considerable amount of Supplemental and Concentration Grant funds and is, therefore, able to provide students with much needed additional services.

The dollar amount calculated using the LCFF is referred to as the funding “Target.” The State is currently not in the position to fully fund the target and is, therefore, funding a portion of the unfunded target “the Gap” each year with the intent of reaching full funding by fiscal year 2020-2021. During fiscal year 2017-2018 the State funded 42.97% of the Gap.

	Governmental Activities		Total Percentage Change
	2018	2017	2018-2017
Land and construction in progress	$ 6,969,332	$ 34,459,652	-80%
Buildings and improvements	109,630,177	74,224,640	48%
Equipment	2,254,549	2,414,498	-7%
Total	$ 118,854,058	$ 111,098,790	**7%**

Capital Assets at Year End Net of Depreciation

At June 30, 2018, the District had $118.9 million (net of depreciation) in a broad range of capital assets, including land, buildings and furniture and equipment. The District uses $5,000 as its capitalization threshold.

Outstanding General Obligation Bonds

	Governmental Activities		Total Percentage Change
	2018	2017	2018-2017
General obligation bonds (financed with property taxes)	$ 97,675,000	$ 86,495,000	13%

Outstanding debt increased by a net amount of $11.2 million during the 2017-2018 fiscal year. The increase is due to repayments of bonds and new issuance of bonds in current year.

Net Pension Liability (NPL)

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

The District reported its proportionate share of the net pension liabilities, pension expense and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 57,073,316	$ 20,756,826	$ 2,515,420	$ 6,858,125
CalPERS	16,148,434	5,378,228	190,128	3,261,751
Total	$ 73,221,750	$ 26,135,054	$ 2,705,548	$ 10,119,876

Economic Factors and Next Year's Budget rates

The District's 2018-2019 General Fund budget was adopted by the Board of Trustees in June of 2017. The adopted budget projected revenues in the amount of $73.8 million and expenditures and other financing is budgeted in the amount of $76.5 million.

The District's budget was developed and adopted using the Local Control Funding Formula (LCFF) and the Local Control Accountability Plan (LCAP). The budget includes additional gap funding at 43.97% or approximately $1.3 million of the unfunded LCFF Target “the Gap.” The LCAP provides for enhanced and additional educational services for District students, the costs of these services are included in the adopted budget. Additionally, the District passed a parcel tax of $68 per parcel in the election of November 2016. The District received $1.2 million in Parcel Tax revenues in 2017-2018, the first year of a nine year authorization. Approximately $1.1 million was spent on a combination of districtwide and site educational programs approved by the community. Fiscal year 2018-2019 has been budgeted at the same revenue and expenditure level as 2017-2018.

Contacting the District Financial Management

This financial report is designed to provide our parents, citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact Julie Kessler, Chief Business Official, or Abhay Chand, Director of Fiscal Services, at Jefferson Elementary School District, 101 Lincoln Avenue, Daly City, CA 94015.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Deposits and investments	$ 74,171,910
Receivables	2,554,774
Prepaid items	12,550
Stores inventories	38,802
Capital assets not depreciated	6,969,332
Capital assets, net of accumulated depreciation	111,884,726
Total Assets	195,632,094
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,180,287
Deferred outflows of resources related to OPEB	342,556
Deferred outflows of resources related to pensions	26,135,054
Total Deferred Outflows of Resources	27,657,897
LIABILITIES	
Accounts payable	5,435,395
Unearned revenue	135,662
Interest payable	1,242,395
Long-term obligations other than pensions and OPEB:	
Current portion	2,892,207
Noncurrent portion	101,757,772
Total OPEB liability	12,282,420
Aggregate net pension liability	73,221,750
Total Long-Term Obligations	190,154,149
Total Liabilities	196,967,601
DEFEREED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB	696,850
Deferred inflows of resources related to pensions	2,705,548
Total Deferred Inflows of Resources	3,402,398
NET POSITION	
Net investment in capital assets	28,072,919
Restricted for:	
Debt service	6,300,850
Capital projects	21,600,380
Educational programs	3,312,712
Food services	533,699
Unrestricted	(36,900,568)
Total Net Position	$ 22,919,992

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction	$ 53,166,066	$ 49,807	$ 5,834,738	$ (47,281,521)
Instruction-related activities:				
Supervision of instruction	3,165,873	4,120	634,918	(2,526,835)
Instructional library, media, and technology	664,343	4,916	42,823	(616,604)
School site administration	5,824,304	2,893	310,667	(5,510,744)
Pupil services:				
Home-to-school transportation	1,494,839	-	18,343	(1,476,496)
Food services	3,468,247	507,310	2,384,225	(576,712)
All other pupil services	5,538,177	3	1,056,128	(4,482,046)
Administration:				
Data processing	1,375,135	-	-	(1,375,135)
All other administration	3,924,775	30,131	425,189	(3,469,455)
Ancillary services	287,739	25	224	(287,490)
Community services	48,227	1,024	5,209	(41,994)
Plant services	6,188,257	26,248	297,992	(5,864,017)
Interest on long-term obligations	2,922,153	-	-	(2,922,153)
Other outgo	2,182,444	215,777	1,107,274	(859,393)
Total Governmental Activities	$ 90,250,579	$ 842,254	$ 12,117,730	(77,290,595)

General revenues and subventions:	
Property taxes, levied for general purposes	20,565,183
Property taxes, levied for debt service	6,963,964
Taxes levied for other specific purposes	1,245,758
Federal and State aid not restricted to specific purposes	40,830,163
Interest and investment earnings	754,555
Miscellaneous	2,527,280
Subtotal, General Revenues	72,886,903
Change in Net Position	(4,403,692)
Net Position - Beginning, as restated	27,323,684
Net Position - Ending	$ 22,919,992

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Special Reserve Retiree Benefits Fund	Building Fund
ASSETS			
Deposits and investments	$ 21,203,553	$ 8,265,334	$ 13,519,708
Receivables	1,582,375	36,150	64,021
Due from other funds	170,585	-	-
Prepaid items	12,550	-	-
Stores inventories	-	-	-
Total Assets	$ 22,969,063	$ 8,301,484	$ 13,583,729
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 4,004,740	$ -	$ 1,169,224
Due to other funds	-	-	-
Unearned revenue	12,133	-	-
Total Liabilities	4,016,873	-	1,169,224
Fund Balances:			
Nonspendable	18,550	-	-
Restricted	2,681,392	-	12,414,505
Committed	3,650,000	8,301,484	-
Assigned	1,149,864	-	-
Unassigned	11,452,384	-	-
Total Fund Balances	18,952,190	8,301,484	12,414,505
Total Liabilities and Fund Balances	$ 22,969,063	$ 8,301,484	$ 13,583,729

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

Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total Governmental Funds
$ 19,775,142	$ 11,408,173	$ 74,171,910
86,274	785,954	2,554,774
-	-	170,585
-	-	12,550
-	38,802	38,802
$ 19,861,416	$ 12,232,929	$ 76,948,621
$ 10,717	$ 250,714	$ 5,435,395
-	170,585	170,585
-	123,529	135,662
10,717	544,828	5,741,642
-	38,802	57,352
19,850,699	10,419,143	45,365,739
-	1,137,275	13,088,759
-	92,881	1,242,745
-	-	11,452,384
19,850,699	11,688,101	71,206,979
$ 19,861,416	$ 12,232,929	$ 76,948,621

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds		**$ 71,206,979**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 164,872,861	
Accumulated depreciation is	(46,018,803)	
Net Capital Assets		118,854,058
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.		(1,242,395)
Deferred inflows and outflows from pension activities are not recognized on the governmental funds, but are recognized on the government-wide statements.		23,429,506
Deferred inflows and outflows from OPEB activities are not recognized on the governmental funds, but are recognized on the government-wide statements.		(354,294)
Costs resulting from advance refunding are expensed in the governmental funds. On the government-wide statements, they are deferred and amortized over the life of the related debt.		1,180,287
Long-term obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term obligations at year-end consist of:		
Bonds payable	97,675,000	
Unamortized bond premium	6,700,931	
Compensated absences	274,048	
Total OPEB liability	12,282,420	
Net pension liability	73,221,750	
Total Long-Term Obligations		(190,154,149)
Total Net Position - Governmental Activities		**$ 22,919,992**

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

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JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	General Fund	Special Reserve Retiree Benefits Fund	Building Fund
REVENUES			
Local control funding formula	$ 58,906,529	$ -	$ -
Federal sources	2,649,143	-	-
Other State sources	6,570,520	-	-
Other local sources	2,840,485	114,540	226,793
Total Revenues	70,966,677	114,540	226,793
EXPENDITURES			
Current			
Instruction	45,966,385	-	-
Instruction-related activities:			
Supervision of instruction	2,790,468	-	-
Instructional library and technology	598,792	-	-
School site administration	5,068,195	-	-
Pupil services:			
Home-to-school transportation	1,347,343	-	-
Food services	4,110	-	-
All other pupil services	4,991,588	-	-
Administration:			
Data processing	1,239,449	-	-
All other administration	3,198,104	-	-
Plant services	5,095,510	-	-
Ancillary services	259,347	-	-
Community services	-	-	-
Other outgo	2,182,444	-	-
Facility acquisition and construction	124,925	-	10,512,579
Debt service			
Principal	-	-	-
Interest and other	-	-	4,000
Total Expenditures	72,866,660	-	10,516,579
Excess (Deficiency) of Revenues Over Expenditures	(1,899,983)	114,540	(10,289,786)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Proceeds from sale of bonds	-	-	15,000,000
Transfers out	(538,305)	-	-
Net Financing Sources (Uses)	(538,305)	-	15,000,000
NET CHANGE IN FUND BALANCES	(2,438,288)	114,540	4,710,214
Fund Balance - Beginning	21,390,478	8,186,944	7,704,291
Fund Balance - Ending	$ 18,952,190	$ 8,301,484	$ 12,414,505

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

Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ 400,000	$ 59,306,529
-	2,465,945	5,115,088
-	1,104,647	7,675,167
269,082	9,646,272	13,097,172
269,082	13,616,864	85,193,956
-	1,953,750	47,920,135
-	63,027	2,853,495
-	-	598,792
-	181,421	5,249,616
-	-	1,347,343
-	3,121,923	3,126,033
-	134	4,991,722
-	-	1,239,449
-	305,112	3,503,216
-	254,458	5,349,968
-	-	259,347
-	43,469	43,469
-	-	2,182,444
-	951,288	11,588,792
-	2,575,000	2,575,000
-	3,876,353	3,880,353
-	13,325,935	96,709,174
269,082	290,929	(11,515,218)
500,000	38,305	538,305
-	1,408,366	16,408,366
-	-	(538,305)
500,000	1,446,671	16,408,366
769,082	1,737,600	4,893,148
19,081,617	9,950,501	66,313,831
$ 19,850,699	$ 11,688,101	$ 71,206,979

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

Total Net Change in Fund Balances - Governmental Funds		**$ 4,893,148**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlays	$ 11,336,176	
Depreciation Expense	(3,580,908)	7,755,268
Interest on long-term obligations is recorded as an expenditure in the governmental funds when it is due; however, in the statement of activities interest expense is recognized as the interest accrues, regardless of when it is due.		(57,366)
Issuance of general obligations bonds is recognized as a revenue on the statement of revenues, expenditures and changes in fund balances but is removed from the statement of activities.		(35,587,070)
Repayment of the long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		20,025,000
Amortization of premiums of the bonds is not a revenue source in the governmental funds, but is reflected as a revenue in the statement of activities.		3,034,772
Amortization of bond defeasance cost is not recognized in the governmental funds. In the government-wide statements, it is amortized over the life of the related bond.		(799,656)

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

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

In the statement of activities, certain operating expenses - compensated absences (vacation) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(38,054)
Deferred charges on refunding (the difference betweeen the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new debt and are included with governmental activities.	509,154
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the statement of activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.	(3,876,209)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.	(262,679)
Change in Net Position of Governmental Activities	**$ (4,403,692)**

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Foundation Trust Fund	Agency Funds
ASSETS		
Deposits and investments	$ 6,068	$ 74,668
Receivables	27	-
Total Assets	6,095	$ 74,668
LIABILITIES		
Due to student groups	-	$ 74,668
Total Liabilities	-	$ 74,668
NET POSITION		
Held in trust	6,095	
Total Net Position	$ 6,095	

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Foundation Trust Fund
ADDITIONS	
Interest	$ 86
Total Additions	86
DEDUCTIONS	
Classroom expenses	134
Total Deductions	134
Change in Net Position	(48)
Net Position - Beginning	6,143
Net Position - Ending	$ 6,095

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Jefferson Elementary School District (the District) was established in 1866 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and serves grades K-8 students. The District has eleven elementary schools, three intermediate schools and one state preschool.

A reporting entity is comprised of the primary government, component units, and other organizations to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Jefferson Elementary School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District for the approval of their budgets, the issuance of their debt, or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the financial statements to be misleading or incomplete. For financial reporting purposes, the component unit discussed below is reported in the District's financial statements because of the significance of its relationship with the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District. The District has the following component unit:

Jefferson Elementary School Facilities Financing Authority (the Authority) – This was formed to borrow money for the purpose of providing funds to purchase the District's general obligation refunding bonds and to finance the acquisition and construction of public capital improvements. Individual financial statements are not prepared for the Authority. The Authority's financial data are combined with the District's data. The Authority's general obligation revenue bonds are included as long-term debt in the government-wide financial statements.

Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District.

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

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

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current position.

Fiduciary funds are reported using the economic resources measurement focus.

Fund Accounting

District accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, fund equity (or retained earnings), revenues and expenditures or expenses as appropriate. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. The fund types and funds utilized by the District are described below:

Major Governmental Funds:

- The General Fund serves as the general operating fund. It is used to account for all financial resources of the District except those required to be accounted for in another fund. Fund 17, Special Revenue Fund for Other Than Capital Outlay Projects does not meet the definition of special revenue fund under GASB Statement No. 54. Although this fund is authorized by statute and will remain open for internal reporting purposes, this fund has been combined with the General Fund for presentation in the financial statements.

- The Special Reserve Fund for Postemployment Benefits may be used pursuant to *California Education Code* Section 42840 to account for amounts the District has committed for the future cost of post employment benefits but has not contributed irrevocably to a separate trust for the post employment benefit plan.

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

- The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of funds for capital outlay purposes (*Education Code* Section 42840).

Non-Major Governmental Funds:

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- The Child Development Fund is used to account separately for federal, state, and local revenues to operate child development programs.

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

- The Deferred Maintenance Fund is used to account separately for the District's contributions for deferred maintenance purposes.

Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on general long-term obligations. The following debt service fund is maintained by the County Treasurer for the District use:

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

Capital Projects Fund is used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains the capital project funds described below:

- 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).

- The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Fiduciary Funds:

Expendable Trust Fund is used to account for assets held by the District as Trustee. The District maintains one expendable trust fund, the Foundation Trust Fund. This Fund is used to account for money received from gifts and bequests.

Agency Funds are used to account for assets of others for which the District acts as an agent. The following fund is in use:

- Student Body Funds are used to account for the activities of student groups.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds are accounted for on the accrual basis.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectable within the current period or within one year after year-end except for property taxes which are considered to be available if collected with 60 day of year-end. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Unearned Revenue

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental columns of the statement of net position.

Prepaid items (Expenses)

Prepaid items represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures in the benefiting period.

Stores Inventory

Inventories consist of expendable food and supplies held for consumption and unused donated commodities. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental-type funds when used.

Capital Assets and Depreciation

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Life in Years
Land	Not applicable
Site improvements	20
School buildings and building improvements	25-50
Equipment	5-15
Vehicles	8

lnterfund Activity

Transfers between governmental and proprietary activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Compensated Absences

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees, therefore, are never paid sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements.

Accrued Liabilities, Long-Term Obligations and Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond prepaid insurance costs are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental funds recognized bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses, whereas, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about additions to/deductions from the Plans have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned.

Fund Balance

The following is a description of the District's fund balance classifications:

- **Nonspendable** – Includes amounts that cannot be spent because they are either (a) not in spendable form (inventories, prepaid amounts, etc.) or (b) legally or contractually required to be maintained intact.

- **Restricted** – Includes amounts with constraints that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

- **Committed** – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board. Those committed amounts cannot be used for any other purpose unless the District Board removes or changes the specified use by taking the same type of action (legislation, resolution, ordinance) it employed to previously commit those amounts.

- **Assigned** – Includes amounts the District intends to be used for specific purposes that are neither restricted nor committed. Management has been delegated with the responsibility of assigning fund balance.

- **Unassigned –** Includes the residual balance that has not been assigned to other funds and is not restricted, committed or assigned for specific purposes.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and other funds are available, then it applies amounts to the committed fund balance followed by assigned and then unassigned amounts.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts equal to no less than 5 percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position reported as net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

Local Control Funding Formula (LCFF)/Property Tax

The District's LCFF is received from a combination of local property taxes, state apportionments, and other local sources.

The County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 1.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Actual results may vary for the amounts reported in the financial statements are disclosures.

Change in Accounting Principles

In June 2015, the Government Audit Standard Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* 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 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The District has implemented the provisions of this Statement as of June 30, 2018.

In March 2017, the GASB issued 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.

In May 2017, the GASB issued 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. The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements Effective in Future Years

GASB Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged. The District has not determined the effect of the Statement.

GASB Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged. The District has not determined the effect of the Statement.

GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The District has not determined the effect of the Statement.

GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged. The District has not determined the effect of the Statement.

GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The District has not determined the effect of the Statement.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

Governmental activities	$ 74,171,910
Fiduciary funds	80,736
Total Deposits and Investments	$ 74,252,646

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

Cash on hand and in banks	$	207,548
Cash in revolving		6,000
Investments		74,039,098
Total Deposits and Investments	$	74,252,646

Investments

The District's investments consist of the following at June 30, 2018:

Investment Type		Fair Value	Average Maturity in Years
County Pool	$	73,965,003	1.31
State Investment Pool		74,095	0.53
Total	$	74,039,098	

Investments with County Treasury – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of their fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The pool is not registered with the Security Exchange Commission (SEC). Information regarding the characteristics of the entire investment pool can be found in the County's June 30, 2018 basic financial statements. A copy of that report may be obtained by contacting the Controller's Office, County of San Mateo, 555 County Center, Redwood City 94063.

Investments in the State Investment Pool – The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the Pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis. The pool is not registered with the SEC.

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

General Authorizations

Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

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. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The cost and fair value of the deposits with the County Treasurer at June 30, 2018, approximate cost, and the weighted average maturity of the pool was 1.31 years.

Credit Risk

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. The San Mateo County and the State Investment Pools are not rated.

Custodial Credit Risk - Deposits

Cash balances deposited with commercial banks are insured up to $250,000 by the Federal Depository Insurance Corporation. This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, 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 percent of the total amount deposited by public agencies. The District is not exposed to custodial credit risk.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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 reasonably 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 - Investments in the San Mateo County Treasury Investment Pool and State Investment Pools 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.

NOTE 4 - RECEIVABLES

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

	General Fund	Special Reserve Retiree Benefits Fund	Building Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total
Federal Government						
Categorical aid	$ 344,740	$ -	$ -	$ -	$ 330,738	$ 675,478
State Government						
Categorical aid	679,607	-	-	-	160,317	839,924
Lottery	266,789	-	-	-	-	266,789
Local Government						
Interest	95,037	36,150	64,021	86,274	48,586	330,068
Other Local Sources	196,202	-	-	-	246,313	442,515
Total	$ 1,582,375	$ 36,150	$ 64,021	$ 86,274	$ 785,954	$ 2,554,774

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

As of June 30, 2018, interfund receivables and payables were in the amount of $46,433 due to General Fund from the Child Development Fund and $124,152 due to General Fund from the Cafeteria Fund.

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In the year ended June 30, 2018, interfund transfers were as follows:

	Transfer To		
Transfer From	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total
General Fund	$ 500,000	$ 38,305	$ 538,305

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018, is shown below:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 4,259,156	$ -	$ -	$ 4,259,156
Construction in progress	30,200,496	10,564,697	38,055,017	2,710,176
Total Non-Depreciable Assets	34,459,652	10,564,697	38,055,017	6,969,332
Capital Assets Being Depreciated:				
Land improvements	13,254,505	-	-	13,254,505
Buildings and improvements	101,164,937	38,413,525	-	139,578,462
Furniture and equipment	4,657,591	412,971	-	5,070,562
Total Depreciable Assets	119,077,033	38,826,496	-	157,903,529
Total Capital Assets	153,536,685	49,391,193	38,055,017	164,872,861
Less Accumulated Depreciation:				
Land improvements	2,142,764	458,009	-	2,600,773
Buildings and improvements	38,052,038	2,549,979	-	40,602,017
Furniture and equipment	2,243,093	572,920	-	2,816,013
Total Accumulated Depreciation	42,437,895	3,580,908	-	46,018,803
Capital Assets, Net	$ 111,098,790	$ 45,810,285	$ 38,055,017	$ 118,854,058

Depreciation expense was charged as a direct expense to governmental functions as follows based upon use of asset:

Governmental Activities	
Instruction	$ 2,243,617
Supervision of instruction	133,600
Instructional library media and technology	28,035
School administration	245,787
Pupil transportation	63,082
Food services	146,361
Other pupil services	233,712
Ancillary services	12,143
Community services	2,035
Other general administration	164,020
Data processing services	58,031
Plant maintenance and operations	250,485
Total Depreciation	$ 3,580,908

NOTE 7 - ACCOUNTS PAYABLE

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

	General Fund	Building Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 2,204,177	$ 1,169,224	$ 10,717	$ 227,025	$ 3,611,143
In-Lieu tax payable	878,462	-	-	-	878,462
Salaries and benefits	922,101	-	-	23,689	945,790
Total	$ 4,004,740	$ 1,169,224	$ 10,717	$ 250,714	$ 5,435,395

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2018, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 11,952	$ 70,360	$ 82,312
State categorical aid	181	53,169	53,350
Total	$ 12,133	$ 123,529	$ 135,662

NOTE 9 - LONG TERM OBLIGATIONS

A schedule of changes in long-term obligation for the year ended June 30, 2018, is shown below:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due in One Year
General obligation bonds	$ 86,495,000	$ 31,205,000	$ 20,025,000	$ 97,675,000	$ 2,275,000
Bond premium	5,353,633	4,382,070	3,034,772	6,700,931	617,207
Total bonded debt	91,848,633	35,587,070	23,059,772	104,375,931	2,892,207
Compensated absences	235,994	38,054	-	274,048	-
	$ 92,084,627	$ 35,625,124	$ 23,059,772	$ 104,649,979	$ 2,892,207
Deferred refunding charges	$ 1,470,789	509,154	$ 799,656	$ 1,180,287	$ 180,105

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Compensated absences will be paid for by the fund for which the employee worked.

General Obligation Bonds Payable

The outstanding general obligation bonded debt of the District at June 30, 2018, is:

Issue Date	Interest Rate	Maturity Date	Original Issue	Bonds Outstanding July 1, 2017	Issued	Redeemed/ Refunded	Bonds Outstanding June 30, 2018
2004	2.00-5.13	7/15/2017	$ 20,000,000	$ 750,000	$ -	$ 750,000	$ -
2005	2.00-5.13	9/1/2020	17,000,000	1,400,000	-	300,000	1,100,000
2007	3.50-4.00	9/1/2022	9,995,000	7,605,000	-	7,605,000	-
2012	2.00-5.00	7/15/2028	17,175,000	14,700,000	-	10,485,000	4,215,000
2013	4.00-5.00	9/1/2037	17,500,000	15,600,000	-	-	15,600,000
2013	2.00-5.00	9/1/2030	15,395,000	15,030,000	-	75,000	14,955,000
2014	3.00-5.00	9/1/2044	17,500,000	13,910,000	-	-	13,910,000
2016	3.00-5.00	9/1/2040	17,500,000	17,500,000	-	810,000	16,690,000
2017	2.00-5.00	9/1/2035	15,000,000	-	15,000,000	-	15,000,000
2017	2.00-5.00	9/1/2029	16,205,000	-	16,205,000	-	16,205,000
				$ 86,495,000	$ 31,205,000	$ 20,025,000	$ 97,675,000

General Obligation Bonds

In November 2001, voters passed Measure H, which authorized the District to issue up to $52,000,000 in general obligation bonds. In March 2002, the District issued $15,000,000 general obligation bonds - Election of 2001, Series 2002; in February 2004 $20,000,000 general obligation bonds – Election of 2001, Series 2004 and in September 2005 $17,000,000 general obligation bonds – Election of 2001, Series 2005. In November 2012, voters passed Measure I, which authorized the District to issue $67,500,000 in general obligation bonds. The District issued $17,500,000 general obligation bonds – Election of 2012, Series 2013. In 2014, the District issued $17,500,000 general obligation bonds, Series 2014 and in 2016, the District issued $17,500,000 general obligation bonds, Series 2016. The bonds were issued for the purpose of raising funds to complete major renovation and modernization projects throughout the District. Proceeds of the bond issuance were deposited in the District's Building Fund.

Series 2005

The annual requirements to pay down the 2005 general obligation bonds, outstanding as of June 30, 2018, are as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 300,000	$ 66,000	$ 366,000
2020	350,000	48,000	398,000
2021	450,000	27,000	477,000
Total	$ 1,100,000	$ 141,000	$ 1,241,000

Series 2012

On February 2012, Jefferson Elementary School Facilities Financing Authority (the Authority) issued $17,175,000 of general obligation refunding bonds - Election of 2001, Series 2012 to retire the District's 2002 Series and a portion of the 2004 Series bonds. As a result, 2004 Series bonds is considered to be partially defeased and the liability for those bonds has been removed from the District's statement of net position. At June 30, 2018, $14,700,000 of the 2012 Series bonds are outstanding:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 960,000	$ 148,750	$ 1,108,750
2020	705,000	129,550	834,550
2021	745,000	106,600	851,600
2022	885,000	76,800	961,800
2023	920,000	41,400	961,400
Total	$ 4,215,000	$ 503,100	$ 4,718,100

2012 Series A

In May 2013, the District issued the first bond series of the 2012 authorization to finance various capital projects at the District's school sites. The annual requirements to pay down the 2012 general obligation bonds outstanding as of June 30, 2018, are as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 655,500	$ 655,500
2020	-	655,500	655,500
2021	-	655,500	655,500
2022	-	655,500	655,500
2023	370,000	655,500	1,025,500
2024 - 2028	2,780,000	2,978,050	5,758,050
2029 - 2033	4,865,000	2,145,700	7,010,700
2034 - 2038	7,585,000	960,000	8,545,000
Total	$ 15,600,000	$ 9,361,250	$ 24,961,250

2013 GO Refunding Bond

In April 2013, the District refunded a portion of the 2005 series bonds in the amount $14,500,000 by issuing $15,395,000 of 2013 refunding bonds. The new bonds carry interest rates of 2.00 to 5.00 percent. The annual requirements to pay down the 2013 general obligation bonds outstanding as of June 30, 2018, are as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 75,000	$ 543,681	$ 618,681
2020	80,000	541,431	621,431
2021	80,000	539,031	619,031
2022	520,000	536,631	1,056,631
2023	610,000	521,031	1,131,031
2024 - 2028	4,000,000	2,203,719	6,203,719
2029 - 2031	9,590,000	793,570	10,383,570
Total	$ 14,955,000	$ 5,679,094	$ 20,634,094

2012 Series B

In October 2014, the District issued the second bond series of the 2012 authorization to finance various capital projects at the District's school sites. The annual requirements to pay down the 2012 general obligation bonds outstanding as of June 30, 2018, are as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 629,550	$ 629,550
2020	-	629,550	629,550
2021	-	629,550	629,550
2022	-	629,550	629,550
2023	-	629,550	629,550
2024 - 2028	170,000	3,144,250	3,314,250
2029 - 2033	1,045,000	3,044,288	4,089,288
2034 - 2038	2,185,000	2,787,037	4,972,037
2039 - 2043	6,780,000	1,977,350	8,757,350
2044 - 2045	3,730,000	284,000	4,014,000
Total	$ 13,910,000	$ 14,384,675	$ 28,294,675

2012 Series C

In September 2015, the District issued the third bond series of the 2012 authorization to finance various capital projects at the District's school sites. The annual requirements to pay down the 2012 general obligation bonds outstanding as of June 30, 2018, are as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 105,000	$ 643,594	$ 748,594
2020	140,000	640,444	780,444
2021	200,000	637,644	837,644
2022	260,000	633,644	893,644
2023	165,000	628,444	793,444
2024 - 2027	1,715,000	2,956,969	4,671,969
2028 - 2033	3,070,000	2,434,619	5,504,619
2034 - 2038	4,845,000	1,811,442	6,656,442
2039 - 2041	6,190,000	508,400	6,698,400
Total	$ 16,690,000	$ 10,895,200	$ 27,585,200

2012 Series D

In July 2017, the District issued the fourth bond series of the 2012 authorization to finance various capital projects at the District's school sites. The annual requirements to pay down the 2012 general obligation bonds outstanding as of June 30, 2018, are as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 835,000	$ 562,293	$ 1,397,293
2020	875,000	528,413	1,403,413
2021	515,000	504,988	1,019,988
2022	510,000	481,938	655,500
2023	395,000	459,313	854,313
2024 - 2028	2,930,000	1,912,188	4,842,188
2029 - 2033	4,900,000	1,111,731	6,011,731
2034 - 2036	4,040,000	194,023	4,234,023
Total	$ 15,000,000	$ 5,754,887	$ 20,418,449

2017 GO Refunding Bond

On July 25, 2017, the District issued $16,205,000 in general obligation bonds (the “2017 Refunding Bonds”) with interest rates ranging from 2 to 5 percent to refund all of the District's outstanding 2007 general obligation refunding bonds, and to advance refund a portion of the District's outstanding 2012 general obligation refunding bonds. The refunding bonds reduce its total debt service payments over the next ten years by $1,655,625 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,499,118. The annual requirements to pay down the 2017 general obligation bonds outstanding as of June 30, 2018, are as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 372,109	$ 372,109
2020	1,990,000	708,484	2,698,484
2021	1,230,000	654,300	1,884,300
2022	1,340,000	609,050	1,949,050
2023	1,480,000	545,250	2,025,250
2024 - 2028	5,185,000	1,906,625	7,091,625
2029 - 2030	4,980,000	236,581	5,216,581
Total	$ 16,205,000	$ 5,032,399	$ 21,237,399

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - FUND BALANCES

Fund balance is composed of the following elements:

	General Fund	Special Reserve Retiree Benefits Fund	Building Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 6,000	$ -	$ -	$ -	$ -	$ 6,000
Stores inventories	-	-	-	-	38,802	38,802
Prepaid expenditures	12,550	-	-	-	-	12,550
Total Nonspendable	18,550	-	-	-	38,802	57,352
Restricted						
Education programs	2,681,392	-	-	-	1,126,217	3,807,609
Capital projects	-	-	12,414,505	19,850,699	1,749,681	34,014,885
Debt services	-	-	-	-	7,543,245	7,543,245
Total Restricted	2,681,392	-	12,414,505	19,850,699	10,419,143	45,365,739
Committed						
Textbook adoptions	3,650,000	-	-	-	-	3,650,000
Postemployement benefits	-	8,301,484	-	-	-	8,301,484
Deferred maintenance	-	-	-	-	1,137,275	1,137,275
Total Committed	3,650,000	8,301,484	-	-	1,137,275	13,088,759
Assigned						
Textbook adoption	272,080	-	-	-	-	272,080
Health Benefits Reserve	1,196,607	-	-	-	-	1,196,607
School Sites carryover	1,149,864	-	-	-	92,881	1,242,745
Total Assigned	2,618,551	-	-	-	92,881	2,711,432
Unassigned						
Reserve for economic uncertainties	3,670,248	-	-	-	-	3,670,248
Remaining unassigned	6,313,449	-	-	-	-	6,313,449
Total Unassigned	9,983,697	-	-	-	-	9,983,697
Total	$ 18,952,190	$ 8,301,484	$ 12,414,505	$ 19,850,699	$ 11,688,101	$ 71,206,979

NOTE 11 - RISK MANAGEMENT

The District's risk management activities are recorded in the General Fund. Employee life, health, dental and disability programs are administered by the General Fund through the purchase of commercial insurance and participation in a public entity risk pool. The District participates in the San Mateo County Schools' Insurance Group public entity risk pool (JPA) which covers the District for up to $250,000 per occurrence for both property and liability. Excess coverage for liability is purchased through the JPA up to $5,000,000 through the CSAC Excess Insurance Authority and from $5,000,000 to $55,000,000 is purchased through the JPA from the School Excess Liability Fund. Excess coverage for property is purchased through the JPA up to $1,000,000,000 from the Alliant Insurance Services, Inc. Public Entity Property Insurance Program. Refer to Note 12 for additional information regarding the JPA. There has been no reduction in coverage to date.

NOTE 12 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District is a member of the San Mateo County Schools' Insurance Group, joint powers authority (JPA). The District pays an annual premium to the entity for its workers' compensation, dental, and property liability coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

This JPA has budgeting and financial reporting requirements independent of member units and its financial statements are not presented in these financial statements; however, fund transactions between the JPA and the District are included in these statements. During the year ended June 30, 2018, the District made payments of $2,739,130 to the San Mateo County Schools' Insurance Group, joint powers authority (JPA).

NOTE 13 - TOTAL POST EMPLOYMENT BENEFIT (OPEB) LIABILITY

For the fiscal year ended June 30, 2018, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 12,282,420	$ 342,566	$ 696,850	$ 262,679

The details of the District's plan are as follows:

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Plan Membership

At June 30, 2017, the Plan membership consisted of the following:

	Plan Members
Inactive employees or beneficiaries currently receiving benefits payments	28
Active employees	500
Total	528

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Retirees are eligible if they retire directly from the District on or after age 55 for classified employees and age 50 for certificated employees having served the District for 10 years. The benefits are capped for all employees at the time of retirement and they end at age 65.

Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For fiscal year 2017-2018, the District contributed $342,566 to the Plan, all of which was used for current premiums.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, average, including inflation
Investment rate of return	3.56 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00-6.00 percent for 2017

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2017 valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2017.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB lability.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	$ 12,374,035
Service cost	904,935
Interest	352,569
Changes of assumptions	(749,642)
Benefit payments	(599,477)
Net change in total OPEB liability	(91,615)
Balance at June 30, 2017	$ 12,282,420

Changes of assumptions and other inputs reflect a change in the discount rate from 2.92 percent in 2016 to 3.56 percent in 2017.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (2.56%)	$ 13,476,619
Current discount rate (3.56%)	12,282,420
1% increase (4.56%)	11,210,126

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3-5%)	$ 10,955,724
Current healthcare cost trend rate (4-6%)	12,282,420
1% increase (5-7%)	13,853,481

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $262,679. At June 30, 2018, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 342,566	$ -
Changes of assumptions	-	696,850
Total	$ 342,566	$ 696,850

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (52,792)
2020	(52,792)
2021	(52,792)
2022	(52,792)
2023	(52,792)
Thereafter	(432,890)
	$ (696,850)

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2018, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 57,073,316	$ 20,756,826	$ 2,515,420	$ 6,858,125
CalPERS	16,148,434	5,378,228	190,128	3,261,751
Total	$ 73,221,750	$ 26,135,054	$ 2,705,548	$ 10,119,876

The details of each plan are as follows:

<u>California State Teachers' Retirement System (CalSTRS)</u>

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under publications at:
http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans. The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $4,806,170.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected 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, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	$	57,073,316
State's proportionate share of the net pension liability associated with the District		33,764,092
Total net pension liability, including State share	$	90,837,408

The net pension liability was measured as of June 30, 2017. 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 plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively, was 0.06171 percent and 0.05978 percent, resulting in a net increase in the proportionate share of 0.00193 percent.

For the year ended June 30, 2018, the District recognized pension expense of $6,858,125. In addition, the District recognized pension expense and revenue of $3,398,680 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 measurment date	$ 4,806,170	$ -
Difference between projected and actual earnings on pension plan investments	-	1,520,021
Differences between expected and actual experience in the measurement of the total pension liability	211,063	995,399
Change in assumptions	10,573,498	-
Change in proportions	5,166,095	-
Total	$ 20,756,826	$ 2,515,420

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The remaining deferred outflows/(inflows) of resources are amortized as follows:

Fiscal Year	Deferred Outflows/(Inflows) of Resources
2019	$ 3,288,133
2020	5,508,302
2021	4,325,290
2022	(444,475)
2023	511,986
2024	246,000
Total	$ 13,435,236

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 83,801,747
Current discount rate (7.10%)	$ 57,073,316
1% increase (8.10%)	$ 35,381,383

<u>California Public Employees' Retirement System (CalPERS)</u>

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

Contributions

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. Total plan contributions are calculated through the 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were $1,437,497.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $16,148,434. The net pension liability was measured as of June 30, 2017. 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 plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively was 0.06764 percent and 0.06708 percent, resulting in a net increase in the proportionate share of 0.00057 percent.

For the year ended June 30, 2018, the District recognized pension expense of $3,261,751. 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 measurment date	$ 1,437,497	$ -
Differences between projected and actual earnings on plan investments	558,627	-
Change in assumption	2,358,733	190,128
Difference between expected and actual experience in the measurement of the total pension liabilty	578,532	-
Changes in porportions	444,839	-
Total	$ 5,378,228	$ 190,128

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The remaining deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Fiscal Year	Deferred Outflows/(Inflows) of Resources
2019	$ 1,263,252
2020	1,720,899
2021	1,072,355
2022	(305,903)
Total	$ 3,750,603

Actuarial Methods and Assumptions

Total pension liability for the School Employer Pool (SEP) was determined by applying updated procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

In determining the long-term expected rate of return, 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 ten years) and the long-term (11+ 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.38%
Fixed income	19%	2.27%
Real estate	6%	1.39%
Private equity	12%	6.63%
Absolute Return/Risk Mitigating Strategies	11%	5.21%
Inflation sensitive	3%	5.36%
Cash/liquidity	2%	-0.90%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 19,932,826
Current discount rate (7.15%)	$ 16,148,434
1% increase (8.15%)	$ 7,886,376

Social Security

As established by Federal law, all public sector employees who are not members of either CalSTRS or CalPERS must be covered by social security or an alternative plan. The District has elected to use PARS as its alternative plan. Contributions made by the District and employee vest immediately. For employees who are members of CalPERS, the District and the employee each contribute 6.2 percent of the employee's gross earnings towards social security.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $2,745,749, $2,239,612, and $1,657,662, for fiscal years ending June 30, 2018, 2017 and 2016 respectively (9.328 percent of 2017-2018, 8.828 percent of 2016-2017, and 7.126 percent of 2015-2016 annual payrolls). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on-behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves, and have been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

NOTE 14 - 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. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

Litigation

The District is involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

Construction Commitments

As of June 30, 2018, the District had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Construction Commitment
TRP Campus Improvement, Phase 1	$ 63,083
TRP Campus Improvement, Phase 2 Sub B	219,526
TRP Campus Improvement, Phase 3	86,465
District Office Modernization	172,523
New Play Structure	125,610
FDR School New Building	728,374
FR School New Building	1,428,757
SBA Fencing Project	178,137
BF Gas Pipe Replacement	41,361
Video Surveillance System	89,801
Roof Project	1,240,005
Painting Project	348,816
Total	$ 4,722,458

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Statement of Net Position	
Net Position - Beginning, June 1, 2017	$ 34,988,099
Restatement related to total OPEB Liability from the adoption of GASB No. 75	(7,664,415)
Net Position - Beginning as Restated, July 1, 2017	$ 27,323,684

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REQUIRED SUPPLEMENTARY INFORMATION

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JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
REVENUES				
Local control funding formula	$ 58,631,610	$ 58,859,320	$ 58,906,529	$ 47,209
Federal sources	2,494,433	2,717,985	2,649,143	(68,842)
Other State sources	5,087,824	6,497,074	6,570,520	73,446
Other local sources	1,830,298	2,611,153	2,754,603	143,450
Total Revenues	68,044,165	70,685,532	70,880,795	195,263
EXPENDITURES				
Current				
Certificated salaries	33,433,075	33,630,335	33,554,306	76,029
Classified salaries	8,903,386	8,958,713	8,958,694	19
Employee benefits	16,764,558	17,316,982	17,316,101	881
Books and supplies	4,469,983	5,383,918	4,227,632	1,156,286
Services and operating expenditures	7,142,499	7,706,916	6,892,616	814,300
Other outgo	1,220,718	1,941,111	1,877,331	63,780
Capital outlay	-	-	39,980	(39,980)
Total Expenditures	71,934,219	74,937,975	72,866,660	2,071,315
Excess (Deficiency) of Revenues Over Expenditures	(3,890,054)	(4,252,443)	(1,985,865)	2,266,578
Other Financing Sources (Uses)				
Transfers in	1,000,000	1,155,827	881,313	(274,514)
Transfers out	(500,000)	(538,305)	(538,305)	-
Net Financing Sources (Uses)	500,000	617,522	343,008	(274,514)
NET CHANGE IN FUND BALANCES	(3,390,054)	(3,634,921)	(1,642,857)	1,992,064
Fund Balance - Beginning	15,236,111	15,236,111	15,236,111	-
Fund Balance - Ending	$ 11,846,057	$ 11,601,190	13,593,254	$ 1,992,064
Special Reserve Fund for Other Than Capital Outlay			5,358,936	
Fund Balance - Ending, GAAP Basis			$ 18,952,190	

See accompanying note to required supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

SPECIAL RESERVE RETIREE BENEFITS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (GAAP Basis)	Variances - Positive (Negative) Final to Actual
REVENUES				
Other local sources	$ 85,000	$ 85,000	$ 114,540	$ 29,540
Fund Balance - Beginning	8,186,944	8,186,944	8,186,944	-
Fund Balance - Ending	$ 8,271,944	$ 8,271,944	$ 8,301,484	$ 29,540

See accompanying note to required supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2018

Measurement Date, as of June 30,	2018
Total OPEB Liability	
Service cost	$ 904,935
Interest	352,569
Changes of assumptions	(749,642)
Benefit payments	(599,477)
Net change in total OPEB liability	(91,615)
Total OPEB liability - beginning	12,374,035
Total OPEB liability - ending	$ 12,282,420
Covered-employee payroll	$ 33,000,000
District's total OPEB liability as a percentage of covered-employee payroll	37.22%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

Measurement Date, as of June 30,	2017	2016
CalSTRS		
District's proportion of the net pension liability	0.0617%	0.0598%
District's proportionate share of the net pension liability	$ 57,073,316	$ 48,353,247
State's proportionate share of the net pension liability associated with the District	33,764,092	27,526,641
Total	$ 90,837,408	$ 75,879,888
District's covered payroll	$ 32,811,971	$ 30,205,438
District's proportionate share of the net pension liability as a percentage of its covered payroll	174%	160%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%
CalPERS		
District's proportion of the net pension liability	0.0676%	0.0671%
District's proportionate share of the net pension liability	$ 16,148,434	$ 13,247,961
District's covered payroll	$ 8,606,258	$ 8,060,566
District's proportionate share of the net pension liability as a percentage of its covered payroll	188%	164%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

	2015		2014
	0.0563%		0.0514%
$	37,874,189	$	30,011,929
	20,031,271		1,564,557
$	57,905,460	$	31,576,486
$	26,108,022	$	23,262,526
	145%		129%
	74%		77%
	0.0647%		0.0591%
$	9,538,284	$	6,704,122
$	7,153,763	$	6,277,795
	133%		107%
	79%		83%

JEFFERSON ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

Fiscal Year Ended, June 30,	2018	2017
CalSTRS		
Contractually required contribution	$ 4,806,170	$ 4,125,443
Contributions in relation to the contractually required contribution	4,806,170	4,125,443
Contribution deficiency (excess)	$ -	$ -
District's covered payroll	$ 33,203,075	$ 32,811,971
Contributions as a percentage of covered payroll	14.48%	12.57%
CalPERS		
Contractually required contribution	$ 1,437,497	$ 1,194,625
Contributions in relation to the contractually required contribution	1,437,497	1,194,625
Contribution deficiency (excess)	$ -	$ -
District's covered payroll	$ 9,249,752	$ 8,606,258
Contributions as a percentage of covered payroll	15.54%	13.88%

Note : In the future, as data becomes available, ten years of information will be presented.

2016		2015	
$	3,237,154	$	2,319,827
	3,237,154		2,319,827
$	-	$	-
$	30,205,438	$	26,108,022
	10.72%		8.89%
$	954,904	$	842,070
	954,904		842,070
$	-	$	-
$	8,060,566	$	7,153,763
	11.85%		11.77%

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in Benefit Terms – No change from 2016 to 2017.

Change of Assumptions – Changes of assumptions and other inputs reflect a change in the discount rate from 2.92 percent in 2016 to 3.56 percent in 2017, and a change in the assumed rates of retirement, termination and mortality from the 2010 STRS rates to the 2016 STRS rates.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions – The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

Schedule of District Pension Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

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JEFFERSON ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

	Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Education:			
Pass-through California Department of Education (CDE)			
Special Education Cluster:			
Basic Local Assistance	84.027	13379	$ 1,197,625
Preschool Grants	84.173	13430	48,468
Preschool Local Entitlement Part B	84.027A	13682	150,963
Preschool Staff Development	84.173A	13431	406
Total Special Education Cluster			1,397,462
Title I - Part A, Basic Grant	84.010	14329	1,029,359
Title II - Part A, Improving Teacher Quality Grant	84.367	14341	166,814
Title III, English Language Acquisition State Grants:			
Title III - Limited English Proficient Student Program	84.365	15146	55,508
Total U.S. Department of Education			2,649,143
U.S. Department of Agriculture:			
Pass-through California Department of Education (CDE)			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13391	1,423,665
Especially Needy Breakfast	10.553	13526	209,917
Food Distribution	10.555	[1]	194,727
Total Child Nutrition Cluster			1,828,309
Child Nutrition Equipment Assistance Grant	10.579	14906	134,524
Child and Adult Care Food Program	10.558	13393	503,112
Total U.S. Department of Agriculture			2,465,945
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 5,115,088

[1] Pass-Through entity number is not available.

See accompanying note to supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2018

ORGANIZATION

The Jefferson Elementary School District was established in 1866 and is located in San Mateo County. There were no changes in the boundaries of the District during the current fiscal year. The District operates under a locally-elected five-member Board form of government and serves grades K-8 students. The District has ten elementary schools, one K-8 school, three intermediate schools and one state preschool.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Manufou Liaiga-Anoa'i	President	2020
Clayton Koo	Vice President	2018
Shakeel Ali	Clerk	2020
Maybelle Manio	Member	2018
Marie Brizuela	Representative to County Committee on School District Organization	2018

ADMINISTRATION

NAME	TITLE
Bernie Vidales	Superintendent
Julie Kessler	Assistant Superintendent, Business Services

See accompanying note to supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2018

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,610.30	2,605.13
Fourth through sixth	1,949.92	1,945.96
Seventh and eighth	1,326.78	1,324.54
Total Regular ADA	5,887.00	5,875.63
Extended Year Special Education		
Transitional kindergarten through third	2.03	2.03
Fourth through sixth	1.23	1.23
Seventh and eighth	0.95	0.95
Total Extended Year Special Education	4.21	4.21
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	3.76	3.77
Fourth through sixth	0.86	0.87
Seventh and eighth	1.83	1.81
Total Special Education, Nonpublic, Nonsectarian Schools	6.45	6.45
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.41	0.41
Fourth through sixth	0.10	0.10
Seventh and eighth	0.17	0.17
Total Extended Year Special Education	0.68	0.68
Total ADA	5,898.34	5,886.97

See accompanying note to supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2018

Grade Level	1986-1987 Minutes Requirement	2017-2018 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	44,318	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		53,710	180	N/A	Complied
Grade 2		53,710	180	N/A	Complied
Grade 3		53,710	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,050	180	N/A	Complied
Grade 5		54,050	180	N/A	Complied
Grade 6		54,030	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		58,196	180	N/A	Complied
Grade 8		58,196	180	N/A	Complied

See accompanying note to supplementary information.

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

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2018.

See accompanying note to supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	(Budget) 2019 [1]	2018	2017 as Restated	2016
GENERAL FUND				
Revenues	$ 72,616,863	$ 70,966,677	$ 68,301,960	$ 66,788,622
Other sources and transfers in	-	-	-	-
Total Revenues and Other Sources	72,616,863	70,966,677	68,301,960	66,788,622
Expenditures	76,299,339	72,866,660	67,362,443	63,047,899
Other uses and transfers out	200,000	538,305	523,681	500,000
Total Expenditures and Other Uses	76,499,339	73,404,965	67,886,124	63,547,899
INCREASE (DECREASE) IN FUND BALANCE	$ (3,882,476)	$ (2,438,288)	$ 415,836	$ 3,240,723
ENDING FUND BALANCE	$ 15,069,714	$ 18,952,190	$ 21,390,478	$ 20,974,642
AVAILABLE RESERVES [2]	$ 8,757,131	$ 9,983,697	$ 11,201,128	$ 11,024,910
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	11.45%	13.60%	16.50%	17.35%
LONG-TERM OBLIGATIONS	$ 187,261,942	$ 190,154,149	$ 166,059,870	$ 147,565,834
K-12 AVERAGE DAILY ATTENDANCE AT P-2	5,898	5,898	6,065	6,124

The General Fund balance has decreased by $2,022,452 over the past two years. The fiscal year 2018-2019 budget projects a decrease of $3,882,476. For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in the past three years, and anticipates incurring an operating deficit during the 2018-2019 fiscal year. Total long-term obligations have increased by $42,588,315 over the past two years.

Average daily attendance has decreased by 226 over the past two years. No change of ADA is anticipated during fiscal year 2018-2019.

[1] Budget 2019 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties.

See accompanying note to supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2018

Name of Charter School	Included in Aduit Report
California Virtual Academy	No

See accompanying note to supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS			
Deposits and investments	$ 543,855	$ 455,735	$ 1,152,837
Receivables	360,137	363,442	7,138
Stores inventories	-	38,802	-
Total Assets	$ 903,992	$ 857,979	$ 1,159,975
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 80,189	$ 129,768	$ 22,700
Due to other funds	46,433	124,152	-
Unearned revenue	53,169	70,360	-
Total Liabilities	179,791	324,280	22,700
Fund Balances:			
Nonspendable	-	38,802	-
Restricted	631,320	494,897	-
Committed	-	-	1,137,275
Assigned	92,881	-	-
Total Fund Balances	724,201	533,699	1,137,275
Total Liabilities and Fund Balances	$ 903,992	$ 857,979	$ 1,159,975

See accompanying note to supplementary information.

Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
$ 1,729,902	$ 11,626	$ 7,514,218	$ 11,408,173
26,159	51	29,027	785,954
-	-	-	38,802
$ 1,756,061	$ 11,677	$ 7,543,245	$ 12,232,929
$ 18,057	$ -	$ -	$ 250,714
-	-	-	170,585
-	-	-	123,529
18,057	-	-	544,828
-	-	-	38,802
1,738,004	11,677	7,543,245	10,419,143
-	-	-	1,137,275
-	-	-	92,881
1,738,004	11,677	7,543,245	11,688,101
$ 1,756,061	$ 11,677	$ 7,543,245	$ 12,232,929

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES			
Local Control Funding Formula	$ -	$ -	$ 400,000
Federal sources	-	2,465,945	-
Other State sources	929,967	123,225	-
Other local sources	1,685,031	679,844	21,876
Total Revenues	2,614,998	3,269,014	421,876
EXPENDITURES			
Current			
Instruction	1,953,750	-	-
Instruction-related activities:			
Supervision of instruction	63,027	-	-
School site administration	181,421	-	-
Pupil services:			
Food services	31,284	3,090,639	-
All other pupil services	134	-	-
Administration:			
All other administration	142,657	162,455	-
Plant services	109,343	145,115	-
Community services	43,469	-	-
Facility acquisition and construction	-	-	823,856
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	2,525,085	3,398,209	823,856
Excess (Deficiency) of Revenues Over Expenditures	89,913	(129,195)	(401,980)
Other Financing Sources (Uses)			
Transfers in	-	38,305	-
Other sources	-	-	-
Net Financing Sources (Uses)	-	38,305	-
NET CHANGE IN FUND BALANCES	89,913	(90,890)	(401,980)
Fund Balance - Beginning	634,288	624,589	1,539,255
Fund Balance - Ending	$ 724,201	$ 533,699	$ 1,137,275

See accompanying note to supplementary information.

County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
$ -	$ -	$ 400,000
-	-	2,465,945
-	51,455	1,104,647
161	6,990,989	9,646,272
161	7,042,444	13,616,864
-	-	1,953,750
-	-	63,027
-	-	181,421
-	-	3,121,923
-	-	134
-	-	305,112
-	-	254,458
-	-	43,469
-	-	951,288
-	2,575,000	2,575,000
-	3,876,353	3,876,353
-	6,451,353	13,325,935
161	591,091	290,929
-	-	38,305
-	1,408,366	1,408,366
-	1,408,366	1,446,671
161	1,999,457	1,737,600
11,516	5,543,788	9,950,501
$ 11,677	$ 7,543,245	$ 11,688,101

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-1987 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

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INDEPENDENT AUDITOR'S REPORTS

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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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*

Governing Board
Jefferson Elementary School District
Daly City, 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 Jefferson 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 Jefferson Elementary School District's basic financial statements, and have issued our report thereon dated December 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

260 Sheridan Ave., Suite 440, Palo Alto, CA 94306 P 650.462.0400 F 650.462.0500 W vtdcpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Palo Alto, California
December 6, 2018

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Jefferson Elementary School District
Daly City, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, Jefferson 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 major Federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Vavrinek, Trine, Day & Co., LLP

Palo Alto, California
December 6, 2018

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Jefferson Elementary School District
Daly City, California

Report on State Compliance

We have audited Jefferson Elementary School District's (the District) compliance with the types of compliance requirements as identified in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Jefferson Elementary School District's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards 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 material effect on the applicable government programs noted below. 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 opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

Basis for Qualified Opinion

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding unduplicated local control funding formula pupil counts, as noted at finding 2018-001 in the schedule of findings and questioned costs. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

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Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2018, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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 for the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, See below
Continuation Education	No, See below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, See below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, See below
Middle or Early College High Schools	No, See below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, See below
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:	
General Requirements	Yes
After School	Yes
Before School	No, See below

	Procedures Performed
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, See below
CHARTER SCHOOLS	
Attendance	No, See below
Mode of Instruction	No, See below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, See below
Determination of Funding for Non Classroom-Based Instruction	No, See below
Annual Instruction Minutes Classroom-Based	No, See below
Charter School Facility Grant Program	No, See below

We did not perform testing for Independent Study because the ADA generated from the program is below the testing threshold.

The District does not offer a Continuance Education Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High School Program; therefore, we did not perform any procedures related to Middle or Early College High School Program.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform any procedures related to the Before School Education and Safety Program.

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer any Course Based Independent Study Program; therefore, we did not perform any related procedures.

The District does not have any dependent Charter Schools; therefore, we did not perform any related procedures for Charter School Programs.

Vavrinek, Trine, Day & Co., LLP

Palo Alto, California
December 6, 2018

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JEFFERSON ELEMENTARY SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified?	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major federal programs:	
Material weakness identified?	No
Significant deficiencies identified?	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	None Reported
Identification of major federal programs:	

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Type of auditor's report issued on compliance for all applicable programs:
Unmodified for all programs except for the following program which is qualified:

Name of Program
Unduplicated Local Control Funding Formula Pupil Counts

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

2018-001 Unduplicated Local Control Funding Formula Pupil Counts

Code
Unduplicated Local Control Funding Formula Pupil Counts (40000)

Criteria or Specific Requirements
Supplemental and concentration grant amounts are calculated based on the percentage of “undeuplicated pupils” enrolled in the District on census day. The percentage equals:

Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. Divided by total enrollment in the LEA (EC sections 2574(b)(1) and 42238.02(b)(5)).

“Unduplicated count” means that each pupil is counted only once even if the pupil meets more than one of these criteria (EC sections 2574(b)(2) and 42238.02(b)(1)).

Data submitted by LEAs to CALPADS is used as the starting point for calculating the unduplicated student count. CALPADS Certification Report 1.17 – FRPM/English Learner/Foster Youth – Count, displays the counts of students by category and an unduplicated total.

In order to be counted in Report 1.17, a student must have an open primary or short-term enrollment in CALPADS over census day and meet one or more of the following criteria:

- Have a program record with an education program code of Homeless (191), Migrant (135), Free Meal Program (181), or Reduced-Price Meal Program (182), which is open over census day.
- Have an English Language Acquisition Status (ELAS) of “English Learner” (EL) that is effective over census day.
- Be directly certified in July through November as being eligible for free meals based on a statewide match conducted by CALPADS.
- Be identified as foster youth based on a statewide match conducted by CALPADS.
- Be identified as foster youth through a local data matching process and submitted to and validated by CALPADS.

Condition
During our testing for students that are identified as only ELAS, we selected 20 samples and noted that two identified as ELAS, in fact, are not ELAS students. We then selected 20 more samples and noted additional two exceptions. After the finding, a 100 percent ELAS students' status was examined and total 19 students' status was corrected.

From the CALPADS certification reports, we selected 60 samples of students that are only free or reduced priced meal eligible (FRPM) identified under the "NSLP Program" column (which means students are indicated as a "No" under the "Direct Certification" column, blank under the "Primary Residence" column, blank under the "Migrant Ed Program" column, and "Free" or "Reduced" under the "NSLP Program" column) in order to verify there is supporting documentation such as a Free and Reduced Price Meal (FRPM) eligibility application under a federal nutrition program, an alternative household income data collection form that indicates the student was eligible for the designation, or a direct certification list obtained from the county welfare department, or from CALPADS that matches enrolled students against those children/households receiving CalFresh (or CALWORKs) benefits.

We identified 5 instances where students were improperly classified as FRPM eligible when the supporting documentation indicated the correct classification of "paid." After the finding, the District re-examined the whole population and additional 6 pupils were added and 85 pupils were removed from the list, resulting net reduction of 79 pupils.

Questioned Costs
Total question cost $58,602.
The reclassification of 79 students' status results in 0.42% decrease of "Unduplicated Pupil Percentage" from 72.58% to 72.16%.

Context
The above condition pertains to the category of pupils designated as eligible for free or reduced price meals.

Effect
The percentage of "unduplicated pupils" enrolled in the District over census day was overstated, resulting in the District receiving excess supplemental and concentration grants.

Cause
The overstatement is due to challenges experienced with integrating and analyzing data across several data systems, significant staff turnover on the CALPADS reporting team, and an absence of a formalized, cross-functional process for CALPADS data review and validation.

Recommendation
The District should appoint an individual to review the listing of pupils designated as free and reduced price eligible in report 1.18 and reconcile the listing with data from the English Language Learners department.

Corrective Action Plan/District Response
Information Technology department has been advised of the error made and instructed to only count Free and Reduced eligible students with approval dates up to October 31 of each year only. Business department will review Information Technology department's methodology used and communicate regularly to eliminate future discrepancies.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported in the prior year's schedule of financial statement findings.

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APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

[Closing Date]

Board of Education
Jefferson Elementary School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $___________ Jefferson Elementary School District (San Mateo County, California) Election of 2018 General Obligation Bonds, Series A (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, a greater than fifty-five percent vote of the qualified electors of the Jefferson Elementary School District (the "District") voting at an election held on November 6, 2018, and a resolution of the Board of Education of the District adopted on February 27, 2019 (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, 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 calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the

Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Jefferson Elementary School District (the "District") in connection with the issuance of (i) $___________ of the District's Election of 2018 General Obligation Bonds, Series A (the "Bonds"). The Bonds are being issued pursuant to the Resolution of the District dated February 27, 2019 (the "Resolution"). The District covenants and agrees as follows:

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

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

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

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

"Dissemination Agent" shall mean initially Keygent LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Sections 5(a) or 5(b) of this Disclosure Certificate.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, or any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year, which shall be due no later than March 31, 2020, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. 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).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports.

(a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, 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 time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(A) State funding received by the District for the last completed fiscal year;

(B) Average daily attendance of the District for the last completed fiscal year;

(C) Outstanding District indebtedness;

(D) Adopted budget of the District for the current fiscal year, or a summary thereof;

(E) Information regarding total assessed valuation of taxable properties within the District, as shown on the most recent equalized assessment roll, if and to the extent provided to the District by the County;

(F) Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent San Mateo County no longer implements to the Teeter Plan (as such term is defined in the Official Statement) as to secured *ad valorem* property tax levies for general obligation bonded debt of the District; and

(G) The top 20 largest property taxpayers for the District, as shown in the most recent equalized assessment roll.

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 have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. optional, contingent or unscheduled Bond calls.

4. defeasances.

5. rating changes.

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

7. unscheduled draws on the debt service reserves reflecting financial difficulties.

8. unscheduled draws on credit enhancement reflecting financial difficulties.

9. substitution of the credit or liquidity providers or their failure to perform.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

11. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(9), the event 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 U.S. 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 governmental 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.

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

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

4. release, substitution or sale of property securing repayment of the Bonds.

5. 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.

6. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

7. Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

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

SECTION 9. 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 Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate 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 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. 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.

Dated: ______, 2019

JEFFERSON ELEMENTARY SCHOOL DISTRICT

By ____

Assistant Superintendent of Business Services/Chief Business Official

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: JEFFERSON ELEMENTARY SCHOOL DISTRICT

Name of Bond Issue: Election of 2018 General Obligation Bonds, Series A

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 relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

JEFFERSON ELEMENTARY SCHOOL DISTRICT

By ______[form only; no signature required]_________

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APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF DALY CITY AND SAN MATEO COUNTY

The following information regarding the City of Daly City (the "City") and San Mateo County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been independently verified by the District, the Underwriter or the financial advisor.

General

City of Daly City. Located immediately south of San Francisco on the northernmost edge of the County, Daly City is the largest city in San Mateo County and extends from the Pacific Ocean on the west to nearly the San Francisco Bay on the east. Accessible by freeway and the Bay Area Rapid Transit system, the City lies approximately nine miles from the San Francisco International Airport and eight miles from downtown San Francisco. Daly City is centrally located, has a diversified economy, excellent transportation links and a productive labor force, making it a hub for retail, healthcare and small business. The City is governed by a council-manager form of government, with a five member city council and a city manager.

San Mateo County. The County consists of 20 incorporated cities. It is the 14th most populous county in the State of California and encompasses an area of 455 square miles of land and 292 square miles of water. It covers most of the San Francisco Peninsula, with the Santa Cruz Mountains running through its entire length. The County borders San Francisco County to the north and Silicon Valley and Santa Cruz County to the south. The Pacific Ocean lies to the west and the San Francisco Bay to the east. The County was formed in 1856 as one of California's 18 original counties. The County is governed by a five-member Board of Supervisors elected by district to four-year staggered terms.

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Population

The following table shows the historical population figures for the City, the County and the State of California (the "State") for the last 10 years.

POPULATION ESTIMATES
2009 through 2018
City of Daly City, San Mateo County and State of California

Year(1)	City of Daly City	San Mateo County	State of California
2009	100,647	713,818	36,966,713
2010(2)	101,072	718,451	37,253,956
2011	102,366	726,326	37,529,913
2012	103,617	735,206	37,874,977
2013	105,029	745,799	38,234,391
2014	106,615	752,700	38,568,628
2015	107,260	760,343	38,912,464
2016	107,810	766,589	39,179,627
2017	107,733	770,256	39,500,973
2018	107,864	774,155	39,809,693

(1) As of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2009, 2011-18 (2000 and 2010 Demographic Research Unit Benchmark): California Department of Finance for January.

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Income

The following table summarizes per capita personal income for the County, the State, and the United States for the past 10 years.

PER CAPITA PERSONAL INCOME
2008 through 2017
San Mateo County, State of California, and United States

Year	San Mateo County	State of California	United States
2008	$75,468	$43,895	$40,904
2009	71,694	42,050	39,284
2010	73,739	43,609	40,545
2011	79,872	46,145	42,727
2012	87,986	48,751	44,582
2013	87,501	49,173	44,826
2014	93,672	52,237	47,025
2015	102,516	55,679	48,940
2016	106,615	57,497	49,831
2017	113,410	59,796	51,640

Note: Per capital personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Estimates for 2010 through 2017 reflect county population estimates available as of March 2018. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Principal Employers

The following tables show the principal employers in the County by number of employees.

PRINCIPAL EMPLOYERS
2018
City of Daly City

Employer Name	Industry	Number of Employees
Seton Medical Center	Health Services	1,134
Jefferson Elementary School District[(1)]	Educational Services	1,073
City of Daly City	Public Administration	700
Jefferson High School District	Educational Services	496
Genesys Telecommunications Laboratories	Communication Services	440
St. Francis Convalescent Pavilion	Health Services	360
Cow Palace	Arena	350
Target Stores - Serramonte	Department Store	333
Kaiser Permanente	Health Services	255
Original Joe's Westlake	Restaurant	200

[(1)] For updated information regarding the District's employees, see "THE DISTRICT – Labor Relations" in the front part of this Official Statement.
Source: City of Daly City Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
2018
San Mateo County

Employer Name	Industry	Number of Employees
United Airlines	Airline Transportation	12,000
Genentech Inc.	Biotechnology	11,000
Facebook Inc.	Social Network	7,091
Oracle Corp.	Hardware and Software	6,781
County of San Mateo	Public Administration	5,485
Gilead Sciences Inc.	Biotechnology	3,900
Visa USA/Visa International	Global Payments Technology	3,500
Electronic Arts Inc.	Computer Programming Services	2,367
Robert Half International Inc.	Management Consulting Services	1,790
YouTube LLC	Communication Services	1,700

Source: County of San Mateo Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.

Employment

The following table summarizes the labor force, employment and unemployment figures for years 2013 through 2017 for the City, the County, and the State.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE
2013 through 2017[1]
City of Daly City, San Mateo County and State of California

Year and Area	Labor Force	Employment[2]	Unemployment[3]	Unemployment Rate (%)
2013				
City of Daly City	60,500	56,600	3,900	6.4
San Mateo County	418,100	396,100	22,000	5.3
State of California	18,625,000	16,958,400	1,666,600	8.9
2014				
City of Daly City	61,700	58,500	3,200	5.2
San Mateo County	427,700	409,700	18,000	4.2
State of California	18,758,400	17,351,300	1,407,100	7.5
2015				
City of Daly City	63,000	60,400	2,600	4.1
San Mateo County	437,700	422,900	14,800	3.4
State of California	18,896,500	17,724,800	1,171,700	6.2
2016				
City of Daly City	64,600	62,200	2,400	3.7
San Mateo County	448,600	435,200	13,400	3.0
State of California	19,093,700	18,048,800	1,044,800	5.5
2017				
City of Daly City	63,700	61,500	2,300	3.6
San Mateo County	452,300	440,200	12,100	2.7
State of California	19,312,000	18,393,100	918,900	4.8

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2017 Benchmark.

Industry

The City and County are located in the San Francisco-Redwood City-South San Francisco Metropolitan Division. The distribution of employment is presented in the following table for the past five years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
San Francisco-Redwood City-South San Francisco Metropolitan Division

Category	2014	2015	2016	2017	2018
Total Farm	1,900	1,900	1,900	1,800	1,600
Total Nonfarm	995,600	1,044,300	1,086,200	1,111,100	1,144,400
Total Private	875,000	919,900	958,500	981,200	1,013,100
Goods Producing	68,600	72,500	76,900	79,300	81,200
Mining, Logging and Construction	32,800	36,100	38,700	40,000	42,300
Manufacturing	35,900	36,400	38,200	39,300	38,900
Service Providing	927,000	971,800	1,009,300	1,031,800	1,063,200
Private Service Producing	806,400	847,400	881,700	902,000	931,900
Trade, Transportation and Utilities	138,200	142,600	147,800	151,900	155,200
Wholesale Trade	24,500	25,600	26,200	26,700	27,100
Retail Trade	79,700	80,800	81,100	81,200	81,200
Transportation, Warehousing and Utilities	34,000	36,200	40,500	43,900	46,900
Information	55,600	63,800	71,300	77,800	85,700
Financial Activities	71,900	75,200	78,200	78,800	80,900
Professional and Business Services	244,000	259,700	270,300	275,900	287,200
Educational and Health Services	126,000	129,900	133,400	136,000	139,700
Leisure and Hospitality	131,100	136,100	139,900	140,500	141,500
Other Services	39,600	40,000	40,700	41,100	41,800
Government	120,700	124,400	127,700	129,900	131,300
Total, All Industries	997,600	1,046,200	1,088,100	1,112,900	1,146,000

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Average Labor Force and Industry Employment. March 2018 Benchmark.

Commercial Activity

The following tables show summaries of annual taxable sales for the City and the County from 2012 through 2016.

TAXABLE SALES
2012 through 2016
City of Daly City
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2012	983	$857,861	1,372	$924,908
2013	1,057	885,371	1,437	953,203
2014	1,041	890,596	1,415	961,532
2015	--	912,508	--	984,886
2016	--	921,263	--	992,068

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

TAXABLE SALES
San Mateo County
2012 through 2016
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2012	11,748	$9,277,144	19,189	$13,906,978
2013	12,438	9,935,641	19,808	14,611,618
2014	12,673	10,278,717	19,999	15,298,434
2015	--	10,301,197	--	15,478,010
2016	--	10,394,055	--	15,658,573

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

Construction Activity

The following tables show the annual building permit valuations and number of permits for new dwelling units issued from 2013 through 2017 for the City and the County.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
City of Daly City
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation ($000):					
Residential	$14,424	$18,001	$61,374	$65,561	$40,473
Non-residential	18,963	16,811	40,918	69,605	29,868
Total	$33,387	$34,812	$102,292	$135,066	$70,341
Units:					
Single family	1	14	101	139	29
Multiple family	7	0	54	13	208
Total	8	14	155	152	237

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
San Mateo County
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation ($000):					
Residential	$743,743	$806,994	$1,041,468	$1,015,135	$1,052,535
Non-residential	494,658	1,016,791	1,010,485	1,613,446	2,390,996
Total	$1,238,401	$1,823,785	$2,051,953	$2,628,581	$3,443,531
Units:					
Single family	350	315	521	458	411
Multiple family	840	1,302	1,386	1,319	1,169
Total	1,190	1,617	1,907	1,777	1,580

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

APPENDIX E

SAN MATEO COUNTY TREASURY POOL

The following information concerning the San Mateo County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor or the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasurer Pool may be obtained from the Treasurer at http://www.sanmateocountytreasurer.org/; however, the information presented on such website is not incorporated herein by any reference.

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Sandie Arnott
TREASURER-TAX COLLECTOR

Charles M. Tovstein
CHIEF INVESTMENT OFFICER

Robin N. Elliott
ASSISTANT TAX COLLECTOR

SAN MATEO COUNTY INVESTMENT POOL FUND
FEBRUARY 2019 MONTH END REPORT

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INTRODUCTION SUMMARY

Gross earnings for the month ending February 28, 2019 were 2.45%. The current average maturity of the portfolio is 0.85 years with an average duration of 0.82 years. The current Par Value of the pool is $5.583 Billion. The largest non-government aggregate positions are currently MUFG Union Bank at 3.22%. The portfolio continues to hold no derivative products.

The San Mateo County Pool complies with Government Code Section 53646, which requires the ability to meet its expenditure requirements for the next six months.

I certify, and our investment advisor, PFM Asset Management, confirms these reports are in compliance with the investment policy dated Calendar Year 2019. Please visit our website if you wish to review PFM's monthly compliance report: http://www.sanmateocountytreasurer.org/PFMReports.html

If you have any questions regarding any of these reports, please call Charles Tovstein at (650) 363-4228 or me at (650) 363-4470.

Best regards,

Sandie Arnott
Treasurer-Tax Collector

SUMMARY OF POOL EARNINGS

COUNTY OF SAN MATEO

ESTIMATED SUMMARY OF POOL EARNINGS

FEBRUARY 2019

	Par Value	Gross Earnings
Fixed Income Securities Maturing > 1 year		
U S Treasury Notes	$ 600,000,000.00	$ 557,264.06
U.S, Instrumentalities	$ 80,000,000.00	$ 117,217.32
Federal Agencies	$ 347,500,000.00	$ 516,160.11
Corporate Notes	$ 120,633,000.00	$ 180,242.37
Certificate of Deposit	$ 105,000,000.00	$ 139,445.38
Floating Rate Securities	$ 212,021,000.00	$ 457,404.50
	$ 1,465,154,000.00	**$ 1,967,733.74**
Short Term Securities Maturing < 1 year		
U S Treasury Notes	$ 50,000,000.00	$ 94,028.63
U.S, Instrumentalities	$ 169,000,000.00	$ 61,323.19
Federal Agencies	$ 1,542,645,000.00	$ 2,441,925.90
Corporate Notes	$ 147,502,000.00	$ 214,226.54
Floating Rate Securities	$ 119,700,000.00	$ 277,993.95
LAIF	$ 65,000,000.00	$ 119,671.23
Commercial Paper	$ 775,000,000.00	$ 1,505,002.78
Certificate of Deposit	$ 436,478,000.00	$ 715,575.64
U S Treasury Bills	$ 533,700,000.00	$ 945,961.89
Repurchase Agreements	$ 279,000,000.00	$ 19,530.00
	$ 4,118,025,000.00	**$ 6,395,239.74**
Total Accrued Interest	**$ 5,583,179,000.00**	**$ 8,362,973.49**
Total Dollar Earnings for January		**$ 10,451,369.32**

	Period Earnings
Realized Gain/Loss & Interest Received	
U S Treasury Notes	$ 332,675.98
U.S, Instrumentalities	$ 8,159.72
Federal Agencies	$ 370,484.70
Corporate Notes	$ 107,500.00
Floating Rate Securities	$ 66,984.51
Commercial Paper	$ 400,894.41
Certificate of Deposit	$ 151,893.45
U S Treasury Bills	$ 241,094.44
Repurchase Agreements	$ 408,708.63
Total Realized Income	**$ 2,088,395.83**

AVERAGE BALANCE		**$ 5,560,727,531.82**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**2.450%**	**$ 10,451,369.32**
ADMINISTRATION FEES		**($405,247.54)**
NET EARNINGS RATE / NET DOLLAR EARNINGS	**2.355%**	**$10,046,121.78**

REALIZED GAINS AND LOSSES – SETTLED TRADES

Open Date	Close Date	Quantity	Security	Cost Basis	Proceeds	Gain Or Loss Short Term	Gain Or Loss Long Term
TOTAL GAINS						164,906.25	0.00
TOTAL LOSSES						0.00	0.00
				510,235,766.23	**510,400,672.48**	**164,906.25**	**0.00**

TOTAL REALIZED GAIN/LOSS 164,906.25

**THESE ARE GROSS PRINCIPAL FIGURES ONLY. THEY DO NOT REFLECT ANY AMORTIZATIONS OR ACCRETIONS. THE COST BASIS DOES NOT REFLECT ANY PURCHASED ACCRUED INTEREST.

SAN MATEO COUNTY VS. MERRILL LYNCH BOND INDEX

CHARACTERISTICS

POOL	2/28/19	INDEX
0.85	Average Maturity (Yrs)	2.16
0.82	Duration (Yrs)	2.04
2.54	Yield To Maturity (%)	2.55

TIME WEIGHTED/TOTAL RETURN

0.203%	1 Month	0.102%
0.274%	3 Month	1.412%
0.357%	6 Month	1.748%
0.301%	1 Year	2.697%

SYNTHETIC BENCHMARK ALLOCATION

30% 0-1 Year U.S. Government
20% 1-2.99 Year U.S. Government
20% 3-5 Year U.S. Government
20% 1-5 Year Corporate Bonds
10% 1-10 U.S. Government

** THE MEASURE THAT CAN BE USED TO ASSESS THE PERFORMANCE OF A PORTFOLIO OVER SOME INVESTMENT HORIZON IS THE TOTAL RETURN. TOTAL RETURN IS THE SUM OF THE PRINCIPAL AND INTEREST PAYMENTS AS WELL AS ANY REINVESTMENT INCOME RECEIVED OVER A HOLDING PERIOD PLUS ANY CAPITAL GAIN OR LOSS.

SAN MATEO COUNTY VS. LOCAL AGENCY INVESTMENT FUND

EARNINGS RATES

POOL	ENDING 2/28/19	LAIF
2.450%	1 Month	2.391%
2.404%	3 Month	2.346%
2.276%	6 Month	2.243%
2.060%	1 Year	2.015%

**THE MEASURE THAT CAN BE USED TO ASSESS THE PERFORMANCE OFA PORTFOLIO OVER SOME INVESTMENT HORIZON, IS THE TOTAL RETURN. TOTAL RETURN IS THE SUM OF PRINCIPAL AND INTEREST PAYMENTS AS WELL AS ANY REINVESTMENT INCOME RECEIVED OVER A HOLDING PERIOD PLUS ANY CAPITAL GAIN OR LOSS.

FIXED INCOME DISTRIBUTION

Summary Information

Totals	
Par Value	5,583,179,000
Market Value	5,557,779,652.55
Total Cost	5,549,152,280.69
Net Gain/Loss	8,627,371.86
Annual Income	63,090,977.01
Accrued Interest	12,420,981.80
Number of Issues	253

Weighted Averages	
Average YTM	2.54
Average Maturity (yrs)	0.85
Average Coupon (%)	1.13
Average Duration	0.82
Average Moody Rating	Aa1/P-1
Average S&P Rating	AA/A-1

Distribution by Maturity

Maturity	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Under 1 Yr	183	4,131,699,877.13	74.3	2.5	0.804 %	0.3
1 Yr - 3 Yrs	59	1,053,145,639.70	18.9	2.7	2.104 %	1.9
3 Yrs - 5 Yrs	11	372,934,135.73	6.7	2.6	2.040 %	3.7

Distribution by Coupon

Coupon %	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Under 1%	113	2,759,530,914.85	49.7	2.4	0.022 %	0.3
1% - 3%	120	2,539,219,635.99	45.7	2.6	2.140 %	1.4
3% - 5%	20	259,029,101.72	4.7	3.0	3.126 %	1.4

Distribution by Duration

Duration	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Under 1 Yr	186	4,169,068,839.45	75.0	2.5	0.818 %	0.3
1 Yr - 3 Yrs	58	1,030,799,050.54	18.5	2.7	2.107 %	2.0
3 Yrs - 5 Yrs	9	357,911,762.56	6.4	2.5	2.006 %	3.8

** MARKET VALUE ON THE FIXED INCOME DISTRIBUTION REPORT INCLUDES ANY ACCRUED INTEREST THAT A SECURITY HAS EARNED. TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MONTHLY TRANSACTION SUMMARY REPORT IS AVAILABLE UPON REQUEST.

FIXED INCOME DISTRIBUTION

Distribution by Moody Rating

Rating	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Aaa	126	2,961,596,642.80	53.3	2.4	1.019 %	1.1
Aa1	3	22,287,454.76	0.4	2.7	2.740 %	1.6
Aa2	12	199,776,422.64	3.6	2.7	2.594 %	1.7
Aa3	2	35,054,959.07	0.6	3.0	2.972 %	1.7
A1	13	172,278,918.54	3.1	2.8	2.715 %	1.8
P-1	96	2,101,594,588.06	37.8	2.6	0.937 %	0.3
Not Rated	1	65,190,666.67	1.2	2.4	2.400 %	0.1

Distribution by S&P Rating

Rating	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
AAA	16	246,766,803.88	4.4	2.5	0.655 %	0.9
AA+	112	2,727,006,708.60	49.1	2.4	1.058 %	1.1
AA-	13	181,388,444.44	3.3	2.9	2.757 %	1.6
A+	13	195,676,138.56	3.5	2.6	2.531 %	1.9
A	1	5,054,828.01	0.1	2.9	3.553 %	1.4
A-	1	35,101,474.33	0.6	3.2	3.137 %	1.8
A-1+	57	1,362,783,822.71	24.5	2.6	0.821 %	0.3
A-1	39	738,810,765.35	13.3	2.8	1.150 %	0.4
Not Rated	1	65,190,666.67	1.2	2.4	2.400 %	0.1

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
CERTIFICATE OF DEPOSIT											
WELLS FARGO BANK NA-FRN 2.600% Due 04-22-19			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	92,444.44	10,092,444.44	A-1	0.18
NORDEA BANK NY 2.570% Due 04-29-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	53,541.67	25,053,541.67	A-1+	0.45
TORONTO-DOMINION BANK 2.800% Due 05-01-19			20,000,000	100.00	20,000,000.00	100.00	20,000,000.00	185,111.11	20,185,111.11	A-1+	0.36
WELLS FARGO BANK NA-FRN 2.590% Due 05-03-19			15,000,000	100.00	15,000,000.00	100.00	15,000,000.00	126,262.50	15,126,262.50	A-1+	0.27
US BANK NA OHIO 2.810% Due 05-24-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	245,875.00	25,245,875.00	A-1+	0.45
TORONTO-DOMINION BANK 2.860% Due 06-10-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	156,902.78	25,156,902.78	A-1+	0.45
TORONTO-DOMINION BANK 2.910% Due 06-28-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	183,895.83	25,183,895.83	A-1+	0.45
BANK OF NOVA SCOTIA 2.730% Due 07-12-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	26,546.53	25,026,546.53	A-1	0.45
MUFG UNION BANK NA 2.600% Due 07-22-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	A-1	0.45
MUFG BANK LTD -CD 2.625% Due 07-24-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	A-1	0.45
MUFG UNION BANK NA 2.600% Due 07-26-19			20,000,000	100.00	20,000,000.00	100.00	20,000,000.00	0.00	20,000,000.00	A-1	0.36
TORONTO DOMINION BANK NY 2.580% Due 07-26-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	A-1+	0.45
MUFG UNION BANK NA 2.600% Due 07-29-19			15,000,000	100.00	15,000,000.00	100.00	15,000,000.00	0.00	15,000,000.00	A-1	0.27
WELLS FARGO BANK NA 2.900% Due 08-12-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	A-1	0.45
TORONTO-DOMINION BANK 2.600% Due 08-13-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	A-1+	0.45
US BANK NA OHIO 2.874% Due 11-15-19			20,000,000	100.17	20,034,600.00	100.00	20,000,000.00	46,300.11	20,046,300.11	A-1+	0.36
WESTPAC BANK N Y 3.020% Due 12-12-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	163,583.33	25,163,583.33	A-1+	0.45
BNS HOUSTON YCD FRN 2.606% Due 12-30-19			25,000,000	99.94	24,984,250.00	100.00	25,000,000.00	273,282.74	25,273,282.74	A-1	0.45
CANADIAN IMPERIAL YCD FRN 2.940% Due 01-30-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	11,843.68	5,011,843.68	A-1	0.09
CANADIAN IMPERIAL YCD FRN 2.940% Due 01-30-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	23,687.36	10,023,687.36	A-1	0.18
CANADIAN IMPERIAL YCD FRN 2.940% Due 01-30-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	23,687.36	10,023,687.36	A-1	0.18
BANK OF MONTREAL CHICAGO-YCD 2.924% Due 01-31-20			11,478,000	100.00	11,478,000.00	100.00	11,478,000.00	141,724.22	11,619,724.22	A-1	0.21
BNS HOUSTON YCD FRN-Q 2.863% Due 02-18-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	0.00	5,000,000.00	A-1	0.09

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
BNS HOUSTON YCD FRN-Q 2.863% Due 02-18-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	0.00	5,000,000.00	A-1	0.09
SWEDBANK YCD FRN-Q 2.968% Due 05-07-20			20,000,000	100.00	20,000,000.00	100.00	20,000,000.00	483,205.83	20,483,205.83	AA-	0.36
BNS HOUSTON YCD- FRNQ 2.963% Due 08-17-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	A+	0.45
SVENSKA HANDELSBANKEN YCD-FRN 3.057% Due 01-29-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	0.00	25,000,000.00	AA-	0.45
NORDEA BANK NY - FRN 2.973% Due 02-12-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	16,516.00	25,016,516.00	AA-	0.45
			541,478,000		541,496,850.00		541,478,000.00	2,254,410.50	543,732,410.50		9.76
COMMERCIAL PAPER											
SWEDBANK 0.000% Due 03-05-19			10,000,000	99.10	9,910,483.30	99.96	9,996,360.00	0.00	9,996,360.00	A-1+	0.18
NATIXIS NY BRANCH 0.000% Due 03-18-19			25,000,000	99.11	24,778,750.00	99.86	24,966,250.00	0.00	24,966,250.00	A-1	0.45
EXXON MOBIL CORP 0.000% Due 03-19-19			25,000,000	99.58	24,894,083.33	99.87	24,967,550.00	0.00	24,967,550.00	A-1+	0.45
TOYOTA MOTOR CREDIT CORPORATION 0.000% Due 03-25-19			25,000,000	98.93	24,733,562.50	99.82	24,954,700.00	0.00	24,954,700.00	A-1+	0.45
COOPERATIEVE RABOBANK UA 0.000% Due 03-29-19			20,000,000	98.54	19,708,000.00	99.81	19,961,340.00	0.00	19,961,340.00	A-1	0.36
SWEDBANK 0.000% Due 03-29-19			10,000,000	98.87	9,887,494.44	99.79	9,978,810.00	0.00	9,978,810.00	A-1+	0.18
ROYAL BANK OF CANADA NY 0.000% Due 04-22-19			25,000,000	98.12	24,529,375.00	99.63	24,907,625.00	0.00	24,907,625.00	A-1+	0.45
JP MORGAN SECURITIES LLC 0.000% Due 04-23-19			25,000,000	98.63	24,658,111.11	99.59	24,898,000.00	0.00	24,898,000.00	A-1	0.45
SWEDBANK 0.000% Due 04-24-19			25,000,000	99.29	24,822,840.28	99.60	24,899,550.00	0.00	24,899,550.00	A-1+	0.45
NATIXIS NY BRANCH 0.000% Due 04-26-19			25,000,000	98.69	24,671,812.50	99.58	24,894,325.00	0.00	24,894,325.00	A-1	0.45
SWEDBANK 0.000% Due 04-26-19			25,000,000	99.22	24,806,041.67	99.58	24,894,700.00	0.00	24,894,700.00	A-1+	0.45
NATIXIS NY BRANCH 0.000% Due 05-01-19			20,000,000	99.12	19,824,850.00	99.52	19,903,900.00	0.00	19,903,900.00	A-1	0.36
TOYOTA MOTOR CREDIT CORPORATION 0.000% Due 05-08-19			25,000,000	98.63	24,658,750.00	99.48	24,869,200.00	0.00	24,869,200.00	A-1+	0.45
NATIXIS NY BRANCH 0.000% Due 05-09-19			25,000,000	98.60	24,649,312.50	99.46	24,864,375.00	0.00	24,864,375.00	A-1	0.45
JP MORGAN SECURITIES LLC 0.000% Due 05-10-19			15,000,000	98.55	14,783,033.33	99.44	14,916,285.00	0.00	14,916,285.00	A-1	0.27
MUFG BANK LTD 0.000% Due 05-13-19			20,000,000	99.08	19,815,644.44	99.44	19,888,180.00	0.00	19,888,180.00	A-1	0.36

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
ROYAL BANK OF CANADA NY 0.000% Due 05-15-19			15,000,000	98.60	14,789,587.50	99.41	14,911,650.00	0.00	14,911,650.00	A-1+	0.27
MUFG BANK LTD 0.000% Due 05-16-19			15,000,000	99.10	14,864,500.00	99.42	14,913,060.00	0.00	14,913,060.00	A-1	0.27
MUFG BANK LTD 0.000% Due 05-17-19			10,000,000	99.09	9,908,913.89	99.41	9,941,280.00	0.00	9,941,280.00	A-1	0.18
ROYAL BANK OF CANADA NY 0.000% Due 05-17-19			20,000,000	98.58	19,716,888.89	99.39	19,878,660.00	0.00	19,878,660.00	A-1+	0.36
TOYOTA MOTOR CREDIT CORPORATION 0.000% Due 05-17-19			25,000,000	98.65	24,661,305.56	99.41	24,851,575.00	0.00	24,851,575.00	A-1+	0.45
MUFG BANK LTD 0.000% Due 06-07-19			15,000,000	98.49	14,773,187.50	99.22	14,882,445.00	0.00	14,882,445.00	A-1	0.27
NATIXIS NY BRANCH 0.000% Due 06-10-19			15,000,000	98.54	14,780,841.67	99.18	14,877,180.00	0.00	14,877,180.00	A-1	0.27
COOPERATIEVE RABOBANK UA 0.000% Due 06-11-19			25,000,000	98.60	24,649,885.42	99.21	24,802,950.00	0.00	24,802,950.00	A-1	0.45
SWEDBANK 0.000% Due 06-11-19			25,000,000	98.52	24,630,861.11	99.22	24,804,025.00	0.00	24,804,025.00	A-1+	0.45
ROYAL BANK OF CANADA 0.000% Due 06-13-19			15,000,000	98.56	14,784,166.67	99.18	14,877,495.00	0.00	14,877,495.00	A-1+	0.27
MUFG BANK LTD 0.000% Due 06-21-19			25,000,000	98.85	24,712,319.44	99.19	24,798,275.00	0.00	24,798,275.00	A-1	0.45
MUFG BANK LTD 0.000% Due 06-21-19			10,000,000	99.04	9,904,313.89	99.16	9,915,560.00	0.00	9,915,560.00	A-1	0.18
ROYAL BANK OF CANADA 0.000% Due 06-21-19			15,000,000	98.33	14,750,016.67	99.11	14,866,755.00	0.00	14,866,755.00	A-1+	0.27
NATIXIS NY BRANCH 0.000% Due 06-25-19			25,000,000	98.49	24,623,402.78	99.06	24,764,375.00	0.00	24,764,375.00	A-1	0.45
NATIXIS NY BRANCH 0.000% Due 06-28-19			15,000,000	98.30	14,745,287.55	99.04	14,856,495.00	0.00	14,856,495.00	A-1	0.27
TOYOTA MOTOR CREDIT CORPORATION 0.000% Due 06-28-19			25,000,000	98.92	24,730,500.00	99.12	24,780,000.00	0.00	24,780,000.00	A-1+	0.45
TOYOTA MOTOR CREDIT CORPORATION-FLOATER 0.000% Due 07-09-19			25,000,000	98.36	24,589,256.94	98.97	24,742,550.00	0.00	24,742,550.00	A-1+	0.45
NATIXIS NY BRANCH 0.000% Due 07-19-19			15,000,000	98.81	14,821,800.00	98.97	14,844,900.00	0.00	14,844,900.00	A-1	0.27
SWEDBANK 0.000% Due 07-19-19			25,000,000	98.91	24,727,291.67	99.00	24,750,325.00	0.00	24,750,325.00	A-1+	0.45
JP MORGAN SECURITIES LLC 0.000% Due 08-15-19			20,000,000	98.64	19,727,400.00	98.78	19,756,400.00	0.00	19,756,400.00	A-1	0.36
COOPERATIEVE RABOBANK UA 0.000% Due 09-13-19			50,000,000	98.54	49,271,833.33	98.59	49,296,800.00	0.00	49,296,800.00	A-1	0.89
			775,000,000		765,295,704.88		769,873,905.00	0.00	769,873,905.00		13.88

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
LOCAL AGENCY INVESTMENT FUND											
LAIF 2.400% Due 04-01-19			65,000,000	100.00	65,000,000.00	100.00	65,000,000.00	190,666.67	65,190,666.67	NR	1.17
REPURCHASE AGREEMENTS											
REPURCHASE AGREEMENT(U.S. TREAS NTS COLLAT) 2.520% Due 03-01-19			279,000,000	100.00	279,000,000.00	100.00	279,000,000.00	0.00	279,000,000.00	AA+	5.03
UNITED STATES TREASURY-BILLS											
UNITED STATES TREAS BILL 0.000% Due 03-14-19			25,000,000	99.04	24,760,784.72	99.91	24,978,750.00	0.00	24,978,750.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 04-04-19			25,000,000	99.02	24,755,388.89	99.78	24,944,400.00	0.00	24,944,400.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 05-09-19			25,000,000	98.76	24,690,979.17	99.54	24,885,000.00	0.00	24,885,000.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 05-09-19			25,000,000	98.76	24,690,347.22	99.54	24,885,000.00	0.00	24,885,000.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 05-09-19			3,700,000	98.78	3,654,702.23	99.54	3,682,980.00	0.00	3,682,980.00	A-1+	0.07
UNITED STATES TREAS BILL 0.000% Due 05-16-19			26,800,000	98.77	26,469,407.11	99.50	26,664,767.20	0.00	26,664,767.20	A-1+	0.48
UNITED STATES TREAS BILL 0.000% Due 05-16-19			50,000,000	98.75	49,375,638.89	99.50	49,747,700.00	0.00	49,747,700.00	A-1+	0.90
UNITED STATES TREAS BILL 0.000% Due 05-23-19			25,000,000	98.73	24,681,444.44	99.45	24,861,950.00	0.00	24,861,950.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 05-23-19			25,000,000	98.73	24,682,097.22	99.45	24,861,950.00	0.00	24,861,950.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 05-23-19			10,000,000	98.72	9,872,055.56	99.45	9,944,780.00	0.00	9,944,780.00	A-1+	0.18
UNITED STATES TREAS BILL 0.000% Due 05-30-19			4,200,000	98.76	4,147,766.00	99.40	4,174,825.20	0.00	4,174,825.20	A-1+	0.08
UNITED STATES TREAS BILL 0.000% Due 06-06-19			25,000,000	98.74	24,685,291.67	99.35	24,838,275.00	0.00	24,838,275.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 06-06-19			50,000,000	98.74	49,370,583.33	99.35	49,676,550.00	0.00	49,676,550.00	A-1+	0.90
UNITED STATES TREAS BILL 0.000% Due 06-13-19			40,000,000	98.75	39,499,500.00	99.31	39,722,960.00	0.00	39,722,960.00	A-1+	0.72
UNITED STATES TREAS BILL 0.000% Due 06-13-19			25,000,000	98.74	24,685,923.61	99.31	24,826,850.00	0.00	24,826,850.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 06-13-19			25,000,000	98.75	24,686,555.56	99.31	24,826,850.00	0.00	24,826,850.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 06-13-19			25,000,000	98.76	24,689,534.75	99.31	24,826,850.00	0.00	24,826,850.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 06-20-19			25,000,000	98.98	24,745,000.00	99.26	24,815,300.00	0.00	24,815,300.00	A-1+	0.45

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
UNITED STATES TREAS BILL 0.000% Due 07-25-19			25,000,000	98.93	24,733,333.33	99.02	24,755,900.00	0.00	24,755,900.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 08-22-19			25,000,000	98.77	24,692,243.06	98.82	24,705,775.00	0.00	24,705,775.00	A-1+	0.45
UNITED STATES TREAS BILL 0.000% Due 08-22-19			20,000,000	98.77	19,754,644.44	98.82	19,764,620.00	0.00	19,764,620.00	A-1+	0.36
UNITED STATES TREAS BILL 0.000% Due 08-29-19			4,000,000	98.77	3,950,758.89	98.77	3,950,880.00	0.00	3,950,880.00	A-1+	0.07
			533,700,000		527,273,980.09		530,342,912.40	0.00	530,342,912.40		9.56
UNITED STATES TREASURY-NOTES											
UNITED STATES TREAS NTS 0.875% Due 05-15-19			25,000,000	99.14	24,786,132.81	99.67	24,918,000.00	24,913.19	24,942,913.19	A-1+	0.45
UNITED STATES TREAS NTS 0.875% Due 05-15-19			25,000,000	99.65	24,913,674.03	99.67	24,918,000.00	24,913.19	24,942,913.19	A-1+	0.45
UNITED STATES TREAS NTS 1.125% Due 07-31-21			50,000,000	100.00	50,000,000.00	96.78	48,388,650.00	43,508.29	48,432,158.29	AA+	0.87
UNITED STATES TREAS NTS 1.125% Due 08-31-21			50,000,000	99.62	49,812,500.00	96.67	48,335,950.00	0.00	48,335,950.00	AA+	0.87
UNITED STATES TREAS NTS 1.125% Due 08-31-21			50,000,000	99.75	49,875,000.00	96.67	48,335,950.00	0.00	48,335,950.00	AA+	0.87
UNITED STATES TREAS NTS 1.125% Due 09-30-21			50,000,000	99.78	49,890,625.00	96.62	48,308,600.00	234,633.98	48,543,233.98	AA+	0.87
UNITED STATES TREAS NTS 1.250% Due 10-31-21			50,000,000	100.00	50,000,000.00	96.79	48,394,550.00	207,760.99	48,602,310.99	AA+	0.87
UNITED STATES TREAS NTS 1.625% Due 08-31-22			50,000,000	99.62	49,808,593.75	97.07	48,535,150.00	337,053.57	48,872,203.57	AA+	0.88
UNITED STATES TREAS NTS 1.875% Due 09-30-22			50,000,000	99.73	49,863,281.25	97.87	48,933,600.00	391,056.63	49,324,656.63	AA+	0.88
UNITED STATES TREAS NTS 2.000% Due 10-31-22			50,000,000	99.84	49,919,921.88	98.23	49,115,250.00	387,362.64	49,502,612.64	AA+	0.89
UNITED STATES TREAS NTS 2.000% Due 11-30-22			50,000,000	99.49	49,746,093.75	98.18	49,087,900.00	250,000.00	49,337,900.00	AA+	0.89
UNITED STATES TREAS NOTE 2.125% Due 12-31-22			50,000,000	99.31	49,656,250.00	98.59	49,296,900.00	717,187.50	50,014,087.50	AA+	0.89
UNITED STATES TREAS NTS 1.625% Due 10-31-23			50,000,000	100.16	50,078,125.00	96.09	48,044,900.00	270,089.29	48,314,989.29	AA+	0.87
UNITED STATES TREAS NTS 2.500% Due 01-31-24			50,000,000	100.13	50,064,701.31	99.94	49,968,750.00	24,171.27	49,992,921.27	AA+	0.90
			650,000,000		648,414,898.78		634,582,150.00	2,912,650.54	637,494,800.54		11.44
FEDERAL AGENCY - FLOATING RATE SECURITIES											
FEDERAL FARM CREDIT BANK-FRN 2.639% Due 03-15-19			5,000,000	100.00	5,000,000.00	100.01	5,000,515.00	4,764.50	5,005,279.50	AA+	0.09
FEDERAL HOME LOAN MORTGAGE CORP. - FLOATER 2.380% Due 05-13-19			10,000,000	100.00	10,000,000.00	99.99	9,999,340.00	0.00	9,999,340.00	AA+	0.18

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL HOME LOAN MORTGAGE CORP. - FLOATER 2.350% Due 06-21-19			11,000,000	100.00	11,000,000.00	99.99	10,998,900.00	49,545.83	11,048,445.83	AA+	0.20
FEDERAL FARM CREDIT BANK-FRN 2.670% Due 08-19-19			5,000,000	100.00	5,000,000.00	100.11	5,005,285.00	26,333.11	5,031,618.11	AA+	0.09
FEDERAL HOME LOAN BANK - FRN 2.265% Due 11-15-19			20,000,000	100.00	20,000,000.00	100.03	20,005,580.00	16,358.33	20,021,938.33	AA+	0.36
FEDERAL FARM CREDIT BANK-FRN 2.484% Due 05-26-20			10,000,000	100.00	10,000,000.00	100.02	10,001,680.00	1,380.21	10,003,060.21	AA+	0.18
FEDERAL FARM CR BKS FDG CORP 2.527% Due 12-11-20			5,000,000	100.00	5,000,000.00	99.95	4,997,575.00	5,966.29	5,003,541.29	AA+	0.09
FEDERAL FARM CR BKS FDG CORP 2.517% Due 08-09-21			15,000,000	100.00	15,000,000.00	99.81	14,971,650.00	19,925.46	14,991,575.46	AA+	0.27
FEDERAL FARM CR BKS FDG CORP 2.501% Due 09-17-21			15,000,000	100.00	15,000,000.00	100.00	15,000,000.00	167,802.25	15,167,802.25	AA+	0.27
FEDERAL FARM CR BKS FDG CORP 2.501% Due 09-17-21			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	55,934.08	5,055,934.08	AA+	0.09
FEDERAL FARM CR BKS FDG CORP 2.539% Due 11-08-21			10,000,000	100.00	10,000,000.00	99.84	9,984,230.00	77,594.92	10,061,824.92	AA+	0.18
FEDERAL FARM CR BKS FDG CORP 2.539% Due 11-08-21			5,000,000	100.00	5,000,000.00	99.84	4,992,115.00	38,797.46	5,030,912.46	AA+	0.09
			116,000,000		116,000,000.00		115,956,870.00	464,402.45	116,421,272.45		2.09
FEDERAL AGENCY SECURITIES											
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-01-19			25,000,000	99.76	24,941,250.00	100.00	25,000,000.00	0.00	25,000,000.00	AA+	0.45
FARM CREDIT DISCOUNT NOTE 0.000% Due 03-04-19			20,000,000	99.45	19,889,794.44	99.98	19,996,040.00	0.00	19,996,040.00	AA+	0.36
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-04-19			14,700,000	99.75	14,662,576.25	99.98	14,697,089.40	0.00	14,697,089.40	AA+	0.27
FEDERAL HOME DISCOUNT NOTE 0.000% Due 03-05-19			25,000,000	99.15	24,787,395.75	99.97	24,993,400.00	0.00	24,993,400.00	AA+	0.45
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-06-19			15,000,000	99.14	14,871,456.25	99.97	14,995,035.00	0.00	14,995,035.00	AA+	0.27
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-11-19			10,000,000	99.26	9,926,266.67	99.93	9,993,390.00	0.00	9,993,390.00	AA+	0.18
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-11-19			10,000,000	99.26	9,926,266.67	99.93	9,993,390.00	0.00	9,993,390.00	AA+	0.18
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-12-19			5,000,000	99.26	4,962,804.17	99.93	4,996,365.00	0.00	4,996,365.00	AA+	0.09
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-12-19			10,250,000	99.74	10,223,350.00	99.93	10,242,548.25	0.00	10,242,548.25	AA+	0.18
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-15-19			5,000,000	99.11	4,955,611.11	99.91	4,995,370.00	0.00	4,995,370.00	AA+	0.09
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-15-19			5,000,000	99.61	4,980,666.67	99.91	4,995,370.00	0.00	4,995,370.00	AA+	0.09
FEDERAL HOME LOAN BANK - DISCOUNT NOTE			25,000,000	99.67	24,917,708.33	99.91	24,976,850.00	0.00	24,976,850.00	AA+	0.45

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
0.000% Due 03-15-19											
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-15-19			8,300,000	99.71	8,276,211.28	99.91	8,292,314.20	0.00	8,292,314.20	AA+	0.15
FEDERAL HOME LOAN BANK 1.375% Due 03-18-19			5,000,000	99.77	4,988,400.00	99.96	4,998,105.00	30,555.56	5,028,660.56	AA+	0.09
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-19-19			25,000,000	99.18	24,795,486.11	99.88	24,970,250.00	0.00	24,970,250.00	AA+	0.45
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-21-19			15,000,000	99.17	14,875,050.00	99.87	14,980,170.00	0.00	14,980,170.00	AA+	0.27
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 03-22-19			25,000,000	99.16	24,790,097.22	99.86	24,965,300.00	0.00	24,965,300.00	AA+	0.45
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-26-19			10,000,000	99.04	9,904,086.11	99.83	9,983,470.00	0.00	9,983,470.00	AA+	0.18
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-27-19			10,000,000	99.03	9,903,429.17	99.83	9,982,810.00	0.00	9,982,810.00	AA+	0.18
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-27-19			10,000,000	99.03	9,903,429.17	99.83	9,982,810.00	0.00	9,982,810.00	AA+	0.18
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-27-19			10,000,000	99.03	9,903,429.17	99.83	9,982,810.00	0.00	9,982,810.00	AA+	0.18
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-27-19			15,000,000	99.13	14,869,000.00	99.83	14,974,215.00	0.00	14,974,215.00	AA+	0.27
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 03-29-19			15,000,000	99.02	14,853,172.92	99.81	14,972,235.00	0.00	14,972,235.00	AA+	0.27
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 04-15-19			3,000,000	99.65	2,989,355.83	99.70	2,990,961.00	0.00	2,990,961.00	AA+	0.05
FANNIE MAE DISCOUNT NOTE 0.000% Due 04-17-19			3,500,000	99.40	3,479,140.00	99.69	3,488,989.00	0.00	3,488,989.00	AA+	0.06
FREDDIE DISCOUNT 0.000% Due 04-17-19			4,800,000	98.81	4,742,817.20	99.69	4,784,899.20	0.00	4,784,899.20	AA+	0.09
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 04-18-19			25,000,000	99.05	24,762,062.50	99.68	24,919,675.00	0.00	24,919,675.00	AA+	0.45
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 04-22-19			15,000,000	99.37	14,905,686.67	99.65	14,947,785.00	0.00	14,947,785.00	AA+	0.27
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 04-26-19			25,000,000	98.81	24,702,541.67	99.63	24,906,275.00	0.00	24,906,275.00	AA+	0.45
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 04-29-19			15,000,000	99.11	14,866,270.83	99.60	14,940,750.00	0.00	14,940,750.00	AA+	0.27
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 04-29-19			2,000,000	99.33	1,986,505.28	99.60	1,992,100.00	0.00	1,992,100.00	AA+	0.04
FEDERAL HOME LOAN BANK DISCOUNT NOTE 0.000% Due 04-30-19			15,000,000	99.10	14,865,250.00	99.60	14,939,745.00	0.00	14,939,745.00	AA+	0.27
FEDERAL HOME LOAN BANK DISCOUNT NOTE 0.000% Due 04-30-19			6,600,000	99.27	6,552,040.00	99.60	6,573,487.80	0.00	6,573,487.80	AA+	0.12
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 05-01-19			10,000,000	98.78	9,877,825.00	99.59	9,958,990.00	0.00	9,958,990.00	AA+	0.18
FEDERAL HOME LOAN BANK - DISCOUNT NOTE			10,000,000	98.78	9,877,825.00	99.59	9,958,990.00	0.00	9,958,990.00	AA+	0.18

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SAN MATEO COUNTY TREASURER'S OFFICE

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SAN MATEO COUNTY POOL

February 28, 2019

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0.000% Due 05-01-19											
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 05-01-19			25,000,000	99.10	24,775,416.67	99.59	24,897,475.00	0.00	24,897,475.00	AA+	0.45
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 05-03-19			30,847,000	98.80	30,475,422.18	99.58	30,716,362.95	0.00	30,716,362.95	AA+	0.55
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 05-14-19			20,000,000	98.75	19,749,244.44	99.50	19,900,520.00	0.00	19,900,520.00	AA+	0.36
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 05-15-19			4,663,000	98.76	4,605,178.80	99.50	4,639,489.15	0.00	4,639,489.15	AA+	0.08
FEDERAL HOME LOAN BANK - DISCOUNT NOTE 0.000% Due 05-15-19			10,000,000	98.76	9,876,000.00	99.50	9,949,580.00	0.00	9,949,580.00	AA+	0.18
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 05-17-19			15,000,000	98.74	14,811,630.00	99.48	14,922,360.00	0.00	14,922,360.00	AA+	0.27
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 05-17-19			10,000,000	98.74	9,874,420.00	99.48	9,948,240.00	0.00	9,948,240.00	AA+	0.18
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 05-17-19			15,000,000	99.21	14,881,000.00	99.48	14,922,360.00	0.00	14,922,360.00	AA+	0.27
FREDDIE DISCOUNT NOTE 0.000% Due 05-20-19			10,000,000	98.74	9,873,583.33	99.46	9,946,220.00	0.00	9,946,220.00	AA+	0.18
FREDDIE DISCOUNT NOTE 0.000% Due 05-20-19			15,000,000	98.74	14,810,375.00	99.46	14,919,330.00	0.00	14,919,330.00	AA+	0.27
FREDDIE DISCOUNT NOTE 0.000% Due 05-20-19			26,000,000	98.76	25,678,423.33	99.46	25,860,172.00	0.00	25,860,172.00	AA+	0.47
FREDDIE DISCOUNT NOTE 0.000% Due 05-24-19			10,000,000	98.71	9,870,850.00	99.44	9,943,530.00	0.00	9,943,530.00	AA+	0.18
FARM CREDIT DISCOUNT NOTE 0.000% Due 05-28-19			15,000,000	98.66	14,798,958.33	99.41	14,911,260.00	0.00	14,911,260.00	AA+	0.27
FEDERAL HOME LOAN BANK 1.375% Due 05-28-19			5,000,000	99.81	4,990,550.00	99.73	4,986,540.00	17,187.50	5,003,727.50	AA+	0.09
FEDERAL HOME LOAN BANK 1.375% Due 05-28-19			5,000,000	99.81	4,990,550.00	99.73	4,986,540.00	17,187.50	5,003,727.50	AA+	0.09
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-03-19			2,200,000	98.79	2,173,418.50	99.36	2,185,983.80	0.00	2,185,983.80	AA+	0.04
FREDDIE DISCOUNT 0.000% Due 06-03-19			20,000,000	98.76	19,751,687.20	99.36	19,872,580.00	0.00	19,872,580.00	AA+	0.36
FREDDIE DISCOUNT 0.000% Due 06-03-19			12,580,000	98.81	12,430,678.89	99.36	12,499,852.82	0.00	12,499,852.82	AA+	0.23
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 06-06-19			30,000,000	98.67	29,602,400.10	99.34	29,802,780.00	0.00	29,802,780.00	AA+	0.54
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-11-19			20,000,000	99.22	19,844,000.00	99.31	19,861,740.00	0.00	19,861,740.00	AA+	0.36
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-13-19			2,300,000	99.21	2,281,718.19	99.30	2,283,787.30	0.00	2,283,787.30	AA+	0.04
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 06-17-19			20,000,000	99.21	19,841,683.33	99.27	19,853,600.00	0.00	19,853,600.00	AA+	0.36

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL MORTGAGE CORPORATION DN 0.000% Due 06-19-19			10,000,000	98.69	9,869,111.11	99.25	9,925,440.00	0.00	9,925,440.00	AA+	0.18
FEDERAL MORTGAGE CORPORATION DN 0.000% Due 06-19-19			20,000,000	98.69	19,738,222.22	99.25	19,850,880.00	0.00	19,850,880.00	AA+	0.36
FEDERAL MORTGAGE CORPORATION DN 0.000% Due 06-19-19			3,000,000	98.71	2,961,303.33	99.25	2,977,632.00	0.00	2,977,632.00	AA+	0.05
FEDERAL MORTGAGE CORPORATION DN 0.000% Due 06-20-19			15,000,000	98.61	14,791,266.67	99.25	14,887,155.00	0.00	14,887,155.00	AA+	0.27
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.750% Due 06-20-19			5,000,000	99.95	4,997,350.00	99.77	4,988,410.00	16,527.78	5,004,937.78	AA+	0.09
FEDERAL HOME LOAN BANK 1.125% Due 06-21-19			10,000,000	99.96	9,995,800.00	99.59	9,959,020.00	20,937.50	9,979,957.50	AA+	0.18
FEDERAL HOME LOAN BANK 1.125% Due 06-21-19			10,000,000	99.96	9,995,800.00	99.59	9,959,020.00	20,937.50	9,979,957.50	AA+	0.18
FEDERAL HOME LOAN BANK 1.125% Due 06-21-19			10,000,000	99.96	9,995,800.00	99.59	9,959,020.00	20,937.50	9,979,957.50	AA+	0.18
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 06-24-19			25,000,000	98.51	24,628,229.17	99.22	24,805,150.00	0.00	24,805,150.00	AA+	0.45
FEDERAL HOME LOAN BANK DISCOUNT NOTE 0.000% Due 06-25-19			30,000,000	98.53	29,560,416.60	99.21	29,764,140.00	0.00	29,764,140.00	AA+	0.54
FEDERAL MORTGAGE CORPORATION DN 0.000% Due 06-25-19			15,000,000	98.57	14,786,100.00	99.21	14,882,070.00	0.00	14,882,070.00	AA+	0.27
FEDERAL HOME LOAN BANK DISCOUNT NOTE 0.000% Due 06-27-19			10,000,000	98.52	9,851,713.89	99.20	9,920,020.00	0.00	9,920,020.00	AA+	0.18
FEDERAL HOME LOAN BANK DISCOUNT NOTE 0.000% Due 06-27-19			10,000,000	98.52	9,851,713.89	99.20	9,920,020.00	0.00	9,920,020.00	AA+	0.18
FREDDIE DISCOUNT 0.000% Due 06-27-19			25,000,000	99.12	24,780,000.00	99.20	24,800,050.00	0.00	24,800,050.00	AA+	0.45
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-28-19			15,000,000	98.48	14,771,750.00	99.19	14,879,010.00	0.00	14,879,010.00	AA+	0.27
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-28-19			25,000,000	98.48	24,619,583.33	99.19	24,798,350.00	0.00	24,798,350.00	AA+	0.45
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-28-19			10,000,000	98.48	9,847,833.33	99.19	9,919,340.00	0.00	9,919,340.00	AA+	0.18
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-28-19			2,500,000	98.49	2,462,131.25	99.19	2,479,835.00	0.00	2,479,835.00	AA+	0.04
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-28-19			20,000,000	98.49	19,697,050.00	99.19	19,838,680.00	0.00	19,838,680.00	AA+	0.36
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 06-28-19			50,000,000	98.58	49,288,833.50	99.19	49,596,700.00	0.00	49,596,700.00	AA+	0.89
FARM CREDIT DISCOUNT NOTE 0.000% Due 07-08-19			19,000,000	98.33	18,682,605.00	99.11	18,831,831.00	0.00	18,831,831.00	AA+	0.34
FEDERAL HOME LOAN BANK DISCOUNT NOTE 0.000% Due 07-09-19			4,400,000	98.88	4,350,605.11	99.11	4,360,756.40	0.00	4,360,756.40	AA+	0.08
FREDDIE DISCOUNT 0.000% Due 07-17-19			5,300,000	99.01	5,247,706.67	99.05	5,249,819.60	0.00	5,249,819.60	AA+	0.09

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FREDDIE DISCOUNT 0.000% Due 07-17-19			25,000,000	99.02	24,755,312.50	99.05	24,763,300.00	0.00	24,763,300.00	AA+	0.45
FREDDIE DISCOUNT 0.000% Due 07-17-19			1,600,000	99.02	1,584,340.00	99.05	1,584,851.20	0.00	1,584,851.20	AA+	0.03
FEDERAL MORTGAGE CORPORATION DN 0.000% Due 07-19-19			5,300,000	98.38	5,214,299.00	99.04	5,249,088.20	0.00	5,249,088.20	AA+	0.09
FEDERAL HOME LOAN BANK-DISCOUNT NOTE 0.000% Due 07-26-19			5,000,000	98.31	4,915,666.67	98.99	4,949,570.00	0.00	4,949,570.00	AA+	0.09
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.000% Due 07-26-19			5,000,000	100.00	5,000,000.00	99.39	4,969,620.00	4,444.44	4,974,064.44	AA+	0.09
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.000% Due 07-26-19			2,500,000	100.00	2,500,000.00	99.39	2,484,810.00	2,222.22	2,487,032.22	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.000% Due 07-26-19			2,500,000	100.00	2,500,000.00	99.39	2,484,810.00	2,222.22	2,487,032.22	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.000% Due 07-26-19			2,500,000	100.00	2,500,000.00	99.39	2,484,810.00	2,222.22	2,487,032.22	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.000% Due 07-26-19			2,500,000	100.00	2,500,000.00	99.39	2,484,810.00	2,222.22	2,487,032.22	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION-1 1.125% Due 07-26-19			10,000,000	100.00	10,000,000.00	99.44	9,944,210.00	10,000.00	9,954,210.00	AA+	0.18
FEDERAL NATIONAL MORTGAGE ASSOCIATION-1 1.125% Due 07-26-19			3,805,000	99.98	3,804,429.25	99.44	3,783,771.90	3,805.00	3,787,576.90	AA+	0.07
FEDERAL HOME LOAN BANK 0.875% Due 08-05-19			5,000,000	99.81	4,990,400.00	99.32	4,965,970.00	112,291.67	5,078,261.67	AA+	0.09
FEDERAL HOME LOAN BANK 0.875% Due 08-05-19			5,000,000	99.81	4,990,400.00	99.32	4,965,970.00	112,291.67	5,078,261.67	AA+	0.09
FEDERAL HOME LOAN BANK 0.875% Due 08-05-19			5,000,000	99.81	4,990,400.00	99.32	4,965,970.00	112,291.67	5,078,261.67	AA+	0.09
FEDERAL HOME DISCOUNT NOTE 0.000% Due 08-21-19			10,000,000	98.75	9,875,481.67	98.80	9,880,340.00	0.00	9,880,340.00	AA+	0.18
FEDERAL HOME DISCOUNT NOTE 0.000% Due 08-21-19			10,000,000	98.75	9,875,481.67	98.80	9,880,340.00	0.00	9,880,340.00	AA+	0.18
FEDERAL HOME DISCOUNT NOTE 0.000% Due 08-21-19			20,000,000	98.76	19,752,277.78	98.80	19,760,680.00	0.00	19,760,680.00	AA+	0.36
FEDERAL HOME DISCOUNT NOTE 0.000% Due 08-21-19			20,000,000	98.76	19,752,277.78	98.80	19,760,680.00	0.00	19,760,680.00	AA+	0.36
FEDERAL HOME DISCOUNT NOTE 0.000% Due 08-21-19			15,000,000	98.81	14,821,354.17	98.80	14,820,510.00	0.00	14,820,510.00	AA+	0.27
FARM CREDIT DISCOUNT NOTE 0.000% Due 08-23-19			10,000,000	97.87	9,786,944.40	98.79	9,878,960.00	0.00	9,878,960.00	AA+	0.18
FARM CREDIT DISCOUNT NOTE 0.000% Due 08-23-19			10,000,000	97.87	9,786,944.40	98.79	9,878,960.00	0.00	9,878,960.00	AA+	0.18
FEDERAL HOME LOAN BANK- DISCOUNT NOTE 0.000% Due 08-23-19			15,000,000	98.76	14,813,450.00	98.79	14,818,440.00	0.00	14,818,440.00	AA+	0.27
FEDERAL HOME LOAN BANK-B 1.550% Due 08-28-19	05-28-19	100.00	2,500,000	100.00	2,500,000.00	99.55	2,488,650.00	0.00	2,488,650.00	AA+	0.04

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL HOME LOAN BANK-B 1.550% Due 08-28-19	05-28-19	100.00	2,500,000	100.00	2,500,000.00	99.55	2,488,650.00	0.00	2,488,650.00	AA+	0.04
FEDERAL HOME LOAN BANK-B 1.550% Due 08-28-19	05-28-19	100.00	2,500,000	100.00	2,500,000.00	99.55	2,488,650.00	0.00	2,488,650.00	AA+	0.04
FEDERAL HOME LOAN BANK-B 1.550% Due 08-28-19	05-28-19	100.00	2,500,000	100.00	2,500,000.00	99.55	2,488,650.00	0.00	2,488,650.00	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.750% Due 09-12-19			5,000,000	99.44	4,971,850.00	99.59	4,979,370.00	40,347.22	5,019,717.22	AA+	0.09
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.750% Due 09-12-19			5,000,000	99.44	4,971,850.00	99.59	4,979,370.00	40,347.22	5,019,717.22	AA+	0.09
FEDERAL HOME LOAN BANK 1.000% Due 09-26-19			5,000,000	99.91	4,995,650.00	99.15	4,957,695.00	21,111.11	4,978,806.11	AA+	0.09
FEDERAL HOME LOAN BANK 1.000% Due 09-26-19			10,000,000	99.91	9,991,300.00	99.15	9,915,390.00	42,222.22	9,957,612.22	AA+	0.18
FEDERAL HOME LOAN BANK 1.000% Due 09-26-19			10,000,000	99.91	9,991,300.00	99.15	9,915,390.00	42,222.22	9,957,612.22	AA+	0.18
FEDERAL HOME LOAN BANK 2.400% Due 10-11-19	03-25-19	100.00	10,000,000	100.00	10,000,000.00	100.00	10,000,390.00	42,000.00	10,042,390.00	AA+	0.18
FEDERAL NATIONAL MORTGAGE ASSOCIATION-1 1.100% Due 10-17-19			2,500,000	99.95	2,498,750.00	99.09	2,477,362.50	10,006.94	2,487,369.44	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION-1 1.100% Due 10-17-19			2,500,000	99.95	2,498,750.00	99.09	2,477,362.50	10,006.94	2,487,369.44	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION-1 1.100% Due 10-17-19			2,500,000	99.95	2,498,750.00	99.09	2,477,362.50	10,006.94	2,487,369.44	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION-1 1.100% Due 10-17-19			2,500,000	99.95	2,498,750.00	99.09	2,477,362.50	10,006.94	2,487,369.44	AA+	0.04
FEDERAL HOME LOAN BANK 1.500% Due 10-21-19			5,000,000	99.82	4,991,150.00	99.33	4,966,325.00	28,750.00	4,995,075.00	AA+	0.09
FEDERAL HOME LOAN BANK 1.500% Due 10-21-19			5,000,000	99.82	4,991,150.00	99.33	4,966,325.00	28,750.00	4,995,075.00	AA+	0.09
FEDERAL HOME LOAN BANK 1.500% Due 10-21-19			10,000,000	99.82	9,982,300.00	99.33	9,932,650.00	57,500.00	9,990,150.00	AA+	0.18
FEDERAL HOME LOAN BANK 1.500% Due 10-21-19			10,000,000	99.82	9,982,300.00	99.33	9,932,650.00	57,500.00	9,990,150.00	AA+	0.18
FEDERAL HOME LOAN BANK 1.375% Due 11-15-19			5,000,000	99.98	4,998,850.00	99.19	4,959,305.00	19,670.14	4,978,975.14	AA+	0.09
FEDERAL HOME LOAN BANK 1.375% Due 11-15-19			5,000,000	99.98	4,998,850.00	99.19	4,959,305.00	19,670.14	4,978,975.14	AA+	0.09
FEDERAL HOME LOAN BANK 1.375% Due 11-15-19			5,000,000	99.98	4,998,850.00	99.19	4,959,305.00	19,670.14	4,978,975.14	AA+	0.09
FEDERAL HOME LOAN BANK 1.375% Due 11-15-19			10,000,000	99.98	9,997,700.00	99.19	9,918,610.00	39,340.28	9,957,950.28	AA+	0.18
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.750% Due 11-26-19			7,500,000	99.55	7,466,550.00	99.43	7,457,242.50	34,270.83	7,491,513.33	AA+	0.13
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.625% Due 01-21-20			10,000,000	99.90	9,989,900.00	99.20	9,919,900.00	16,701.39	9,936,601.39	AA+	0.18

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL NATIONAL MORTGAGE ASSOCIATION-B 1.650% Due 01-27-20	04-27-19	100.00	2,500,000	100.00	2,500,000.00	99.20	2,479,970.00	3,552.08	2,483,522.08	AA+	0.04
FEDERAL HOME LOAN BANK 2.150% Due 02-14-20	05-14-19	100.00	2,500,000	100.00	2,500,000.00	99.60	2,490,075.00	2,090.28	2,492,165.28	AA+	0.04
FEDERAL HOME LOAN BANK 2.150% Due 02-14-20	05-14-19	100.00	5,000,000	100.00	5,000,000.00	99.60	4,980,150.00	4,180.56	4,984,330.56	AA+	0.09
FEDERAL HOME LOAN BANK 2.375% Due 03-30-20			20,000,000	99.98	19,996,400.00	99.83	19,966,280.00	199,236.11	20,165,516.11	AA+	0.36
FEDERAL HOME LOAN BANK 2.375% Due 03-30-20			10,000,000	99.98	9,998,200.00	99.83	9,983,140.00	99,618.06	10,082,758.06	AA+	0.18
FEDERAL HOME LOAN BANK-1 1.700% Due 05-15-20	05-15-19	100.00	2,500,000	100.00	2,500,000.00	98.92	2,473,072.50	12,159.72	2,485,232.22	AA+	0.04
FEDERAL HOME LOAN BANK-1 1.700% Due 05-15-20	05-15-19	100.00	5,000,000	100.00	5,000,000.00	98.92	4,946,145.00	24,319.44	4,970,464.44	AA+	0.09
FEDERAL HOME LOAN BANK-1 1.700% Due 05-15-20	05-15-19	100.00	10,000,000	100.00	10,000,000.00	98.92	9,892,290.00	48,638.89	9,940,928.89	AA+	0.18
FEDERAL HOME LOAN BANK-1 1.700% Due 05-15-20	05-15-19	100.00	5,000,000	100.00	5,000,000.00	98.92	4,946,145.00	24,319.44	4,970,464.44	AA+	0.09
FEDERAL HOME LOAN BANK-1 1.700% Due 05-15-20	05-15-19	100.00	2,500,000	100.00	2,500,000.00	98.92	2,473,072.50	12,159.72	2,485,232.22	AA+	0.04
FEDERAL HOME LOAN BANK 2.625% Due 05-28-20			5,000,000	99.96	4,998,200.00	100.08	5,004,110.00	101,718.75	5,105,828.75	AA+	0.09
FEDERAL HOME LOAN BANK 2.625% Due 05-28-20			20,000,000	99.96	19,992,800.00	100.08	20,016,440.00	406,875.00	20,423,315.00	AA+	0.36
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.500% Due 06-22-20			10,000,000	99.65	9,965,100.00	98.64	9,863,630.00	27,500.00	9,891,130.00	AA+	0.18
FEDERAL HOME LOAN BANK 1.375% Due 09-28-20			5,000,000	99.68	4,983,950.00	98.19	4,909,565.00	28,645.83	4,938,210.83	AA+	0.09
FEDERAL HOME LOAN BANK 1.375% Due 09-28-20			10,000,000	99.68	9,967,900.00	98.19	9,819,130.00	57,291.67	9,876,421.67	AA+	0.18
FEDERAL HOME LOAN MORTGAGE CORPORATION 1.625% Due 09-29-20			15,000,000	99.82	14,972,850.00	98.57	14,784,810.00	100,885.42	14,885,695.42	AA+	0.27
FEDERAL HOME LOAN BANK 2.620% Due 10-01-20			25,000,000	99.78	24,946,250.00	100.08	25,018,975.00	311,125.00	25,330,100.00	AA+	0.45
FEDERAL HOME LOAN BANK 1.950% Due 11-05-20	05-05-19	100.00	5,000,000	98.11	4,905,750.00	98.85	4,942,475.00	14,354.17	4,956,829.17	AA+	0.09
FEDERAL HOME LOAN MORTGAGE CORPORATION-1 2.250% Due 11-24-20			5,000,000	100.42	5,021,100.00	99.49	4,974,450.00	29,375.00	5,003,825.00	AA+	0.09
FEDERAL HOME LOAN MORTGAGE CORPORATION-1 2.250% Due 11-24-20			7,500,000	100.42	7,531,650.00	99.49	7,461,675.00	44,062.50	7,505,737.50	AA+	0.13
FEDERAL HOME LOAN MORTGAGE CORPORATION-1 2.250% Due 11-24-20			7,500,000	100.42	7,531,650.00	99.49	7,461,675.00	44,062.50	7,505,737.50	AA+	0.13
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.500% Due 11-30-20			5,000,000	99.91	4,995,350.00	98.19	4,909,390.00	18,333.33	4,927,723.33	AA+	0.09
FEDERAL HOME LOAN BANK 2.200% Due 01-29-21	04-29-19	100.00	2,500,000	100.00	2,500,000.00	99.30	2,482,620.00	4,430.56	2,487,050.56	AA+	0.04

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL HOME LOAN BANK 2.200% Due 01-29-21	04-29-19	100.00	2,500,000	100.00	2,500,000.00	99.30	2,482,620.00	4,430.56	2,487,050.56	AA+	0.04
FEDERAL HOME LOAN BANK 2.250% Due 01-29-21	01-29-20	100.00	5,000,000	100.00	5,000,000.00	99.39	4,969,530.00	9,062.50	4,978,592.50	AA+	0.09
FEDERAL HOME LOAN BANK 2.250% Due 01-29-21	01-29-20	100.00	2,500,000	100.00	2,500,000.00	99.39	2,484,765.00	4,531.25	2,489,296.25	AA+	0.04
FEDERAL NATIONAL MORTGAGE ASSOCIATION-B 2.750% Due 06-22-21			25,000,000	99.98	24,994,250.00	100.45	25,113,350.00	126,041.67	25,239,391.67	AA+	0.45
FEDERAL HOME LOAN BANK 1.125% Due 07-14-21			5,000,000	99.51	4,975,350.00	96.85	4,842,430.00	6,875.00	4,849,305.00	AA+	0.09
FEDERAL HOME LOAN BANK 1.125% Due 07-14-21			5,000,000	99.51	4,975,350.00	96.85	4,842,430.00	6,875.00	4,849,305.00	AA+	0.09
FEDERAL HOME LOAN BANK 1.125% Due 07-14-21			5,000,000	99.51	4,975,350.00	96.85	4,842,430.00	6,875.00	4,849,305.00	AA+	0.09
FEDERAL HOME LOAN BANK 1.125% Due 07-14-21			5,000,000	99.51	4,975,350.00	96.85	4,842,430.00	6,875.00	4,849,305.00	AA+	0.09
FEDERAL HOME LOAN BANK 1.125% Due 07-14-21			5,000,000	99.51	4,975,350.00	96.85	4,842,430.00	6,875.00	4,849,305.00	AA+	0.09
FEDERAL HOME LOAN BANK 2.875% Due 07-30-21	04-30-19	100.00	10,000,000	100.00	10,000,000.00	100.03	10,002,900.00	22,361.11	10,025,261.11	AA+	0.18
FEDERAL HOME LOAN BANK 2.875% Due 07-30-21	04-30-19	100.00	5,000,000	100.00	5,000,000.00	100.03	5,001,450.00	11,180.56	5,012,630.56	AA+	0.09
FEDERAL NATIONAL MORTGAGE ASSOCIATION 1.250% Due 08-17-21			10,000,000	99.59	9,959,500.00	97.00	9,699,650.00	3,819.44	9,703,469.44	AA+	0.17
FEDERAL HOME LOAN MORTGAGE CORPORATION-1 3.350% Due 09-28-23	03-28-19	100.00	2,500,000	100.00	2,500,000.00	100.03	2,500,712.50	34,895.83	2,535,608.33	AA+	0.05
FEDERAL HOME LOAN MORTGAGE CORPORATION-1 3.350% Due 09-28-23	03-28-19	100.00	2,500,000	100.00	2,500,000.00	100.03	2,500,712.50	34,895.83	2,535,608.33	AA+	0.05
FREDDIE MAC 2.875% Due 02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	99.75	2,493,725.00	0.00	2,493,725.00	AA+	0.04
FREDDIE MAC 2.875% Due 02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	99.75	2,493,725.00	0.00	2,493,725.00	AA+	0.04
FREDDIE MAC 2.875% Due 02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	99.75	2,493,725.00	0.00	2,493,725.00	AA+	0.04
			1,739,145,000		1,725,134,030.09		1,728,796,679.68	3,002,912.64	1,731,799,592.32		31.18
US INSTRUMENTALITIES											
INTL BK RECON & DEVELOP 0.000% Due 04-09-19			4,500,000	99.36	4,471,250.00	99.74	4,488,250.50	0.00	4,488,250.50	AAA	0.08
INTL BK RECON & DEVELOP 1.250% Due 04-26-19			2,500,000	100.00	2,500,000.00	99.80	2,495,025.00	10,590.28	2,505,615.28	AAA	0.04
INTL BK RECON & DEVELOP 1.250% Due 04-26-19			2,500,000	100.00	2,500,000.00	99.80	2,495,025.00	10,590.28	2,505,615.28	AAA	0.04
INTL BK RECON & DEVELOP 1.250% Due 04-26-19			2,500,000	100.00	2,500,000.00	99.80	2,495,025.00	10,590.28	2,505,615.28	AAA	0.04

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
INTL BK RECON & DEVELOP 1.250% Due 04-26-19			2,500,000	100.00	2,500,000.00	99.80	2,495,025.00	10,590.28	2,505,615.28	AAA	0.04
INTL BK RECON & DEVELOP 1.250% Due 04-26-19			4,500,000	99.75	4,488,750.00	99.80	4,491,045.00	19,062.50	4,510,107.50	AAA	0.08
IBRD DISCOUNT NOTE 0.000% Due 07-02-19			20,000,000	99.09	19,817,333.33	99.16	19,831,220.00	0.00	19,831,220.00	AAA	0.36
IBRD DISCOUNT NOTE 0.000% Due 07-05-19			20,000,000	99.14	19,828,550.00	99.14	19,827,100.00	0.00	19,827,100.00	AAA	0.36
IBRD DISCOUNT NOTE 0.000% Due 07-08-19			20,000,000	99.12	19,823,150.00	99.11	19,822,980.00	0.00	19,822,980.00	AAA	0.36
IBRD DISCOUNT NOTE 0.000% Due 07-15-19			20,000,000	99.07	19,813,700.00	99.07	19,813,380.00	0.00	19,813,380.00	AAA	0.36
IBRD DISCOUNT NOTE 0.000% Due 07-16-19			20,000,000	99.06	19,812,350.00	99.06	19,812,000.00	0.00	19,812,000.00	AAA	0.36
IBRD DISCOUNT NOTE 0.000% Due 07-22-19			25,000,000	99.01	24,753,625.00	99.02	24,754,725.00	0.00	24,754,725.00	AAA	0.45
IBRD DISCOUNT NOTE 0.000% Due 07-25-19			25,000,000	98.99	24,748,562.50	99.00	24,749,575.00	0.00	24,749,575.00	AAA	0.45
INTL BK RECON & DEVELOP 1.875% Due 04-21-20			10,000,000	99.91	9,991,300.00	99.17	9,916,720.00	66,145.83	9,982,865.83	AAA	0.18
INTL BK RECON & DEVELOP 1.625% Due 09-04-20			5,000,000	99.98	4,998,950.00	98.53	4,926,735.00	39,270.83	4,966,005.83	AAA	0.09
INTL BK RECON & DEVELOP 3.000% Due 12-28-20	03-28-19	100.00	5,000,000	100.00	5,000,000.00	99.98	4,999,080.00	0.00	4,999,080.00	AAA	0.09
INTL BK RECON & DEVELOP 1.625% Due 03-09-21			20,000,000	99.85	19,969,400.00	98.10	19,619,480.00	152,569.44	19,772,049.44	AAA	0.35
INTL BK RECON & DEVELOP 1.375% Due 05-24-21			20,000,000	99.74	19,948,000.00	97.36	19,471,880.00	71,805.56	19,543,685.56	AAA	0.35
INTER-AMERICAN DEVEL BK-FRN 2.339% Due 01-15-22			10,000,000	100.00	10,000,000.00	99.92	9,992,000.00	27,940.32	10,019,940.32	AAA	0.18
INTL BK RECON & DEVELOP 2.000% Due 01-26-22			10,000,000	99.46	9,945,700.00	98.34	9,833,600.00	17,777.78	9,851,377.78	AAA	0.18
			249,000,000		247,410,620.83		246,329,870.50	436,933.38	246,766,803.88		4.44
FLOATING RATE SECURITIES											
US BANKCORP-FRN 3.171% Due 04-25-19	03-25-19	100.00	12,200,000	99.99	12,198,292.00	100.02	12,203,001.20	36,532.36	12,239,533.56	A-1+	0.22
BANK OF MONTREAL-FRN 3.430% Due 07-18-19			7,000,000	100.00	7,000,000.00	100.26	7,018,445.00	27,347.19	7,045,792.19	A-1	0.13
IBM CREDIT CORP-FRN 2.889% Due 09-06-19			20,000,000	100.00	20,000,000.00	100.02	20,003,140.00	134,814.40	20,137,954.40	A-1	0.36
SVENSKA HANDELSBANKEN AB-FRN 3.229% Due 09-06-19			10,000,000	100.00	10,000,000.00	100.20	10,019,520.00	75,340.53	10,094,860.53	A-1+	0.18
TORONTO-DOMINION BANK 2.929% Due 10-24-19			10,000,000	100.00	10,000,000.00	100.07	10,006,670.00	28,478.82	10,035,148.82	A-1+	0.18

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SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
PROCTER & GAMBLE CO. - FLOATER 3.006% Due 11-01-19			10,500,000	100.35	10,536,750.00	100.14	10,514,595.00	78,037.24	10,592,632.24	A-1+	0.19
BANK OF MONTREAL-FRN 2.934% Due 12-12-19			5,000,000	100.00	5,000,000.00	100.40	5,019,890.00	31,380.17	5,051,270.17	A-1	0.09
BERKSHIRE HATHAWAY FIN FRN 2.651% Due 01-10-20			10,000,000	100.00	10,000,000.00	100.13	10,013,330.00	36,089.04	10,049,419.04	AA-	0.18
WELLS FARGO & COMPANY CB FLOATER 3.017% Due 01-15-20			25,000,000	100.00	25,000,000.00	100.13	25,033,700.00	92,195.58	25,125,895.58	A-1	0.45
US BANK NA CINCINNATI-FRN-1 3.099% Due 01-24-20			10,000,000	100.00	10,000,000.00	100.20	10,020,310.00	30,131.60	10,050,441.60	A-1+	0.18
ROYAL BANK OF CANADA-FRN 2.701% Due 03-02-20			15,000,000	100.00	15,000,000.00	100.24	15,036,090.00	99,027.50	15,135,117.50	AA-	0.27
WELLS FARGO & COMPANY CB FLOATER 2.640% Due 03-25-20	02-21-20	100.00	12,000,000	100.00	12,000,000.00	99.97	11,995,968.00	57,200.00	12,053,168.00	A+	0.22
APPLE INC.-FRN 2.767% Due 05-11-20			5,000,000	100.00	5,000,000.00	100.01	5,000,725.00	6,533.19	5,007,258.19	AA+	0.09
BANK OF NY MELLON CORP.-FRN 3.553% Due 08-17-20			5,000,000	100.00	5,000,000.00	100.99	5,049,400.00	5,428.01	5,054,828.01	A	0.09
TORONTO-DOMINION BANK 2.594% Due 09-17-20			7,000,000	100.00	7,000,000.00	100.03	7,002,121.00	36,822.23	7,038,943.23	AA-	0.13
TOYOTA MOTOR CREDIT CORP.-FRN 2.971% Due 09-18-20			10,021,000	100.29	10,049,917.88	99.89	10,010,327.63	28,115.44	10,038,443.07	AA-	0.18
CANADIAN IMPERIAL BK OF COMM NY CD FLTR 3.105% Due 10-05-20			25,000,000	100.00	25,000,000.00	100.15	25,037,625.00	116,437.50	25,154,062.50	A+	0.45
BANK OF MONTREAL-FRN 3.137% Due 01-22-21			25,000,000	100.00	25,000,000.00	100.03	25,007,125.00	65,356.67	25,072,481.67	A-	0.45
BANK OF MONTREAL-FRN 3.137% Due 01-22-21			10,000,000	100.13	10,013,228.17	100.03	10,002,850.00	26,142.67	10,028,992.67	A-	0.18
TORONTO-DOMINION BANK 3.011% Due 01-25-21			5,000,000	100.00	5,000,000.00	99.95	4,997,335.00	14,216.72	5,011,551.72	AA-	0.09
US BANK NA OHIO-FLT 3.062% Due 02-04-21			8,000,000	100.00	8,000,000.00	100.13	8,010,216.00	0.00	8,010,216.00	A+	0.14
UNITED PARCEL SERVICE-FRN 2.487% Due 04-01-21			10,000,000	100.00	10,000,000.00	99.86	9,985,990.00	40,068.33	10,026,058.33	A+	0.18
BANK OF NOVA SCOTIA 2.787% Due 04-20-21			20,000,000	100.00	20,000,000.00	100.09	20,017,780.00	478,520.83	20,496,300.83	A+	0.36
US BANK NA OHIO-FLT 2.828% Due 04-26-21			10,000,000	100.00	10,000,000.00	100.03	10,003,230.00	238,023.33	10,241,253.33	AA-	0.18
WELLS FARGO & COMPANY CB FLOATER 0.000% Due 10-22-21	09-21-21	100.00	20,000,000	100.00	20,000,000.00	100.02	20,004,860.00	0.00	20,004,860.00	A+	0.36
US BANK NA OHIO-FLT 3.009% Due 11-16-21			10,000,000	100.00	10,000,000.00	100.07	10,007,300.00	10,030.00	10,017,330.00	A+	0.18
WELLS FARGO & COMPANY-FRN-1 3.627% Due 02-11-22	02-11-21	100.00	10,000,000	100.00	10,000,000.00	100.70	10,070,400.00	17,127.50	10,087,527.50	A+	0.18

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SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2019

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UNITED PARCEL SERVICE-FRN 3.074% Due 05-16-22			5,000,000	100.00	5,000,000.00	100.11	5,005,600.00	5,123.17	5,010,723.17	A+	0.09
			331,721,000		331,798,188.05		332,097,543.84	1,814,520.04	333,912,063.87		5.99
CORPORATE BONDS											
EXXON MOBIL CORP 1.708% Due 03-01-19			5,000,000	100.26	5,013,150.00	100.00	5,000,000.00	16,368.33	5,016,368.33	A-1+	0.09
EXXON MOBIL CORP 1.708% Due 03-01-19			3,000,000	100.31	3,009,233.67	100.00	3,000,000.00	9,821.00	3,009,821.00	A-1+	0.05
COLGATE-PALMOLIVE CO 1.750% Due 03-15-19			20,000,000	99.62	19,923,400.00	99.98	19,996,880.00	70,972.22	20,067,852.22	A-1+	0.36
EXXON MOBIL CORPORATION 1.819% Due 03-15-19			15,000,000	100.00	15,000,000.00	99.98	14,996,775.00	123,540.42	15,120,315.42	A-1+	0.27
PEPSICO INC. 1.550% Due 05-02-19			10,000,000	99.92	9,992,500.00	99.84	9,984,470.00	49,944.44	10,034,414.44	A-1	0.18
BANK OF NOVA SCOTIA 1.650% Due 06-14-19			7,500,000	99.39	7,453,950.00	99.74	7,480,792.50	26,812.50	7,507,605.00	A-1	0.13
BANK OF NOVA SCOTIA 1.650% Due 06-14-19			5,000,000	99.36	4,968,250.00	99.74	4,987,195.00	17,875.00	5,005,070.00	A-1	0.09
3M COMPANY 1.625% Due 06-15-19			15,000,000	99.43	14,915,100.00	99.72	14,958,465.00	49,427.08	15,007,892.08	A-1+	0.27
WALT DISNEY COMPANY/THE 0.875% Due 07-12-19			5,000,000	99.66	4,983,200.00	99.40	4,970,105.00	5,590.28	4,975,695.28	A-1+	0.09
BANK OF MONTREAL 1.500% Due 07-18-19			10,000,000	99.90	9,990,400.00	99.57	9,956,980.00	16,666.67	9,973,646.67	A-1	0.18
BANK OF MONTREAL 1.500% Due 07-18-19			10,000,000	99.09	9,909,000.00	99.57	9,956,980.00	16,666.67	9,973,646.67	A-1	0.18
MICROSOFT CORPORATION 1.100% Due 08-08-19			9,002,000	99.28	8,936,915.54	99.40	8,947,906.98	0.00	8,947,906.98	A-1+	0.16
WESTPAC BANK N Y 1.600% Due 08-19-19			10,000,000	99.52	9,951,766.67	99.50	9,950,280.00	1,333.33	9,951,613.33	A-1+	0.18
PROCTER & GAMBLE CO 1.750% Due 10-25-19			10,000,000	99.96	9,996,500.00	99.45	9,945,300.00	60,763.89	10,006,063.89	A-1+	0.18
US BANK NA 2.125% Due 10-28-19			10,000,000	99.91	9,991,000.00	99.62	9,961,720.00	70,833.33	10,032,553.33	A-1+	0.18
CHEVRON CORP 2.193% Due 11-15-19	10-15-19	100.00	3,000,000	99.23	2,976,900.00	99.70	2,991,072.00	19,188.75	3,010,260.75	A-1+	0.05
BANK OF NEW YORK MELLON 2.150% Due 02-24-20	02-24-20	100.00	10,000,000	100.43	10,042,625.00	99.39	9,939,490.00	2,388.89	9,941,878.89	A-1	0.18
CHEVRON CORP.-FRN 1.961% Due 03-03-20	02-03-20	100.00	7,183,000	99.14	7,121,244.16	99.34	7,135,570.65	34,040.84	7,169,611.49	AA+	0.13
ROYAL BANK OF CANADA 2.150% Due 03-06-20			15,000,000	99.90	14,985,150.00	99.40	14,910,150.00	154,083.33	15,064,233.33	AA-	0.27
BANK OF NY MELLON 2.600% Due 08-17-20	07-17-20	100.00	18,450,000	99.80	18,412,198.00	99.66	18,386,827.20	7,995.00	18,394,822.20	AA-	0.33

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

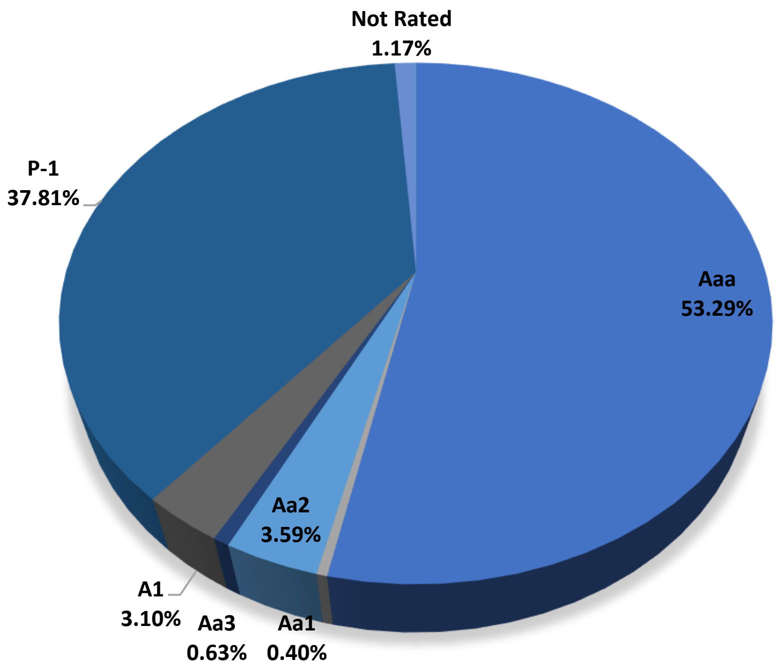
February 28, 2019

Security	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
WELLS FARGO & COMPANY CB 2.600% Due 01-15-21			20,000,000	98.77	19,753,600.00	99.24	19,848,760.00	63,555.56	19,912,315.56	A+	0.36
US BANK NA OHIO 3.000% Due 02-04-21	01-04-21	100.00	10,000,000	99.92	9,991,900.00	100.24	10,024,300.00	0.00	10,024,300.00	A+	0.18
UNITED PARCEL SERVICE 2.050% Due 04-01-21			20,000,000	99.84	19,968,400.00	98.56	19,711,860.00	167,416.67	19,879,276.67	A+	0.36
TORONTO-DOMINION BANK 2.125% Due 04-07-21			10,000,000	99.83	9,983,000.00	98.20	9,820,060.00	83,229.17	9,903,289.17	AA-	0.18
3M COMPANY 2.750% Due 03-01-22			10,000,000	99.95	9,995,300.00	100.12	10,011,650.00	0.00	10,011,650.00	AA-	0.18
			268,135,000		267,264,683.04		266,873,589.33	1,068,513.36	267,942,102.70		4.81
MUNICIPAL BONDS											
Calif State Muni INT Bond 2.650% Due 03-20-19			25,000,000	100.00	25,001,224.93	100.00	25,000,250.00	128,819.44	25,129,069.44	A-1+	0.45
CALIFORNIA STATE TAXBL 3.250% Due 08-01-19			10,000,000	100.62	10,062,100.00	100.27	10,026,900.00	147,152.78	10,174,052.78	A-1+	0.18
			35,000,000		35,063,324.93		35,027,150.00	275,972.22	35,303,122.22		0.63
TOTAL PORTFOLIO			**5,583,179,000**		**5,549,152,280.69**		**5,545,358,670.75**	**12,420,981.80**	**5,557,779,652.55**		**100.00**

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

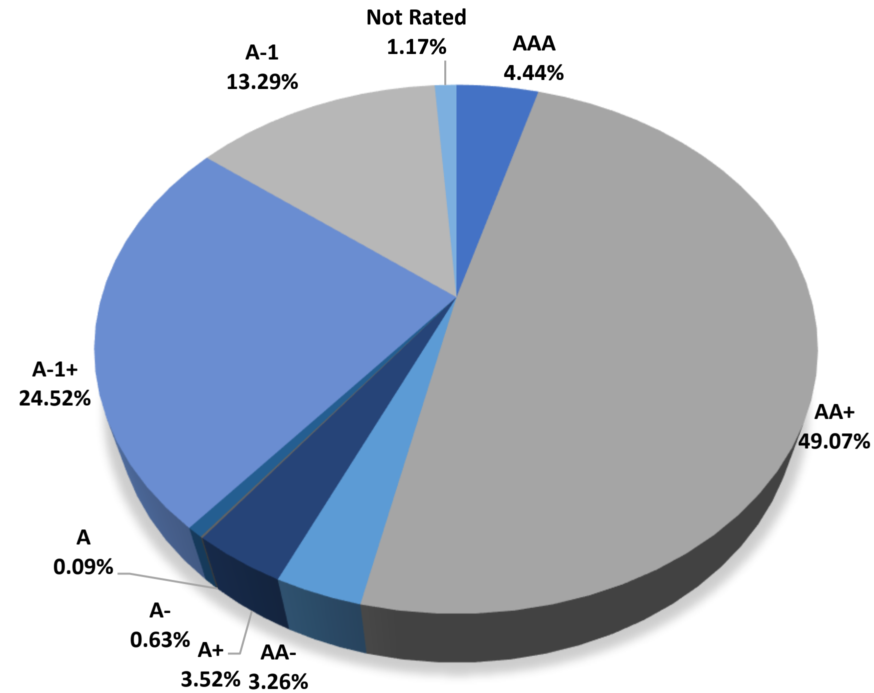
SAN MATEO COUNTY CREDIT QUALITY

Moody's Rating



Rating		Market Value*	Percentage
Aaa	$	2,961,596,643	53.29%
Aa1	$	22,287,455	0.40%
Aa2	$	199,776,423	3.59%
Aa3	$	35,054,959	0.63%
A1	$	172,278,919	3.10%
P-1	$	2,101,594,588	37.81%
Not Rated	$	65,190,667	1.17%
Total	**$**	**5,557,779,653**	**100.00%**

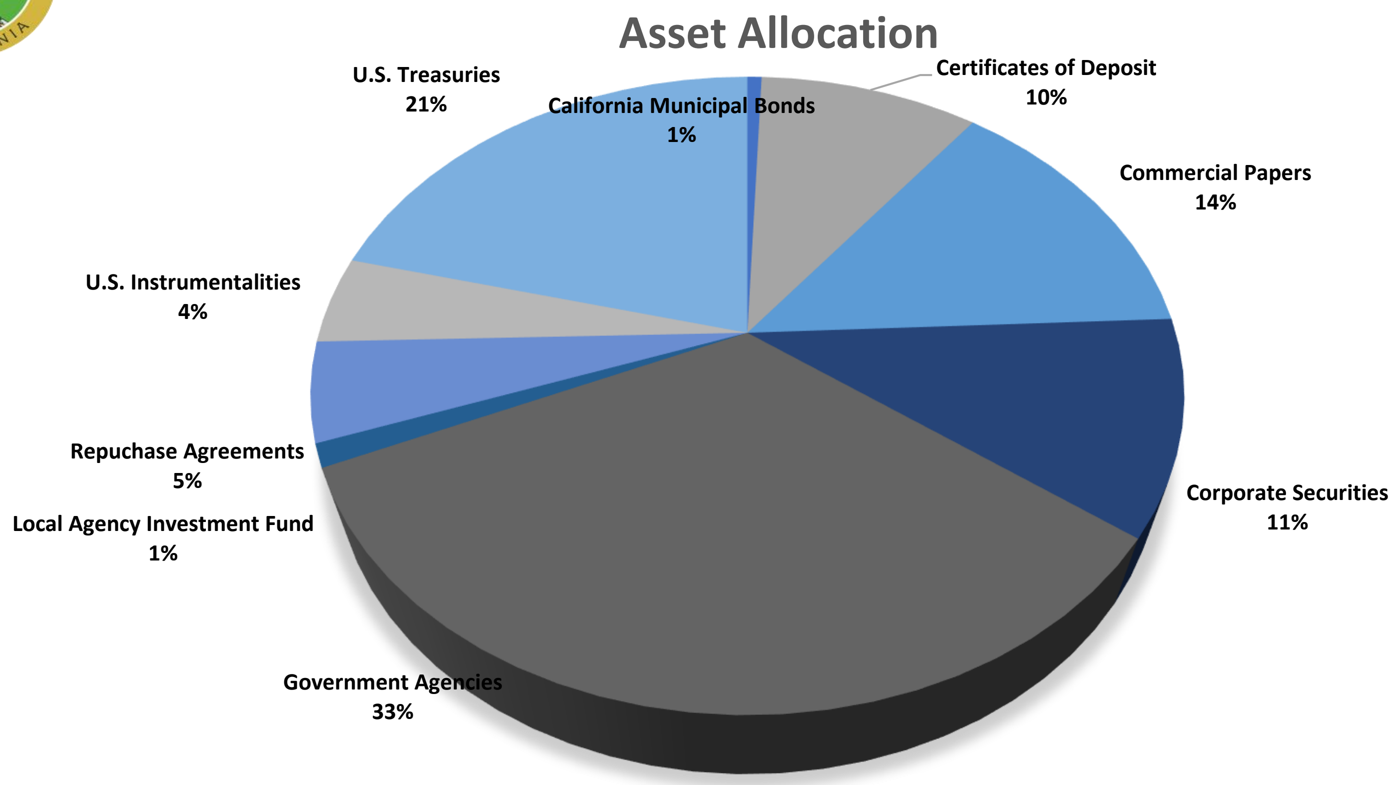
S & P Rating



Rating		Market Value *	Percentage
AAA	$	246,766,804	4.44%
AA+	$	2,727,006,709	49.07%
AA-	$	181,388,444	3.26%
A+	$	195,676,139	3.52%
A	$	5,054,828	0.09%
A-	$	35,101,474	0.63%
A-1+	$	1,362,783,823	24.52%
A-1	$	738,810,765	13.29%
Not Rated	$	65,190,667	1.17%
Total:	**$**	**5,557,779,653**	**100.00%**

*Market Value listed includes accrued interest for the reporting period

SAN MATEO COUNTY CREDIT QUALITY



Security		Market Value*
California Municipal Bonds	$	35,303,122.22
Certificates of Deposit	$	543,732,410.50
Commercial Papers	$	769,873,905.00
Corporate Securities	$	601,854,166.57
Government Agencies	$	1,848,220,864.77
Local Agency Investment Fund	$	65,190,666.67
Repuchase Agreements	$	279,000,000.00
U.S. Instrumentalities	$	246,766,803.88
U.S. Treasuries	$	1,167,837,712.94
Total:	**$**	**5,557,779,652.55**

*Market Value listed includes accrued interest for the reporting period

DIVERSIFICATION BY ISSUER

As of February 28, 2019

Total Portfolio Par Value = $5,583,179,000

3% of Portfolio = $167,495,370

	Cert. of Deposit	Comm. Paper	Corp. Bond Flt.	Corp. Bond	Muni. Bond	US Instrument	Total Par Value	Total %
3M Company				$25,000,000			$25,000,000	0.45%
Apple Inc.			$5,000,000				$5,000,000	0.09%
Bank of Montreal	$11,478,000		$47,000,000	$20,000,000			$78,478,000	1.41%
Bank of New York			$5,000,000	$28,450,000			$33,450,000	0.60%
Bank of Nova Scotia	$85,000,000		$20,000,000	$12,500,000			$117,500,000	2.10%
Berkshire Hathaway			$10,000,000				$10,000,000	0.18%
CA Municipal Obligation					$35,000,000		$35,000,000	0.63%
Can. Imperial Holding	$25,000,000		$25,000,000				$50,000,000	0.90%
Chevron				$10,183,000			$10,183,000	0.18%
Colgate-Palmolive				$20,000,000			$20,000,000	0.36%
Cooperatieve Rabobank		$95,000,000					$95,000,000	1.70%
Disney				$5,000,000			$5,000,000	0.09%
Exxon Mobil		$25,000,000		$23,000,000			$48,000,000	0.86%
IBM Corporation			$20,000,000				$20,000,000	0.36%
JP Morgan		$60,000,000					$60,000,000	1.07%
Microsoft				$9,002,000			$9,002,000	0.16%
MUFG Union Bank	$85,000,000	$95,000,000					$180,000,000	3.22%
Natixis NY Branch		$165,000,000					$165,000,000	2.96%
Nordea Bank APB NY	$50,000,000						$50,000,000	0.90%
Pepsico				$10,000,000			$10,000,000	0.18%
Proctor & Gamble			$10,500,000	$10,000,000			$20,500,000	0.37%
Royal Bank of Canada		$90,000,000	$15,000,000	$15,000,000			$120,000,000	2.15%
Supra-Agencies						$249,000,000	$249,000,000	4.46%
Svenska Handelsbanken	$25,000,000		$10,000,000				$35,000,000	0.63%
Swedbank	$20,000,000	$120,000,000					$140,000,000	2.51%
Toronto Dominion Bank	$120,000,000		$22,000,000	$10,000,000			$152,000,000	2.72%
Toyota Motor Company		$125,000,000	$10,021,000				$135,021,000	2.42%
United Parcel Service			$15,000,000	$20,000,000			$35,000,000	0.63%
US Bank	$45,000,000		$50,200,000	$20,000,000			$115,200,000	2.06%
Wells Fargo	$50,000,000		$67,000,000	$20,000,000			$137,000,000	2.45%
Westpac Bank Corp. NY	$25,000,000			$10,000,000			$35,000,000	0.63%
Total	**$541,478,000**	**$775,000,000**	**$331,721,000**	**$268,135,000**	**$35,000,000**	**$249,000,000**	**$2,200,334,000**	**39.41%**

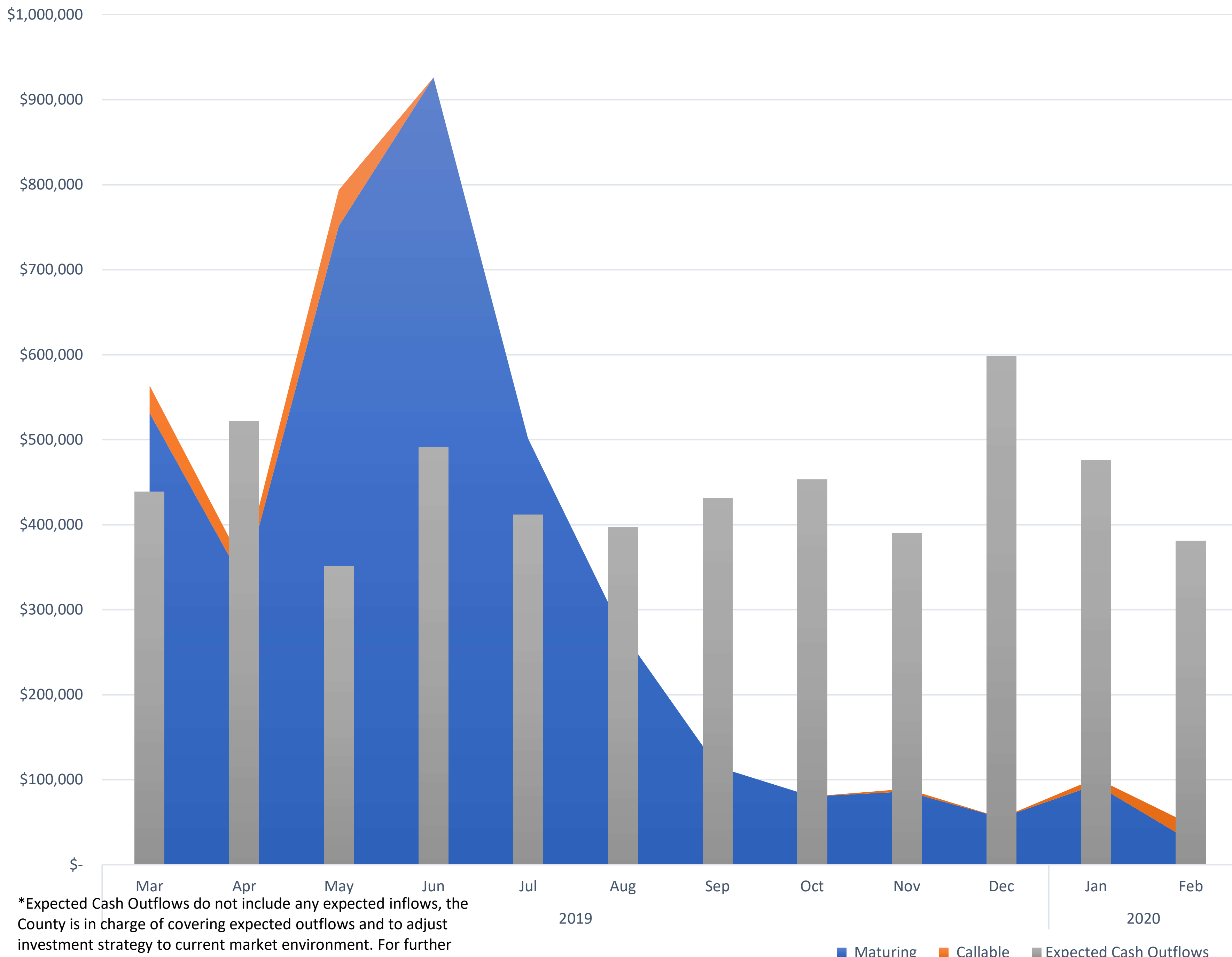
Overnight Repurchase Agreements Excluded

12 MONTH ROLLING CASH FLOW

Projection	2019 Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020 Jan	Feb	Grand Total
Taxes	$ 224,113	$ 450,406	$ 16,844	$ 10,864	$ 18,129	$ 85,421	$ 15,617	$ 292,778	$ 556,689	$ 733,661	$ 78,816	$ 114,872	$ 2,598,210
Automatic	$ 45,202	$ 34,631	$ 41,341	$ 28,633	$ 50,105	$ -	$ 43,347	$ 31,080	$ 3,073	$ 984	$ 11,138	$ 37,910	$ 327,445
Unscheduled Lockbox	$ 22,417	$ 25,340	$ 23,066	$ 59,761	$ 20,073	$ 9,838	$ 24,253	$ 24,771	$ 22,646	$ 33,161	$ 24,853	$ 17,072	$ 307,253
Treasurer's Deposit	$ 87,740	$ 100,725	$ 69,347	$ 112,962	$ 51,652	$ 87,065	$ 99,148	$ 74,606	$ 123,481	$ 88,691	$ 63,845	$ 90,626	$ 1,049,889
Hospital	$ 11,674	$ 44,220	$ 19,268	$ 8,912	$ 17,288	$ 14,008	$ 17,217	$ 61,129	$ 11,809	$ 20,069	$ 35,910	$ 14,330	$ 275,836
Revenue Services	$ 367	$ 230	$ 327	$ 385	$ 332	$ 240	$ 201	$ 310	$ 225	$ 143	$ 237	$ 258	$ 3,254
Retirement	$ -	$ -	$ -	$ -	$ 458	$ -	$ 2	$ -	$ -	$ -	$ -	$ -	$ 459
Housing Authority	$ 4,584	$ 5,304	$ 4,822	$ 7,999	$ 6,105	$ 2,346	$ 2,440	$ 3,548	$ 3,402	$ 3,328	$ 4,927	$ 3,965	$ 52,770
Bond Proceeds	$ -	$ 15,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,000
Deposit- County/School	$ 2,004	$ 35,973	$ 8,282	$ 4,352	$ 16,905	$ 37,588	$ 13,803	$ 40,343	$ 11,452	$ 39,402	$ 15,567	$ 15,821	$ 241,493
Coupons	$ 2,384	$ 6,464	$ 2,527	$ 1,610	$ 2,228	$ 1,386	$ 2,425	$ 1,503	$ 3,724	$ 2,429	$ 3,772	$ 1,858	$ 32,310
LAIF Withdrawal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Cash In	$ 400,483	$ 718,295	$ 185,825	$ 235,478	$ 183,274	$ 237,892	$ 218,454	$ 530,069	$ 736,502	$ 921,870	$ 239,065	$ 296,712	$ 4,903,919
Participant Withdrawal	$ (8,907)	$ (73,188)	$ (14,941)	$ (39,343)	$ (30,954)	$ (22,528)	$ (22,454)	$ (30,170)	$ (34,927)	$ (82,542)	$ (60,016)	$ (29,360)	$ (449,331)
Withdrawal- County/School	$ (38,675)	$ (17,999)	$ (7,558)	$ (48,014)	$ (30,278)	$ (21,595)	$ (38,532)	$ (32,224)	$ (40,070)	$ (40,426)	$ (47,765)	$ (11,371)	$ (374,508)
Returned Checks	$ (18)	$ (3)	$ (37)	$ (5)	$ (7)	$ (10)	$ (38)	$ (132)	$ (159)	$ (222)	$ (14)	$ (20)	$ (663)
Bond Payment	$ (23,588)	$ (2,552)	$ -	$ (37,639)	$ (35,602)	$ (81,719)	$ (99,625)	$ (5,383)	$ -	$ -	$ (14,263)	$ (27,821)	$ (328,192)
Housing Authority	$ (4,223)	$ (3,901)	$ (4,298)	$ (7,989)	$ (5,021)	$ (4,773)	$ (2,421)	$ (3,427)	$ (6,422)	$ (3,173)	$ (5,355)	$ (4,286)	$ (55,289)
Payroll - County	$ (62,480)	$ (57,286)	$ (45,615)	$ (47,058)	$ (45,330)	$ (69,038)	$ (52,255)	$ (51,733)	$ (48,553)	$ (46,952)	$ (45,467)	$ (39,958)	$ (611,725)
Payroll - Retirement	$ (15,296)	$ (17,193)	$ (17,344)	$ (16,133)	$ (17,168)	$ (17,702)	$ (17,756)	$ (16,165)	$ (17,962)	$ (17,783)	$ (17,045)	$ (16,514)	$ (204,062)
Payroll - Schools	$ (83,877)	$ (55,428)	$ (71,478)	$ (82,764)	$ (45,110)	$ (49,360)	$ (65,601)	$ (111,875)	$ (73,716)	$ (87,526)	$ (55,198)	$ (72,895)	$ (854,827)
Controllers (inc. Tax Apport.)	$ (94,341)	$ (175,152)	$ (83,457)	$ (89,631)	$ (98,121)	$ (31,377)	$ (53,974)	$ (67,480)	$ (71,701)	$ (208,109)	$ (167,421)	$ (92,276)	$(1,233,040)
School Vendors	$ (60,309)	$ (59,072)	$ (51,859)	$ (77,678)	$ (60,577)	$ (70,759)	$ (45,654)	$ (68,892)	$ (47,706)	$ (49,799)	$ (33,329)	$ (47,149)	$ (672,784)
SMCCCD Gen./Book.	$ (11,803)	$ (23,049)	$ (8,203)	$ (5,117)	$ (11,091)	$ (3,321)	$ (3,167)	$ (7,214)	$ (11,084)	$ (13,314)	$ (5,469)	$ (9,308)	$ (112,139)
SMCCCD Payroll	$ (11,862)	$ (18,960)	$ (19,106)	$ (10,083)	$ (10,570)	$ (5,518)	$ (12,929)	$ (21,880)	$ (14,088)	$ (21,519)	$ (6,940)	$ (5,984)	$ (159,440)
Other Debits	$ (23,175)	$ (17,780)	$ (27,279)	$ (29,421)	$ (21,748)	$ (19,382)	$ (16,609)	$ (36,711)	$ (23,669)	$ (26,648)	$ (17,483)	$ (24,314)	$ (284,220)
LAIF Deposit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Cash Out	$ (438,554)	$ (521,563)	$ (351,177)	$ (490,875)	$ (411,578)	$ (397,081)	$ (431,016)	$ (453,285)	$ (390,059)	$ (598,013)	$ (475,763)	$ (381,255)	$(5,340,221)
Net Cash Flow	**$ (38,071)**	**$ 196,732**	**$ (165,353)**	**$ (255,398)**	**$ (228,304)**	**$ (159,189)**	**$ (212,563)**	**$ 76,784**	**$ 346,443**	**$ 323,857**	**$ (236,699)**	**$ (84,543)**	**$ (436,302)**
Maturing	**$ 531,250**	**$ 331,100**	**$ 751,210**	**$ 926,080**	**$ 501,405**	**$ 273,002**	**$ 115,000**	**$ 80,000**	**$ 86,000**	**$ 55,000**	**$ 93,978**	**$ 27,500**	**$ 3,771,525**
Callable	**$ 32,200**	**$ 20,000**	**$ 42,500**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 3,000**	**$ -**	**$ 7,500**	**$ 19,500**	**$ 124,700**

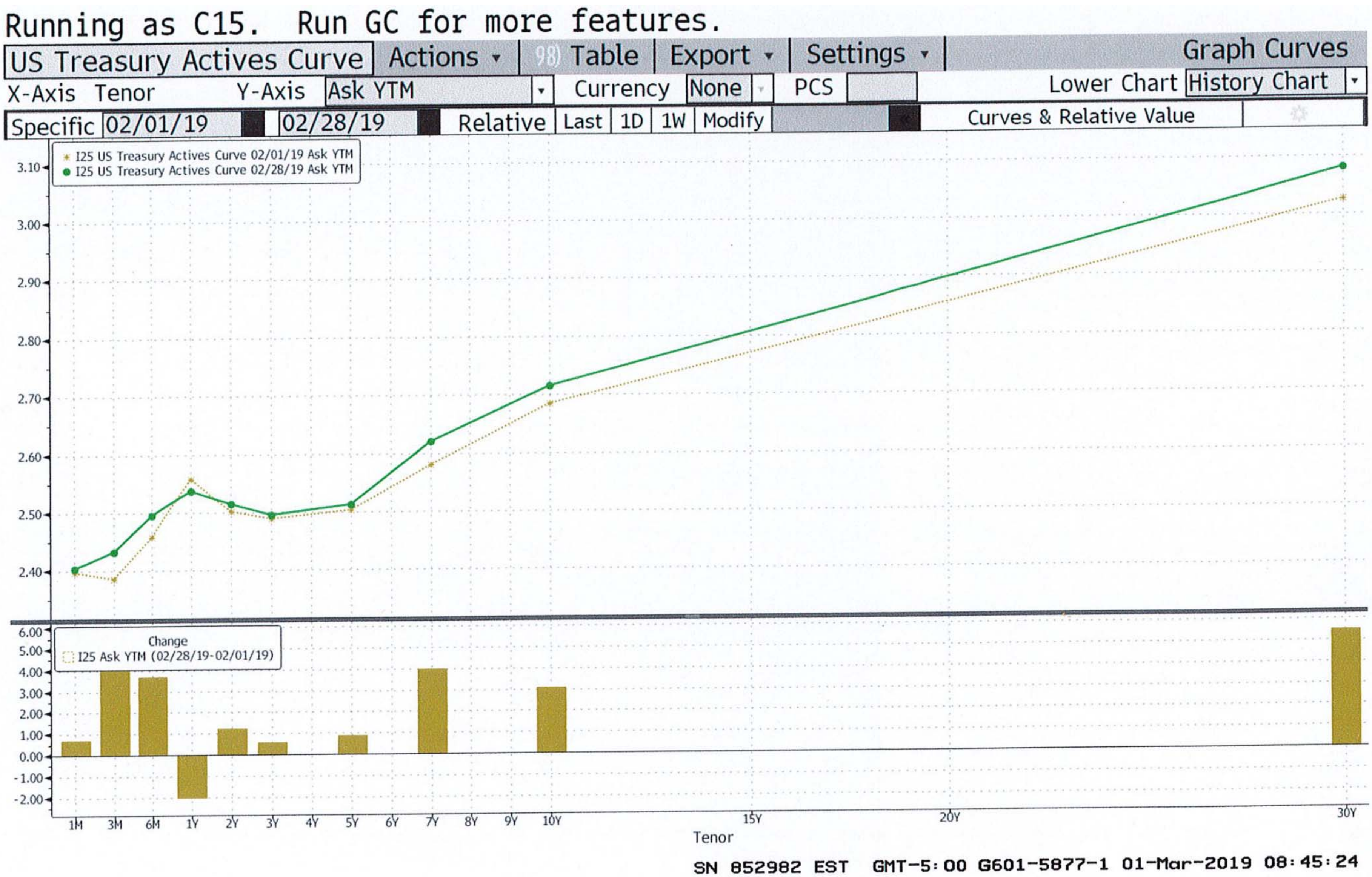
Maturities Exclude Overnight Repurchase Agreements
(Due to rounding, figures may not add to Net Amounts)

MATURITY COVERAGE



*Expected Cash Outflows do not include any expected inflows, the County is in charge of covering expected outflows and to adjust investment strategy to current market environment. For further details please see Rolling 12 Month Cash Flow.

MONTHLY YIELD CURVE- FEBRUARY



MONTHLY YIELD CURVE- FEBRUARY

Screen Printed

US Treasury Actives Curve | Actions | 98) Chart | Export | Settings | Graph Curves

X-Axis Tenor Y-Axis Ask YTM Currency None PCS

Specific 02/01/19 02/28/19 Relative Last 1D 1W Modify Curves & Relative Value

Values and Members ◯ Values ◯ Members ◯ Constituents

		I25 Ask YTM US Treasury Actives Curve		I25 Ask YTM US Treasury Actives Curve		I25 Ask YTM (Change)
		02/28/19		02/01/19		02/28/19-02/01/19
	Tenor	Description	Yield	Description	Yield	Yield
11)	1M	GBM Govt	2.404	Same	2.397	0.7
12)	3M	GB3 Govt	2.433	Same	2.386	4.7
13)	6M	GB6 Govt	2.494	Same	2.457	3.7
14)	1Y	GB1 Govt	2.536	Same	2.557	-2.1
15)	2Y	GT2 Govt	2.514	Same	2.502	1.2
16)	3Y	GT3 Govt	2.494	Same	2.489	0.6
17)	5Y	GT5 Govt	2.512	Same	2.503	0.9
18)	7Y	GT7 Govt	2.620	Same	2.581	4.0
19)	10Y	GT10 Govt	2.715	Same	2.684	3.1
20)	30Y	GT30 Govt	3.080	Same	3.025	5.5

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