NEW ISSUE - FULL BOOK-ENTRY **INSURED RATING: S&P: "AA"**
BANK QUALIFIED **UNDERLYING RATING: S&P: "A+"**
See "RATINGS" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

$2,100,000
THREE RIVERS UNION SCHOOL DISTRICT
(Tulare County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

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

Authority and Purpose. The above-captioned General Obligation Bonds Election of 2018, Series A (the "Bonds"), are being issued by the Three Rivers Union School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on April 10, 2019. The Bonds were authorized at an election of the registered voters of the District held on November 6, 2018, (the "2018 Authorization") which authorized the issuance of $4,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the first series of bonds to be issued under the 2018 Authorization. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

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

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

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2020. Payments of principal of and interest on the Bonds will be paid by Wilmington Trust, National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption."

Bond Insurance. The scheduled payment of principal of an interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp ("AGM" or the "Bond Insurer"). See "BOND INSURANCE."

ASSURED GUARANTY
MUNICIPAL

MATURITY SCHEDULE
(See inside cover)

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

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Dannis Woliver Kelley, Long Beach, California is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about May 29, 2019.

O'CONNOR & COMPANY SECURITIES
PUBLIC FINANCE

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

MATURITY SCHEDULE

THREE RIVERS UNION SCHOOL DISTRICT
(Tulare County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

Base CUSIP†: 885752

$560,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2021	$50,000	3.000%	1.480%	103.236%	AA3
2026	15,000	3.000	1.670	108.953	AB1
2027	20,000	3.000	1.750	109.478	AC9
2028	20,000	3.000	1.830	109.836	AD7
2029	25,000	3.000	1.920	109.041 C	AE5
2030	30,000	4.000	2.020	116.499 C	AF2
2031	35,000	4.000	2.190	114.964 C	AG0
2032	45,000	4.000	2.310	113.894 C	AH8
2033	50,000	4.000	2.360	113.452 C	AJ4
2034	55,000	4.000	2.410	113.011 C	AK1
2035	65,000	4.000	2.450	112.660 C	AL9
2036	70,000	4.000	2.490	112.311 C	AM7
2037	80,000	4.000	2.530	111.963 C	AN5

$145,000 - 3.000% Term Bond maturing August 1, 2039; Yield 3.110%; Price: 98.358; CUSIP†: AQ8

$490,000 - 4.000% Term Bond maturing August 1, 2043; Yield 2.970%; Price: 108.213C; CUSIP†: AR6

$905,000 - 4.000% Term Bond maturing August 1, 2048; Yield 3.020%; Price: 107.796 C; CUSIP†: AS4

C Priced to par call on the first optional redemption date of August 1, 2028.

† CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

THREE RIVERS UNION SCHOOL DISTRICT

DISTRICT ADMINISTRATION

Susan P. Sherwood, *Superintendent/Principal*
Lynda LeFave, *Business Services Manager*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

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

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

Wilmington Trust, National Association
Costa Mesa, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

Bond Insurance. Assured Guaranty Municipal Corp. ("AGM" or the "Bond Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and in Appendix H.

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

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

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

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

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

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

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$2,100,000
THREE RIVERS UNION SCHOOL DISTRICT
(Tulare County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the general obligation bonds captioned above (the **"Bonds"**) by the District.

INTRODUCTION

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

The District. The Three Rivers Union School District (the "**District**") is a school district located in the unincorporated community of Three Rivers in Tulare County (the "**County**"). The District currently operates one elementary school (K-8). Enrollment in the District for the 2018-19 school year is approximately 131 students.

For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See also APPENDIX C hereto for demographic and other statistical information regarding the County.

Purpose of Issue. The net proceeds of the Bonds will be used to finance construction and improvements to facilities of the District, as approved by voters in the District at an election held on November 6, 2018 (the **"Bond Election"**). See "THE BONDS - Purpose of Issue" herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election and will be issued pursuant to certain provisions of the Government Code of the State, and pursuant to a resolution adopted by the Board of Trustees of the District on April 10, 2019 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Description of the Bonds. The Bonds will be issued as current interest bonds. The Bonds will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. See "THE BONDS – Description of the Bonds" herein.

Payment and Registration of the Bonds. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Bonds (the "**Beneficial Owners**") in the denominations set forth on the cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through participants in DTC's book-entry only system ("**DTC Participants**") as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See APPENDIX F.

If 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 Bond Resolution. See "THE BONDS - Registration, Transfer and Exchange of Bonds" herein.

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation as to rate or amount (except with respect to certain personal property that is taxable at limited rates). The Bonds are the first series of bonds to be issued pursuant to the 2018 Authorization (defined herein). See "SECURITY FOR THE BONDS."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS –Redemption."

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, will serve as Disclosure Counsel to the District. Dannis Woliver Kelley, Long Beach, California, is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel, and counsel to the Underwriter is contingent upon issuance of the Bonds.

Bond Insurance. Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp ("**AGM**" or the "**Bond Insurer**") will issue its municipal bond insurance policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due, as set forth in the form of the Policy included as an appendix to this Official Statement. See "BOND INSURANCE" and APPENDIX H.

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

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of a continuing disclosure certificate (the "**Continuing Disclosure Certificate**"), the form of which is attached as APPENDIX E. See "CONTINUING DISCLOSURE" for additional information.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this

Official Statement, and information concerning the Bonds, are available from the District at 41932 Sierra Drive, CA 93271, Telephone: (559) 561-4466. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

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THE BONDS

Authority for Issuance

The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and the Bond Resolution.

The District received authorization by more than the requisite 55% of District voters at the Bond Election to issue general obligation bonds in a principal amount of $4,000,000 (the "**2018 Authorization**"). The Bonds represent the first series of bonds to be issued pursuant to the 2018 Authorization. Following the issuance of the Bonds, there will be $1,900,000 in unused authorization remaining under the 2018 Authorization.

Purpose of Issue

Proceeds of the Bonds will be used for the purposes specified in the ballot measure approved by the District's voters on November 6, 2018, the abbreviated text of which appeared on the ballot as follows:

> *"To improve the quality of education; repair or replace leaky roofs; replace outdated and energy-inefficient heating, ventilation and air-conditioning systems; and modernize/renovate outdated classrooms, restrooms and school facilities; shall Three Rivers Union School District issue $4,000,000 of bonds at legal interest rates, raising an average $239,000 annually as long as bonds are outstanding, at a rate of 3 cents per $100 assessed value, have an independent citizens' oversight committee with NO money for administrative salaries?"*

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the **"Project List"**). The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2018 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

Description of the Bonds

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

The Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2020 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a **"Record**

Date"), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2020, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

Book-Entry Only System

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchasers of the Bonds will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

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

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

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2028 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2029 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2028, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2039, August 1, 2043, and August 1, 2048 (collectively, the **"Term Bonds"**), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

$145,000 Principal Amount Term Bonds Maturing August 1, 2039

Redemption Date (August 1)	Sinking Fund Redemption
2038	$90,000
2039 (maturity)	55,000

$490,000 Principal Amount Term Bonds Maturing August 1, 2043

Redemption Date (August 1)	Sinking Fund Redemption
2040	$105,000
2041	115,000
2042	130,000
2043 (maturity)	140,000

$905,000 Principal Amount Term Bonds Maturing August 1, 2048

Redemption Date (August 1)	Sinking Fund Redemption
2044	$155,000
2045	165,000
2046	180,000
2047	195,000
2048 (maturity)	210,000

If any Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

Notice of Redemption

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District to be mailed, first class, postage prepaid, at least 20 but not more than 60 days prior to the date fixed for redemption, to the owners of the Bonds designated for redemption. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Such notice may be a conditional notice of redemption and subject to rescission as set forth below.

Neither the failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

Partial Redemption of Bonds

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

Effect of Redemption

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

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

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

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

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

Defeasance and Discharge of Bonds

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

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

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

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

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

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

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

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the County and the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

"Federal Securities" means: United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

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DEBT SERVICE SCHEDULE

The Bonds. The following table shows the annual debt service schedule with respect to the Bonds, assuming no optional redemptions. The District has no other outstanding general obligation bond indebtedness.

Three Rivers Union School District
General Obligation Bonds
Election of 2018, Series A
Debt Service Schedule

Bond Year Ending (August 1)	Principal	Interest	Total Annual Debt Service
2020	--	$95,243.06	$95,243.06
2021	$50,000.00	81,250.00	131,250.00
2022	--	79,750.00	79,750.00
2023	--	79,750.00	79,750.00
2024	--	79,750.00	79,750.00
2025	--	79,750.00	79,750.00
2026	15,000.00	79,750.00	94,750.00
2027	20,000.00	79,300.00	99,300.00
2028	20,000.00	78,700.00	98,700.00
2029	25,000.00	78,100.00	103,100.00
2030	30,000.00	77,350.00	107,350.00
2031	35,000.00	76,150.00	111,150.00
2032	45,000.00	74,750.00	119,750.00
2033	50,000.00	72,950.00	122,950.00
2034	55,000.00	70,950.00	125,950.00
2035	65,000.00	68,750.00	133,750.00
2036	70,000.00	66,150.00	136,150.00
2037	80,000.00	63,350.00	143,350.00
2038	90,000.00	60,150.00	150,150.00
2039	55,000.00	57,450.00	112,450.00
2040	105,000.00	55,800.00	160,800.00
2041	115,000.00	51,600.00	166,600.00
2042	130,000.00	47,000.00	177,000.00
2043	140,000.00	41,800.00	181,800.00
2044	155,000.00	36,200.00	191,200.00
2045	165,000.00	30,000.00	195,000.00
2046	180,000.00	23,400.00	203,400.00
2047	195,000.00	16,200.00	211,200.00
2048	210,000.00	8,400.00	218,400.00
TOTAL	$2,100,000.00	$1,809,743.06	$3,909,743.06

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	$2,100,000.00
Net Original Issue Premium	174,239.15
Total Sources	$2,274,239.15
Uses of Funds	
Building Fund	$2,100,000.00
Debt Service Fund	8,637.72
Costs of Issuance [1]	165,601.43
Total Uses	$2,274,239.15

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

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SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

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

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

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

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

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

Natural Disasters. Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION- Assessed Valuation" for additional information about recent notable disasters in the State.

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Bond Resolution and known as the "Three Rivers Union School District, Election of 2018, Series A Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued and for payment of permissible costs of issuance. 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. If, after payment in full of the Bonds, there remains excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Debt Service Fund

Amounts to pay debt service on the Bonds will be held in the fund created and established in the Bond Resolution and known as the "Three Rivers Union School District, Election of 2018, Series A Debt Service Fund" (the "**Debt Service Fund**") for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the County shall transfer such amounts to the District's general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

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

PROPERTY TAXATION

Property Tax Collection Procedures

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

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. However, Senate Bill 813 (enacted by Statutes of 1983, Chapter 498) (**"SB 813"**), provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

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

Historic Assessed Valuations

The assessed valuation of property in the District is established by the assessor of the County, except for public utility property which is assessed by the State Board of Equalization, as described above. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed, see APPENDIX A under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

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.

Assessed Valuation

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

THREE RIVERS UNION SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2006-07 through 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2006-07	$283,913,793	$0	$4,140,009	$288,053,802	--%
2007-08	314,129,995	0	4,817,561	318,947,556	10.7
2008-09	338,613,332	0	5,355,545	343,968,877	7.8
2009-10	342,188,066	0	4,967,695	347,155,761	0.9
2010-11	346,211,807	0	4,774,076	350,985,883	1.1
2011-12	343,602,352	0	4,649,388	348,251,740	(0.8)
2012-13	347,602,746	0	5,126,637	352,729,383	1.3
2013-14	350,330,420	0	4,028,175	354,358,595	0.5
2014-15	349,271,366	0	3,860,848	353,132,214	(0.3)
2015-16	358,982,619	0	4,122,983	363,105,602	2.8
2016-17	367,769,381	0	3,172,477	370,941,858	2.2
2017-18	387,935,051	0	3,324,403	391,259,454	5.5
2018-19	407,412,320	0	2,899,156	410,311,476	4.9

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

In addition, wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Although the recent fires do not include territory within the District's boundaries, the District cannot predict or make any representations regarding the effects that wildfires, flooding, mudslides or any other natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

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

THREE RIVERS UNION SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2018-19

Non-Residential:	**2018-19 Assessed Valuation (1)**	**% of Total**	**No. of Parcels**	**% of Total**
Agricultural/Rural	$33,554,449	8.24%	351	15.88%
Commercial	37,268,727	9.15	71	3.21
Vacant Commercial	3,213,620	0.79	28	1.27
Industrial	149,458	0.04	1	0.05
Recreational	2,825,038	0.69	5	0.23
Government/Social/Institutional	1,481,066	0.36	12	0.54
Miscellaneous	2,393,842	0.59	121	5.47
Subtotal Non-Residential	$80,886,200	19.85%	589	26.64%
Residential:				
Single Family Residence	$280,094,953	68.75%	1,151	52.06%
Condominium	2,613,389	0.64	14	0.63
Recreational Home	11,136,307	2.73	72	3.26
Mobile Home	8,259,163	2.03	75	3.39
Mobile Home Park	1,628,078	0.40	2	0.09
2-4 Residential Units	2,574,281	0.63	11	0.50
5+ Residential Units/Apartments	2,574,912	0.63	4	0.18
Vacant Residential	17,645,037	4.33	293	13.25
Subtotal Residential	$326,526,120	80.15%	1,622	73.36%
Total	$407,412,320	100.00%	2,211	100.00%

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

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

THREE RIVERS UNION SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2018-19

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	1,151	$280,094,953	$243,349	$221,174

2018-19 Assessed Valuation	No. of Parcels [(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	33	2.867%	2.867%	$ 480,886	0.172%	0.172%
$25,000 - $49,999	48	4.170	7.037	1,724,029	0.616	0.787
$50,000 - $74,999	59	5.126	12.163	3,778,346	1.349	2.136
$75,000 - $99,999	58	5.039	17.202	5,108,337	1.824	3.960
$100,000 - $124,999	61	5.300	22.502	6,869,198	2.452	6.412
$125,000 - $149,999	70	6.082	28.584	9,669,502	3.452	9.865
$150,000 - $174,999	81	7.037	35.621	13,170,674	4.702	14.567
$175,000 - $199,999	89	7.732	43.354	16,604,664	5.928	20.495
$200,000 - $224,999	104	9.036	52.389	22,220,107	7.933	28.428
$225,000 - $249,999	80	6.950	59.340	18,994,671	6.782	35.210
$250,000 - $274,999	65	5.647	64.987	17,129,845	6.116	41.325
$275,000 - $299,999	71	6.169	71.156	20,423,025	7.291	48.617
$300,000 - $324,999	68	5.908	77.063	21,175,190	7.560	56.177
$325,000 - $349,999	48	4.170	81.234	16,062,795	5.735	61.912
$350,000 - $374,999	31	2.693	83.927	11,174,008	3.989	65.901
$375,000 - $399,999	38	3.301	87.228	14,735,858	5.261	71.162
$400,000 - $424,999	26	2.259	89.487	10,733,890	3.832	74.994
$425,000 - $449,999	18	1.564	91.051	7,843,661	2.800	77.795
$450,000 - $474,999	18	1.564	92.615	8,319,962	2.970	80.765
$475,000 - $499,999	13	1.129	93.745	6,349,932	2.267	83.032
$500,000 and greater	72	6.255	100.000	47,526,373	16.968	100.000
Total	1,151	100.000%		$280,094,953	100.000%	

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

Reassessments and Appeals of Assessed Value

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

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

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

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

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

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

Tax Levies and Delinquencies

The District's total secured tax collections and delinquencies are apportioned on a County-wide basis, according to the District's designated tax rate amount. Therefore, the total secured tax levies, as well as collections and delinquencies reported, do not represent the actual secured tax levies, collections and delinquencies of tax payers within the tax areas of the District. In addition, the District's total secured tax levy does not include special assessments, supplemental taxes or other charges which have been assessed on property within the District or other tax rate areas of Counties.

Tulare County - No Teeter Plan. From June 1993 through June 2009, Tulare County and its political subdivisions operated under the Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. The Teeter Plan is an alternative procedure for distribution of certain property tax and assessment levies on the secured roll. In June 2009, in order to address cash flow issues and other financial matters, Tulare County discontinued the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within Tulare County, such as the District. The District's receipt of property taxes collected in Tulare County is therefore subject to delinquencies.

The annual secured tax levies and delinquencies within the District for fiscal years 2013-14 through 2017-18 in Tulare County are shown in the following table.

THREE RIVERS UNION SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2013-14 through 2017-18

Tax Year	Secured Tax Charge (1)	Amount Delinquent June 30	% Delinquent June 30
2013-14	$584,268.90	$13,211.65	2.26%
2014-15	583,786.62	14,852.63	2.54
2015-16	602,696.57	13,806.48	2.29
2016-17	612,615.07	15,076.27	2.46
2017-18	655,364.03	13,992.55	2.14

(1) District's 1% general fund apportionment.
Source: California Municipal Statistics, Inc.

Tax Rates

Below are historical typical tax rates in a typical tax rate area (Tax Rate Area 146-009)(1) within the District for fiscal years 2014-15 through 2018-19.

THREE RIVERS UNION SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 146-009)(1)
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
College of the Sequoias - Visalia SFID	.0148	.0145	.0121	.0133	.0080
Woodlake Union High School District	.0404	.0482	.0500	.0500	.0550
Total Tax Rate	$1.0552	$1.0627	$1.0621	$1.0633	$1.0630

(1) 2018-19 assessed valuation of TRA 146-009 is $ 280,721,869.
Source: California Municipal Statistics, Inc.

Top 20 Property Owners

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

THREE RIVERS UNION SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2018-19

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total (1)
1.	BSK Investment LLC	Hotel/Motel	$10,362,670	2.54%
2.	Boston Ranch Company	Agricultural	5,487,685	1.35
3.	Three Rivers Sequoia Ranch LLC	Agricultural	3,157,388	0.77
4.	KD Spa LLC	Hotel/Motel	3,100,502	0.76
5.	BTL & SVI LLC	Hotel/Motel	2,547,597	0.63
6.	Padma LLC	Hotel/Motel	2,152,738	0.53
7.	Paul Robin Doose	Residential	2,000,270	0.49
8.	Scott Michael Tenney	Residential	1,912,141	0.47
9.	Schrock Ranch LLC	Agricultural	1,849,523	0.45
10.	Clean Earth Capital Silver City LLC	Hotel/Motel	1,770,489	0.43
11.	Polymath LLC	Residential	1,761,398	0.43
12.	Elliott Land & Cattle Co. Inc.	Agricultural	1,738,344	0.43
13.	Michael McCoy	Commercial	1,643,109	0.40
14.	AC Sequoia LLC	Campground	1,627,454	0.40
15.	Doris J. Rose	Residential	1,575,949	0.39
16.	Martin T. & Ellen K. Burnham	Residential	1,325,050	0.33
17.	Hardip Singh & Kamaldeep K. Mann	Commercial	1,280,460	0.31
18.	Gregory D. & Nataliya Dixon	Commercial	1,216,435	0.30
19.	James Brucker	Residential	1,200,000	0.29
20.	Marinos Investments LLC	Residential	1,170,554	0.29
			$48,879,756	12.00%

(1) 2018-19 local secured assessed valuation: $407,412,320.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

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

THREE RIVERS UNION SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of April 1, 2019)

2018-19 Assessed Valuation: $410,311,476

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/19	
College of Sequoias Visalia School Facilities Improvement District	2.414%	$ 632,375	
Woodlake Union High School District	38.834	1,824,688	
Three Rivers Union School District	**100.000**	**-**	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$2,457,063	
OVERLAPPING GENERAL FUND DEBT:			
Tulare County Certificates of Participation	1.173%	$ 379,055	
Tulare County Pension Obligation Bonds	1.173	2,946,811	
Tulare County Board of Education Certificates of Participation	1.173	406,562	
College of Sequoias Certificates of Participation	1.271	66,537	
Woodlake Union High School District Certificates of Participation	38.834	89,284	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$3,888,249	
COMBINED TOTAL DEBT		$6,345,312	(2)

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($0) 0.00%
Total Direct and Overlapping Tax and Assessment Debt......... 0.60%
Combined Total Debt... 1.55%

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

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX H for a specimen of the Policy.

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

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

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On December 21, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

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

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

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

Capitalization of AGM

At March 31, 2019:

- The policyholders' surplus of AGM was approximately $2,523 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,054 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $1,848 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 (filed by AGL with the SEC on May 10, 2019).

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

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

Miscellaneous Matters

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

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds, or may cause the Bonds to not be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of

California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

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

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

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

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

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

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

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

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CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of Litigation

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

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

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Isom Advisors, a Division of Urban Futures, Inc., as financial advisor to the District, and Dannis Woliver Kelley, as counsel to the Underwriter, are contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently is June 30), commencing March 31, 2020, with the report for the 2018-19 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as APPENDIX E. These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The undertaking in connection with the Bonds will be the first undertaking pursuant to the Rule for the District. The District has engaged Isom Advisors, a Division of Urban Futures, Inc., to serve as dissemination agent with respect to each of its continuing disclosure undertakings, including the undertaking to be entered into for the Bonds.

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

RATINGS

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

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

UNDERWRITING

The Bonds are being purchased by O'Connor & Company Securities, Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $2,108,637.72 which is equal to the initial principal amount of the Bonds of $2,100,000.00, plus net original issue premium of $174,239.15 less an Underwriter's discount of $42,000.00, and less $123,601.43 for costs of issuance.

The bond purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

ADDITIONAL INFORMATION

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

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

EXECUTION

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

THREE RIVERS UNION SCHOOL DISTRICT

By: *<u>/s/ Susan P. Sherwood</u>*
Superintendent

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APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

General Information

The Three Rivers Union School District (the "**District**") is a school district located in the unincorporated community of Three Rivers in Tulare County (the "**County**"). The District currently operates one elementary school (K-8). Enrollment in the District for the 2018-19 school year is approximately 131 students.

See also APPENDIX C hereto for demographic and other statistical information regarding the County.

Administration

The District is governed by a five-member Board of Trustees (the "Board'), each member of which is elected to a four-year term. Current members of the Board, together with their office and the date their term expires, are listed below.

Name	Office	Term Expires
Sue Winters	President	December 2022
Jason Hawes	Clerk	December 2020
Mark Frick	Trustee	December 2020
Peter Mestaz	Trustee	December 2022
Anne Pfaff	Trustee	December 2022

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Susan P. Sherwood is the Superintendent of the District and Lynda LeFave is the Business Services Manager.

Recent Enrollment Trends

The following table shows a recent history and budgeted enrollment for the District.

ANNUAL ENROLLMENT
Fiscal Years 2014-15 through 2018-19
Three Rivers Union School District

Fiscal Year	Student Enrollment	% Change
2011-12	138	--%
2012-13	142	2.9
2013-14	155	9.2
2014-15	143	(7.7)
2015-16	143	0.0
2016-17	140	(2.1)
2017-18	146	4.3
2018-19 (1)	131	(10.3)

(1) Projected.
Source: Three Rivers Union Elementary School District.

Employee Relations

The District has 8 certificated full-time equivalent ("**FTE**") employees, 7 classified FTE employees, and 2 management/supervisor/confidential FTE employees. District staff are not represented by any bargaining units.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

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

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

The fiscal year 2013-14 State budget package (the "**2013-14 State Budget**") replaced the previous K-12 finance system with a formula known as the Local Control Funding Formula (the **"LCFF"**). Under the LCFF, revenue limits and most state categorical programs were eliminated.

School districts instead receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

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

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

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

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

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

Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2018-19 are set forth in the following table. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

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

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

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

The new legislation included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

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

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the 2013-14 State Budget created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

District Accounting Practices

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

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see Note 1 of APPENDIX B to the Official Statement.

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2018 Audited Financial Statements were prepared by Linger, Peterson & Shrum, Certified Public Accountants, Fresno, California and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Business Services Manager, Three Rivers Union Elementary School District, 41932 Sierra Drive, Three Rivers, CA 93271. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement.

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

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2013-14 through 2017-18 (Audited)
Three Rivers Union Elementary School District (1)

	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
Revenues					
LCFF sources	$949,918	$1,035,173	$1,070,771	1,117,299	$1,133,600
Federal Revenue	95,890	80,216	98,927	65,520	62,655
Other State Revenue	62,644	40,026	142,871	87,659	321,402
Other Local Revenue	29,178	19,486	29,562	16,576	13,740
Total Revenues	1,137,630	1,174,901	1,342,131	1,287,054	1,531,397
Expenditures					
Instruction	567,114	693,121	704,261	740,967	784,899
Instruction-Related Services					133,992
Instructional Library, Media and Tech	148	--	--	--	--
School Site Administration	97,882	100,859	101,018	104,594	--
Pupil Services					25,839
Home-to-School Transportation	54,884	20,282	24,219	23,244	--
Ancillary Services	1,310	1,757	1,756	2,619	3,056
Community Services	1,294	707	4,719	6,267	500
General Administration	88,034	98,660	112,470	126,811	134,738
Plant services	110,718	103,136	116,896	131,708	145,677
Facility Acquisition	--	--	--	345,887	--
Debt Service:					
Principal	44,908	44,908	44,907	49,305	33,228
Interest	4,937	--	--	--	4,085
Total Expenditures	971,229	1,063,430	1,110,246	1,531,402	1,266,014
Excess (Deficiency) of Revenues over expenditures	166,401	111,471	231,885	(244,348)	265,383
Operating Transfers in	--	--	--	--	--
Operating Transfers out	(19,352)	(20,037)	(13,400)	(18,779)	(23,005)
Total other financing sources (uses)	(19,352)	(20,037)	(13,400)	(18,779)	(23,005)
Net Change in Fund Balance	147,049	91,434	218,485	(263,127)	242,378
Fund Balance, July 1	591,749	738,798	830,232	1,048,717	785,590
Fund Balance, June 30	$738,798	$830,232	$1,048,717	$785,590	$1,027,968

(1) Columns may not sum to totals due to rounding.
Source: Three Rivers Union Elementary School District Audit Reports.

District Budget and Interim Financial Reporting

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

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

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

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

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

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

District's Budget Approval/Disapproval and Certification History. During the past five years, each of the District's adopted budgets have been approved by the County Superintendent and the District has received positive certifications on all of its interim reports.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Office of the Business Services Manager, Three Rivers Union School District, 41932 Sierra Drive, Three Rivers, CA 93271, Telephone: (559) 561-4466. The District may impose charges for copying, mailing and handling.

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District's General Fund. The following table shows the general fund figures for the District for fiscal year 2018-19 (adopted budget) and 2018-19 (second interim projections).

THREE RIVERS UNION SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2018-19 (Adopted Budget)
Fiscal Year 2018-19 (Second Interim Projections)

Revenues	**Adopted Budget 2018-19**	**Second Interim 2018-19**
Total LCFF Sources	$1,197,474	$1,207,049
Federal Revenues	39,018	84,350
Other state revenues	61,694	124,516
Other local revenues	16,820	26,620
Total Revenues	1,315,006	1,442,535
Expenditures		
Certificated Salaries	572,600	495,250
Classified Salaries	184,570	192,870
Employee Benefits	393,434	361,340
Books and Supplies	47,990	69,825
Contract Services & Operating Exp.	183,151	194,375
Capital Outlay	--	2,000
Other Outgo (excluding indirect costs)	29,695	29,695
Other Outgo – Transfers of Indirect Costs	--	--
Total Expenditures	1,411,440	1,345,355
Excess of Revenues Over/(Under) Expenditures	(96,434)	97,180
Other Financing Sources (Uses)		
Operating transfers in	--	--
Operating transfers out	(22,000)	22,000
Other sources	--	--
Contributions	--	--
Total Other Financing Sources (Uses)	(22,000)	(22,000)
Net change in fund balance	(118,434)	75,180
Fund Balance, July 1	739,251	1,027,968
Fund Balance, June 30	$620,817	$1,103,148

Source: Three Rivers Union Elementary School District Adopted Budget for fiscal year 2018-19 and 2018-19 Second Interim Report.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 5% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve which meets the State's minimum requirements.

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

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

Attendance - Revenue Limit and LCFF Funding

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

THREE RIVERS UNION SCHOOL DISTRICT
ADA and LCFF Funding
Fiscal Years 2013-14 through 2018-19 (Budgeted)

Fiscal Year	ADA	LCFF Funding Per ADA
2013-14	150	$6,324
2014-15	137	7,130
2015-16	139	7,659
2016-17	135	8,274
2017-18	138	8,264
2018-19 (1)	125	8,747

(1) Second Interim Projections.
Source: California Department of Education; Three Rivers Union Elementary School District.

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 42% for purposes of calculating supplemental and concentration grant funding under LCFF.

Revenue Sources

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

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

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

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

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

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

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

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

For additional discussion of State aid to school districts, see "-Education Funding Generally."

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

District Retirement Systems

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

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

STRS Contributions
Three Rivers Union School District
Fiscal Years 2016-17 through 2018-19 (Projected)

Fiscal Year	Amount
2016-17	$61,917
2017-18	61,854
2018-19 (1)	110,434

(1) Second Interim Projections.
Source: Three Rivers Union Elementary School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $107.3 billion as of June 30, 2017 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16 through 2018-19 were 10.73%, 12.58%, 14.43% and 16.28%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

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

Fiscal Year	Employer Contribution Rate(1)
2019-20	18.13%
2020-21	19.10
2021-22	18.60
2022-23	18.10

(1) Expressed as a percentage of covered payroll.
Source: AB 1469

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

PERS Contributions
Three Rivers Union School District
Fiscal Years 2016-17 through 2018-19 (Projected)

Fiscal Year	Amount
2016-17	$19,111
2017-18	19,111
2018-19 (1)	30,100

(1) Second Interim Projections.
Source: Three Rivers Union Elementary School District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $27.2 billion as of June 30, 2018 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

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

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

Source: PERS.

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

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

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

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

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

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

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

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

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

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

No Post-Employment Retirement Benefits

The District currently does not provide other post-employment benefits to employees.

Insurance – Joint Powers Agreement

The District participates in four joint ventures under joint powers agreements ("**JPAs**") as follows: Northern California Regional Liability Excess Fund provides excess liability and excess workers' compensation insurance, Self-Insured Schools of California III provides health insurance, Tulare County SIG Workers' Compensation JPA provides workers' compensation insurance, and Tulare County School Districts' Self-Insurance Authority provides property and liability insurance. The relationships between the District and the other JPAs are such that none of the JPAs are component units of the District for financial reporting purposes. The JPAs provide insurance and services as noted for member school districts. Each JPA is governed by a board consisting of a representative from each member district. Such governing board controls the operations of its JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond representation on the governing board.

Each member district pays premiums and fees commensurate with the level of coverage or services requested, and shares surpluses and deficits proportionate to its participation in each JPA. Each JPA is independently accountable for its fiscal matters, and maintains its own accounting records. The District's share of year-end assets, liabilities, or fund equity has not been calculated.

Existing Debt Obligations

General Obligation Bonds*.* Prior to the issuance of the Bonds, the District has no other outstanding general obligation bonds.

Capital Lease Obligations. The District has entered into various capital leases for equipment and facilities. The value of the net minimum payments due as of June 30, 2018 is $110,638.

See "DEBT SERVICE SCHEDULE" in the body of this Official Statement for the debt service due on the District's the Bonds described herein.

Investment of District Funds

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

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. School districts in California receive operating income primarily from two sources: (1) the State funded portion which is derived from the State's general fund, and (2) a locally funded portion, being a district's share of the 1% general *ad valorem* tax levy authorized by the California Constitution (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). School districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources.

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

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. None of the District, the Underwriter or the County is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

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

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

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

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

Recent State Budgets

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

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

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

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

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

Prior Years' Budgeting Techniques*.* Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2018-19 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

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

2018-19 State Budget

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

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

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

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

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

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

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

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

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

2019-20 Proposed State Budget

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

The 2019-20 Proposed Budget raises the Proposition 98 minimum funding guarantee for school districts and community college districts to $80.7 billion, a new all-time high, which includes an additional $2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% cost-of-living adjustment, and brings total LFCC funding to $63 billion. To address the rising costs of STRS pensions, the 2019-20 Proposed Budget also includes a $3 billion one-time general fund payment to STRS on behalf of school districts, which is expected to provide immediate relief and reduce the out-year contribution rate by 0.5%. The 2019-20 Proposed State Budget also includes a $750 million one-time general fund payment to fund new or retrofitted facilities for full-day kindergarten programs and other activities that reduce barriers to providing full-day kindergarten and a general fund payment of $576 million ($186 million is one-time) to support expanded special education services in school districts with a high concentration of special education students. The Governor is required to release a revision to the proposed budget by May 14 of each year.

On May 9, 2019, the Governor released the May Revision to the 2019-20 Proposed Budget (the **"May Revision"**). The updated proposal based on the most current economic forecasts projects short-term revenues of $3.2 billion above the original budget, most of which are constitutionally committed funds, resulting in a relatively unchanged surplus. Due to the slowing economic forecast and intensified risks, the May Revision continues to save and prepare for uncertain times, allocating $15 billion to building budgetary resiliency and paying down unfunded liabilities, which is $1.4 billion higher than the 2019-20 Proposed Budget. With respect to school districts, funding for K-12 schools is expanded by providing approximately $5,000 more per pupil than eight years ago, with increases in funding for special education increase in the May Revision by over $300 million. Relative to the 2019-20 Proposed Budget, K-14 funding under Proposition 98 was increased by $389.3 million in the May Revision.

Disclaimer Regarding State Budgets. The implementation of the foregoing 2018-19 State Budget and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or

OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2018-19 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

Availability of State Budgets. The complete 2018-19 State Budget and 2019-20 Proposed Budget, including the May Revision, are available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Bonds.

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIIIA of the California Constitution

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

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

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

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

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

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

Article XIIIB of the California Constitution

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

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

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

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

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

Unitary Property

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

Articles XIIIC and XIIID of the California Constitution

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

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

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

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

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

Proposition 98

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

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

Proposition 111

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

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

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

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

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

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

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

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as "**Proposition 39**") to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (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. Constitutional amendments may be changed only with another statewide vote. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by Proposition 39 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 that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

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

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

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

Proposition 30 and Proposition 55

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

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

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales or excise tax increases of Proposition 30.

California Senate Bill 222

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

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 111, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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APPENDIX B

THREE RIVERS UNION SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017-18

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THREE RIVERS UNION SCHOOL DISTRICT
COUNTY OF TULARE
THREE RIVERS, CALIFORNIA

AUDIT REPORT

JUNE 30, 2018

Linger, Peterson & Shrum
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928

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Introductory Section

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For The Year Ended June 30, 2018

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Financial Section

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

Independent Auditor's Report

To the Board of Trustees
Three Rivers Union School District
Three Rivers, California 93271

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 Three Rivers Union School District ("the District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Three Rivers Union School District as of June 30, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Three Rivers Union School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of Three Rivers Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Three Rivers Union School District's internal control over financial reporting and compliance.

Respectfully submitted,

Linger, Peterson & Shrum

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

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Three Rivers Union School District
K-8 Elementary
P.O. Box 99
41932 Sierra Drive
Three Rivers, California 93271
(559) 561-4466 Fax (559) 561-4468

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

The discussion and analysis of the Three Rivers Union School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2018 are as follows:

- Total assets increased $366,503. Deferred outflows increased $94,829 from the beginning balance. Total liabilities increased $180,279 from the beginning balance. Deferred inflows increased $95,711. Net position increased $185,342 from the beginning net position.

- General revenues accounted for $1,259,133 in revenue or 68% of all revenues. Program specific revenues, in the form of charges for services, and grants and contributions, accounted for $589,098 or 32% of total revenues of $1,848,231.

- The District had $1,662,889 in expenses related to governmental activities; only $554,350 of these expenses were offset by program specific grants and contributions and $34,748 of these expenses were offset by program specific charges.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The Statement of Net Position and Statement of Activities provide information about the activities as a whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in a single column. For the District, the General Fund and the Cafeteria Fund are the most significant Funds.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

While this report contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question: "How did we do financially during fiscal year 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash was received or paid.

These two statements report the District's net position and changes in the net position. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental activities – All of the District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

- Business-type activities – This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District had no business-type activities for the fiscal year ended June 30, 2018.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and the Cafeteria Fund.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at the fiscal year end for spending in future periods. 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 less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities, reported in the Statement of Net Position and the Statement of Activities, and the governmental funds is reconciled in the financial statements.

Enterprise Funds

The Enterprise Fund, when applicable, uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same; however, the District had no Enterprise Funds.

Fiduciary Funds

For assets that belong to others, such as the Scholarship Fund and/or Student Body Funds, the District acts as the trustee, or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes, and by those to whom the assets belong. A separate Statement of Fiduciary Net Position--Fiduciary Fund and a Statement of Changes in Assets and Liabilities--Agency Fund report the District's fiduciary activities. These activities are excluded from the District-wide financial statements, as the assets cannot be used by the District to finance its operations.

THE DISTRICT AS A WHOLE

Net Position

The perspective of the Statement of Net Position is of the District as a whole. Table 1 provides a summary of the District's net position for 2018 compared to 2017.

Table 1: Net Position

	Governmental Activities	
	2018	2017
Assets		
Current and other assets	$ 1,313,615	$ 896,536
Capital assets, net	2,106,073	2,156,649
Total Assets	$ 3,419,688	$ 3,053,185
Deferred Outflows of Resources	$ 342,775	$ 247,946
Liabilities		
Current liabilities	$ 95,965	$ 59,505
Long-term liabilities	1,235,185	1,091,366
Total Liabilities	$ 1,331,150	$ 1,150,871
Deferred Inflows of Resources	$ 141,664	$ 45,953
Net Position		
Invested in capital assets, net of related debt	$ 1,995,435	$ 2,012,782
Restricted	463,486	90,019
Unrestricted	(169,272)	1,506
Total Net Position	$ 2,289,649	$ 2,104,307

Total assets increased $366,503. Deferred outflows increased $94,829. Total liabilities increased $180,279. Deferred inflows increased $95,711. Net position increased $185,342 from the beginning net position.

Table 2: Changes in Net Position – Statement of Activities

Table 2 reflects the change in net position on the Statement of Activities for fiscal year 2018 compared to 2017:

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	$ 34,748	$ 43,766
Operating grants and contributions	554,350	115,722
General Revenues		
LCFF Sources	1,133,600	-
Federal Revenue	21,895	495,667
Other State Revenue	95,052	694,187
Other Local Revenue	8,586	2,438
Total Revenues	$ 1,848,231	$ 1,351,780
Program expenses:		
Instruction	$ 986,347	$ 827,145
Instruction-related services	157,731	105,686
Pupil services	132,242	86,828
Ancillary services	3,056	2,619
Community services	622	8,320
Enterprise	1,934	-
General Administration	153,122	136,544
Plant services	223,750	134,844
Interest on long-term obligations	4,085	1,141
Total Expenses	$ 1,662,889	$ 1,303,127
Changes in Net Position	$ 185,342	$ 48,653

Governmental Activities

The Statement of Activities reflects the cost of program services and the operating grants and contributions offsetting those services. Table 3, for governmental activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues and unrestricted state entitlements.

Table 3: Governmental Activities

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction and instruction-related services	$ 1,144,078	$ 901,674	$ 932,831	$ 825,057
Pupil services	132,242	87,487	86,828	49,962
General administration	153,122	111,754	136,544	132,160
Plant services	223,750	(35,923)	134,844	132,709
Ancillary services	3,056	2,286	2,619	2,619
Community services	622	494	8,320	(9)
Enterprise	1,934	1,934	-	-
Interest on long-term debt	4,085	4,085	1,141	1,141
	$ 1,662,889	$ 1,073,791	$ 1,303,127	$ 1,143,639

THE DISTRICT'S FUNDS

The District's governmental funds are accounted for by using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of $1,799,559, and expenditures and other financing uses of $1,397,203. The positive change in fund balance for the year reflects that the District was able to meet current costs.

General Fund Budgeting Highlights

The District's budget is prepared according to California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2018, the District amended its General Fund budget as needed. The District uses a site-based budget. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District had $2,106,073 invested in capital assets. Table 4 reflects fiscal year 2018 balances compared to 2017:

Table 4: Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	$ 10,870	$ 10,870
Work in progress	-	-
Land Improvements	376,037	403,974
Buildings	1,566,837	1,565,996
Equipment	152,329	175,809
Totals	$ 2,106,073	$ 2,156,649

Debt

At June 30, 2018, the District had $1,235,185 in long-term debt as compared to $1,091,366 at June 30, 2017.

Table 5: Outstanding Debt, at Year-End

	Governmental Activities	
	2018	2017
Capital leases	$ 110,638	$ 143,866
Compensated absences	8,808	8,318
Net pension liability	1,115,739	939,182
Totals	$ 1,235,185	$ 1,091,366

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The uncertainty of federal and state funding can have a profound impact on the financial health of the District. The federal budget was recently adopted and the state could implement budget cuts, as it did during the current year.

The District's General Fund revenues and other financing sources for the 2018-19 year are budgeted at $1,315,006, as compared to the 2017-18 actual of $1,531,397. Expenditures, other uses, and transfers out are budgeted for 2018-19 at $1,433,440, as compared to the 2017-18 actual of $1,289,019.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Susan P. Sherwood, Superintendent/Principal at 41932 Sierra Drive, P.O. Box 99, Three Rivers, California 93271.

* * *

Basic Financial Statements

THREE RIVERS UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS:	
Cash in County Treasury	$ 1,252,163
Cash on Hand and in Banks	2,600
Accounts Receivable	57,674
Stores Inventories	1,178
Capital Assets:	
Land	10,870
Land Improvements, Net	376,037
Buildings, Net	1,566,837
Equipment, Net	152,329
Total Assets	3,419,688
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows of Resources - Pensions	342,775
Total Deferred Outflows of Resources	342,775
LIABILITIES:	
Accounts Payable	70,894
Unearned Revenue	25,071
Long-term Liabilities	
Due Within One Year:	
Capital Leases Payable	26,486
Due After One Year:	
Net Pension Liability	1,115,739
Capital Leases Payable	84,152
Compensated Absences Payable	8,808
Total Liabilities	1,331,150
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows of Resources - Pensions	141,664
Total Deferred Inflows of Resources	141,664
NET POSITION:	
Net Investment in Capital Assets	1,995,435
Restricted For:	
Capital Projects	184,708
Other Purposes	278,778
Unrestricted	(169,272)
Total Net Position	$ 2,289,649

The accompanying notes are an integral part of this statement.

THREE RIVERS UNION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities:					
Instruction	$ 986,347	$ 2,157	$ 206,292	$ -	$ (777,898)
Instruction-Related Services	157,731	351	33,604	-	(123,776)
Pupil Services	132,242	11,383	33,372	-	(87,487)
Ancillary Services	3,056	8	762	-	(2,286)
Community Services	622	1	127	-	(494)
Enterprise	1,934	-	-	-	(1,934)
General Administration	153,122	7,543	33,825	-	(111,754)
Plant Services	223,750	13,305	36,615	209,753	35,923
Interest on Long-Term Obligations	4,085	-	-	-	(4,085)
Total Governmental Activities	1,662,889	34,748	344,597	209,753	(1,073,791)
Total Primary Government	$ 1,662,889	$ 34,748	$ 344,597	$ 209,753	(1,073,791)
	General Revenues:				
	LCFF Sources				1,133,600
	Federal Revenues				21,895
	State Revenues				95,052
	Local Revenues				8,586
	Total General Revenues				1,259,133
	Change in Net Position				185,342
	Net Position - Beginning				2,104,307
	Net Position - Ending				$ 2,289,649

The accompanying notes are an integral part of this statement.

THREE RIVERS UNION SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	County School Facilities Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash in County Treasury	$ 1,067,125	$ 171,690	$ 13,348	$ 1,252,163
Cash on Hand and in Banks	2,600	-	-	2,600
Accounts Receivable	45,629	-	12,045	57,674
Stores Inventories	-	-	1,178	1,178
Total Assets	1,115,354	171,690	26,571	1,313,615
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 62,315	$ -	$ 8,579	$ 70,894
Unearned Revenue	25,071	-	-	25,071
Total Liabilities	87,386	-	8,579	95,965
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	-	-	1,178	1,178
Restricted Fund Balances	274,982	171,690	16,814	463,486
Unassigned:				
Reserve for Economic Uncertainty	66,000	-	-	66,000
Other Unassigned	686,986	-	-	686,986
Total Fund Balance	1,027,968	171,690	17,992	1,217,650
Total Liabilities and Fund Balances	$ 1,115,354	$ 171,690	$ 26,571	$ 1,313,615

The accompanying notes are an integral part of this statement.

THREE RIVERS UNION SCHOOL DISTRICT

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

Total Fund Balances - Balance Sheet, Governmental Funds	$ 1,217,650
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Capital assets	4,091,307
Accumulated depreciation	(1,985,234)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Other post-employment benefits payable (OPEB)	
Net pension liability	(1,115,739)
Compensated absences payable	(8,808)
Capital leases payable	(110,638)
Deferred outflows and inflows of resources are not reported in the funds because they are applicable to future periods:	
Deferred outflows of resources related to pensions	342,775
Deferred inflows of resources related to pensions	(141,664)
Net Assets of Governmental Activities - Statement of Net Assets	$ 2,289,649

The accompanying notes are an integral part of this statement.

THREE RIVERS UNION SCHOOL DISTRICT

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

	General Fund	County School Facilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 356,955	$ -	$ -	$ 356,955
Education Protection Account Funds	27,650	-	-	27,650
Local Sources	748,995	-	-	748,995
Federal Revenue	62,655	-	25,458	88,113
Other State Revenue	321,402	209,445	1,412	532,259
Other Local Revenue	13,740	308	31,539	45,587
Total Revenues	1,531,397	209,753	58,409	1,799,559
Expenditures:				
Current:				
Instruction	784,899	-	-	784,899
Instruction - Related Services	133,992	-	-	133,992
Pupil Services	25,839	-	59,419	85,258
Ancillary Services	3,056	-	-	3,056
Community Services	500	-	-	500
General Administration	134,738	-	11,130	145,868
Plant Services	145,677	-	-	145,677
Capital Outlay	-	40,640	20,000	60,640
Debt Service:				
Principal	33,228	-	-	33,228
Interest	4,085	-	-	4,085
Total Expenditures	1,266,014	40,640	90,549	1,397,203
Excess (Deficiency) of Revenues Over (Under) Expenditures	265,383	169,113	(32,140)	402,356
Other Financing Sources (Uses):				
Transfers In	-	1,505	21,500	23,005
Transfers Out	(23,005)	-	-	(23,005)
Total Other Financing Sources (Uses)	(23,005)	1,505	21,500	-
Net Change in Fund Balance	242,378	170,618	(10,640)	402,356
Fund Balance, July 1	785,590	1,072	28,632	815,294
Fund Balance, June 30	$ 1,027,968	$ 171,690	$ 17,992	$ 1,217,650

The accompanying notes are an integral part of this statement.

THREE RIVERS UNION SCHOOL DISTRICT

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

Net change in fund balances-total governmental funds	$	402,356
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Expenditures for capital outlay		73,374
Depreciation expense		(123,949)
Governmental funds report repayments of long-term debt as expenditures. In the Government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		33,228
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds:		
Compensated absences		(490)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:		(199,177)
Change in net assets of governmental activities - statement of activities	$	185,342

-

The accompanying notes are an integral part of this statement.

THREE RIVERS UNION SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	$ 15,846
Total Assets	15,846
LIABILITIES:	
Due to Student Groups	$ 15,846
Total Liabilities	15,846
NET POSITION:	
Total Net Position	$ -

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

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

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

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

General Fund. This is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

County School Facilities Fund. This fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants as provided by the Leroy F Green School Facilities Act of 1998.

In addition, the District reports the following non-major funds:

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

Capital Facilities Fund. This fund is used primarily to account separately for moneys received from fees levied on development projects as a condition of approval.

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

3. Encumbrances

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

4. Budgets and Budgetary Accounting

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

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

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

5. Assets, Liabilities, and Equity

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation AC systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery and tools	Shop, maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science and engineering	Lab equipment, scientific apparatus	10
Furniture and accessories	Classroom and other furniture	20
Business machines	Fax, duplicating and printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-computerized	10
Computer hardware	PC's, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audio visual equipment	Projectors, cameras (still and digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, brass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressor	10
Grounds equipment	Mowers, tractors, attachments	15

d. Receivable and Payable Balances

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

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

e. Compensated Absences

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

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

f. Unearned Revenue

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

g. Interfund Activity

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

h. Property Taxes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

6. Deferred Inflows and Deferred Outflows of Resources

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

7. GASB 54 Fund Presentation

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

8. Pensions

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

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

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

9. Use of Estimates

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

10. Fair Value Measurements

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

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

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

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

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

11. Change in Accounting Policies

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

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

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

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

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

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

B. Excess of Expenditures Over Appropriations

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

Appropriations Category		Excess Expenditures
Cafeteria Fund:		
Books and supplies	$	4,707

Cafeteria fund: The District incurred additional expenditures for supplies.

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Tulare County Treasury as part of the common investment pool ($1,252,163 as of June 30, 2018). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $1,252,163. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

Cash balances on hand and in banks ($2,600 as of June 30, 2018) are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Investments:

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

Investment or Investment Type	Maturity		Fair Value
Cash in County Treasury	Less Than 12 months	$	1,252,163
Cash on Hand	Less Than 12 months		2,600
Total Investments		$	1,254,763

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

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

4. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

5. Investment Accounting Policy

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

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

D. Accounts Receivable

Accounts receivable and due from grantor governments at June 30, 2018 consisted of the following:

	General Fund	All Other Governmental Funds	Total Governmental Funds
Federal programs	$ 28,826	$ 3,748	$ 32,574
State lottery	6,365	-	6,365
Other local receivables	10,438	8,297	18,735
Total	$ 45,629	$ 12,045	$ 57,674

E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 10,870	$ -	$ -	$ 10,870
Total capital assets not being depreciated	10,870	-	-	10,870
Capital assets being depreciated:				
Buildings	2,795,505	73,374	-	2,868,879
Land Improvements	811,385	-	-	811,385
Equipment	400,173	-	-	400,173
Total capital assets being depreciated	4,007,063	73,374	-	4,080,437
Less accumulated depreciation for:				
Buildings	(1,229,510)	(72,532)	-	(1,302,042)
Land Improvements	(407,411)	(27,937)	-	(435,348)
Equipment	(247,844)		-	(247,844)
Total accumulated depreciation	(1,884,765)	(100,469)	-	(1,985,234)
Total capital assets being depreciated, net	2,122,298	(27,095)	-	2,095,203
Governmental activities capital assets, net	$ 2,133,168	$ (27,095)	$ -	$ 2,106,073

Depreciation was charged to functions as follows:

Instruction	$ 11,372
Home-to-school transportation	20,744
Food services	1,750
General Administration	2,312
Plant Services	87,771
	$ 123,949

F. Interfund Balances and Activities

1. Transfers To and From Other Funds

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

Transfers In	Transfers Out	Amount	Reason
General fund	County Schools Facilities Fund	$ 1,505	For capital outlay expenditures
General fund	Other Governmental Funds	21,500	Support food service salaries and benefits
	Total	$ 23,005	

G. Accounts Payable

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

	General Fund	All Other Governmental Funds	Total Governmental Funds
Vendor payables	$ 11,759	$ 8,500	$ 20,259
Salaries and benefits	8,959	79	9,038
Other	41,597	-	41,597
Totals	$ 62,315	$ 8,579	$ 70,894

H. Long-Term Obligations

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Capital leases	$ 143,866	$ -	$ 33,228	$ 110,638	26,486
Net pension liability	939,182	176,557	-	1,115,739	-
Compensated absences	8,318	490	-	8,808	-
Total governmental activities	$ 1,091,366	$ 177,047	$ 33,228	$ 1,235,185	$ 26,486

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

Liability	Activity Type	Fund
Capital leases	Governmental	Capital Facilities fund
Net pension liability	Governmental	General
Compensated absences	Governmental	General

2. Capital Leases

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

Year Ending June 30:		
2019	$	26,486
2020		27,254
2021		28,044
2022		28,854
Total Minimum Rentals	$	110,638

I. Commitments Under Noncapitalized Leases

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

Year Ending June 30,		
2019	$	8,669
2020		8,669
2021		5,057
Total Minimum Rentals	$	22,395

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

J. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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

b. Benefits Provided

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

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

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

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

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

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

c. Contributions

CalSTRS

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

CalPERS

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

On Behalf Payments

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

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

Year Ended June 30,	Contribution Rate	Contribution Amount
2016	4.410%	$ 19,842
2017	6.000%	$ 26,696
2018	8.167%	$ 36,727

d. Contributions Recognized

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

	CalSTRS	CalPERS	Total
Contributions - Employer (Measurement Period)	$ 61,854	$ 19,111	$ 80,965
Contributions - State On Behalf Payments (Fiscal Year)	36,727	-	36,727
Total Contributions	$ 98,581	$ 19,111	$ 117,692

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

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

	Proportionate Share of Net Pension Liability
CalSTRS	$ 860,065
CalPERS	255,674
Total Net Pension Liability	$ 1,115,739

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

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

	CalSTRS			
	District's Proportionate Share	State's Proportionate Share	Total For District Employees	CalPERS
Proportion June 30, 2017	0.0009%	0.0005%	0.0014%	0.0012%
Proportion June 30, 2018	0.0009%	0.0006%	0.0015%	0.0011%
Change in Proportion	0.0001%	0.0001%	0.0001%	-0.0001%

a. Pension Expense

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

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ 152,041	$ 24,516	$ 176,557
State On Behalf Pension Expense	41,288		41,288
Employer Contributions to Pension Expense	70,255	22,946	93,201
(Increase)/Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(70,255)	(22,946)	(93,201)
Difference Between Actual & Expected Experience	(2,969)	(4,557)	(7,526)
Change in Assumptions	(148,710)	(39,835)	(188,545)
Change in Proportionate Shares	(35,341)	1,736	(33,605)
Net Difference Between Projected & Actual Earnings	4,318	-	4,318
Increase/(Decrease) in Deferred Inflows of Resources			-
Difference Between Actual & Expected Experience	-	-	-
Change in Assumptions	-	-	-
Change in Proportionate Shares	-	13,988	13,988
Net Difference Between Projected & Actual Earnings	81,401	46,275	127,676
Total Pension Expense	$ 92,028	$ 42,123	$ 134,151

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	$ 70,255	$ 22,946	$ 93,201
Differences between actual and expected experience	2,969	4,557	7,526
Changes in assumptions	148,710	39,835	188,545
Change in employer's proportion share	35,341	5,209	40,550
Net difference between projected and actual earnings	12,953	-	12,953
Total Deferred Outflows of Resources	$ 270,228	$ 72,547	$ 342,775

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	$	$	$
Changes in assumptions			
Change in employer's proportionate share		(13,988)	(13,988)
Net difference between projected and actual earnings	(81,401)	(46,275)	(127,676)
Total Deferred Inflows of Resources	$ (81,401)	$ (60,263)	$ (141,664)

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

Year Ended	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect
June 30	CalSTRS	CalPERS	CalSTRS	CalPERS	on Expenses
2019	$ 121,328	$ 35,780	$ (20,350)	$ (17,308)	$ 119,450
2020	51,073	12,834	(20,350)	(17,308)	26,249
2021	51,072	12,835	(20,350)	(17,308)	26,249
2022	46,755	11,098	(20,351)	(8,339)	29,163
2023	-	-	-	-	-
Total	$ 270,228	$ 72,547	$ (81,401)	$ (60,263)	$ 201,111

c. Actuarial Assumptions

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

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

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

d. Discount Rate

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

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

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

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

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

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

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

CalSTRS

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

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

CalPERS

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

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

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

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

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	$ 1,262,850	$ 376,181
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 860,065	$ 255,674
1% Increase	8.10%	8.15%
Net Pension Liability	$ 533,180	$ 155,707

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

CalSTRS

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2017 (Previously Reported)	$ 3,216,327	$ 2,251,429	$ 964,898	$ 256,874	$ 708,024
Changes for the year:					
Change in Proportionate share	784,994	551,232	233,762	189,590	44,172
Service Cost	89,868	-	89,868	33,473	56,395
Interest	299,764	-	299,764	111,653	188,111
Differences between expected and actual experience	5,913	-	5,913	2,202	3,711
Change in assumptions	296,222	-	296,222	110,334	185,888
Contributions:					
Employer	-	61,847	(61,847)	(23,036)	(38,811)
Employee	-	50,994	(50,994)	(18,994)	(32,000)
State On Behalf Payments	-	36,727	(36,727)	(13,680)	(23,048)
Net Investment Income	-	372,948	(372,948)	(138,912)	(234,036)
Other Income	-	1,067	(1,067)	(397)	(670)
Benefit Payments, including refunds of employee contributions	(206,036)	(206,036)	-	-	-
Administrative expenses	-	(2,703)	2,703	1,007	1,696
Borrowing Costs	-	(859)	859	320	539
Other Expenses	-	(152)	152	57	95
Net Changes	1,270,725	865,065	405,660	253,617	152,042
Balance at June 30, 2018	$ 4,487,052	$ 3,116,494	$ 1,370,558	$ 510,491	$ 860,066

THREE RIVERS UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

CalPERS

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2017 (Previously Reported)	$ 856,141	$ 624,983	$ 231,158
Changes for the year:			
Adjustment for Change in Proportionate Share	(45,790)	(26,155)	(19,635)
Service Cost	21,762	-	21,762
Interest	61,259	-	61,259
Differences between expected and actual experience	5,696	-	5,696
Changes in Assumptions	49,794	-	49,794
Contributions - Employer	-	19,104	(19,104)
Contributions - Employee	-	9,612	(9,612)
Net Plan to Plan Resource Movement	-	(1)	1
Net Investment Income	-	66,528	(66,528)
Benefit Payments, including refunds of employee contributions	(39,894)	(39,894)	-
Administrative expenses	-	(883)	883
Net Changes	52,827	28,311	24,516
Balance at June 30, 2018	$ 908,968	$ 653,294	$ 255,674

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

K. Compensated Absences

Compensated absences at June 30, 2018 consisted of:

	Compensated Absences	Benefits	Totals
Certificated	$ 7,246	$ 1,562	$ 8,808

All amounts due after one year.

L. Commitments and Contingencies

State and Federal Allowances, Awards, and Grants

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

M. Restricted Fund Balances

Restricted balances at June 30, 2018 are as follows:

Lottery: Instructional Materials	$	24,766
Other Restricted Local		37,806
State School Facilities Projects		184,707
California Clean Energy Jobs Act		212,410
Child Nutrition: School Programs		3,797
Totals	$	463,486

N. Joint Ventures (Joint Powers Agreements)

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

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

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

Tulare County SIG Workers' Compensation JPA (TCSIG)
(workers' compensation insurance)

Tulare County School Districts' Self-Insurance Authority (TCSSIA)
(property and liability insurance)

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

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

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

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

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

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

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

Nor Cal ReLiEF, TCSIG and TCSSIA	Keenan & Associates 2355 Crenshaw Blvd., Suite 200 Torrance, CA 90501
SISC III	Self-Insured Schools of California Kern County Superintendent of Schools P. O. Box 1847

O. Subsequent Events

Implementation of New Accounting Guidance

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

GASB 83 - Certain Asset Retirement Obligations

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

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

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

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

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

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

Required Supplementary Information

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

THREE RIVERS UNION SCHOOL DISTRICT

EXHIBIT B-1

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 440,643	$ 356,955	$ 356,955	$ -
Education Protection Account Funds	27,630	27,650	27,650	-
Local Sources	656,859	748,995	748,995	-
Federal Revenue	44,335	62,758	62,655	(103)
Other State Revenue	60,360	321,402	321,402	-
Other Local Revenue	22,950	13,739	13,740	1
Total Revenues	1,252,777	1,531,499	1,531,397	(102)
Expenditures:				
Current:				
Certificated Salaries	502,000	508,132	508,132	-
Classified Salaries	165,903	169,153	169,152	1
Employee Benefits	357,147	335,566	335,566	-
Books And Supplies	51,219	34,969	34,969	-
Services And Other Operating Expenditures	162,194	180,986	180,882	104
Debt Service:				
Principal	32,986	33,230	33,228	2
Interest	4,035	4,085	4,085	-
Total Expenditures	1,275,484	1,266,121	1,266,014	107
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,707)	265,378	265,383	5
Other Financing Sources (Uses):				
Transfers Out	(22,000)	(23,005)	(23,005)	-
Total Other Financing Sources (Uses)	(22,000)	(23,005)	(23,005)	-
Net Change in Fund Balance	(44,707)	242,373	242,378	5
Fund Balance, July 1	785,590	785,590	785,590	-
Fund Balance, June 30	$ 740,883	$ 1,027,963	$ 1,027,968	$ 5

EXHIBIT B-2

THREE RIVERS UNION SCHOOL DISTRICT

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

	Fiscal Year			
	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.001%	0.001%	0.001%	0.001%
District's proportionate share of the net pension liability (asset)	$ 860,065	$ 708,024	$ 612,643	$ 470,373
State's proportionate share of the net pension liability (asset) associated with the District	510,491	256,874	211,933	177,090
Total	$ 1,370,556	$ 964,898	$ 824,576	$ 647,463
District's covered-employee payroll	$ 486,868	$ 479,203	$ 434,549	$ 420,472
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	176.65%	147.75%	140.98%	111.87%
Plan fiduciary net position as a percentage of the total pension liability	69.46%	70.00%	70.00%	60.00%

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

EXHIBIT B-3

THREE RIVERS UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year			
	2018	2017	2016	2015
Contractually required contribution	$ 70,255	$ 68,458	$ 47,438	$ 40,608
Contributions in relation to the contractually required contribution	70,255	61,917	46,466	37,337
Contribution deficiency (excess)	$ -	$ 6,541	$ 972	$ 3,271
District's covered-employee payroll	$ 486,868	$ 479,203	$ 434,549	$ 420,472
Contributions as a percentage of covered-employee payroll	14.43%	14.29%	10.92%	9.66%

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

THREE RIVERS UNION SCHOOL DISTRICT

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

	Fiscal Year			
	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.001%	0.001%	0.001%	0.001%
District's proportionate share of the net pension liability (asset)	$ 255,674	$ 231,158	$ 180,959	$ 148,573
District's covered-employee payroll	$ 147,743	$ 139,160	$ 140,357	$ 136,174
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	173.05%	166.11%	128.93%	109.11%
Plan fiduciary net position as a percentage of the total pension liability	71.87%	73.00%	79.00%	83.00%

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

EXHIBIT B-5

THREE RIVERS UNION SCHOOL DISTRICT

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

	Fiscal Year			
	2018	2017	2016	2015
Contractually required contribution	$ 22,946	$ 19,900	$ 16,671	$ 13,205
Contributions in relation to the contractually required contribution	22,946	19,111	16,635	15,998
Contribution deficiency (excess)	$ -	$ 789	$ 36	$ (2,793)
District's covered-employee payroll	$ 147,743	$ 139,160	$ 140,357	$ 136,174
Contributions as a percentage of covered-employee payroll	15.53%	14.30%	11.88%	9.70%

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

Combining Statements and Budget Comparisons as Supplementary Information

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

THREE RIVERS UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Fund	Capital Projects Fund	
	Cafeteria Fund	Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:			
Cash in County Treasury	$ 127	$ 13,221	$ 13,348
Accounts Receivable	3,748	8,297	12,045
Stores Inventories	1,178	-	1,178
Total Assets	5,053	21,518	26,571
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 79	$ 8,500	$ 8,579
Total Liabilities	79	8,500	8,579
Fund Balance:			
Nonspendable Fund Balances:			
Stores Inventories	1,178	-	1,178
Restricted Fund Balances	3,796	13,018	16,814
Total Fund Balance	4,974	13,018	17,992
Total Liabilities and Fund Balances	$ 5,053	$ 21,518	$ 26,571

THREE RIVERS UNION SCHOOL DISTRICT

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

	Special Revenue Fund	Capital Projects Fund	
	Cafeteria Fund	Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
Federal Revenue	$ 25,458	$ -	$ 25,458
Other State Revenue	1,412	-	1,412
Other Local Revenue	11,338	20,201	31,539
Total Revenues	38,208	20,201	58,409
Expenditures:			
Current:			
Pupil Services	59,419	-	59,419
General Administration	-	11,130	11,130
Capital Outlay	-	20,000	20,000
Total Expenditures	59,419	31,130	90,549
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,211)	(10,929)	(32,140)
Other Financing Sources (Uses):			
Transfers In	21,500	-	21,500
Total Other Financing Sources (Uses)	21,500	-	21,500
Net Change in Fund Balance	289	(10,929)	(10,640)
Fund Balance, July 1	4,685	23,947	28,632
Fund Balance, June 30	$ 4,974	$ 13,018	$ 17,992

THREE RIVERS UNION SCHOOL DISTRICT

EXHIBIT C-3

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Federal Revenue	$ 20,752	$ 25,458	$ 4,706
Other State Revenue	1,412	1,412	-
Other Local Revenue	11,338	11,338	-
Total Revenues	33,502	38,208	4,706
Expenditures:			
Current:			
Classified Salaries	19,419	19,418	1
Employee Benefits	14,712	14,712	-
Books And Supplies	18,335	23,042	(4,707)
Services And Other Operating Expenditures	2,247	2,247	-
Total Expenditures	54,713	59,419	(4,706)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,211)	(21,211)	-
Other Financing Sources (Uses):			
Transfers In	21,500	21,500	-
Total Other Financing Sources (Uses)	21,500	21,500	-
Net Change in Fund Balance	289	289	-
Fund Balance, July 1	4,685	4,685	-
Fund Balance, June 30	$ 4,974	$ 4,974	$ -

THREE RIVERS UNION SCHOOL DISTRICT

EXHIBIT C-4

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	$ 20,200	$ 20,201	$ 1
Total Revenues	20,200	20,201	1
Expenditures:			
Current:			
Services And Other Operating Expenditures	11,130	11,130	-
Capital Outlay	20,000	20,000	-
Total Expenditures	31,130	31,130	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,930)	(10,929)	1
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	(10,930)	(10,929)	1
Fund Balance, July 1	23,947	23,947	-
Fund Balance, June 30	$ 13,017	$ 13,018	$ 1

THREE RIVERS UNION SCHOOL DISTRICT **EXHIBIT C-5**

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other State Revenue	$ 209,445	$ 209,445	$ -
Other Local Revenue	308	308	-
Total Revenues	209,753	209,753	-
Expenditures:			
Capital Outlay	40,640	40,640	-
Total Expenditures	40,640	40,640	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	169,113	169,113	-
Other Financing Sources (Uses):			
Transfers In	1,505	1,505	-
Total Other Financing Sources (Uses)	1,505	1,505	-
Net Change in Fund Balance	170,618	170,618	-
Fund Balance, July 1	1,072	1,072	-
Fund Balance, June 30	$ 171,690	$ 171,690	$ -

THREE RIVERS UNION SCHOOL DISTRICT

EXHIBIT C-6

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
ELEMENTARY STUDENT ACTIVITIES				
ASSETS				
Cash and investments	$ 12,510	$ 46,159	$ 42,823	$ 15,846
Total Assets	$ 12,510	$ 46,159	$ 42,823	$ 15,846
LIABILITIES				
Due to student groups	$ 12,510	$ 46,159	$ 42,823	$ 15,846
Total Liabilities	$ 12,510	$ 46,159	$ 42,823	$ 15,846

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Other Supplementary Information

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

Supplementary Information Section

THREE RIVERS UNION SCHOOL DISTRICT
LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2018

The Three Rivers School District was established in 1870, and consolidated into the Three Rivers Union School District in 1927. The District is comprised of an area of approximately 712 square miles located in Tulare County. There were no major changes in the boundaries, organization or operation of the school district during the fiscal year under audit. The District currently operates one elementary school with classes from kindergarten through eighth grade.

The Board of Trustees is comprised of the following members who serve four year terms:

Governing Board

Name	Office	Term and Term Expiration
Sue Winters	President	2018
Jason Hawes	Clerk	2020
Scott Sherwood	Trustee	2018
Mark Frick	Trustee	2020
George Kulick	Trustee	2018

Administration

Susan Sherwood
Superintendent/Principal

THREE RIVERS UNION SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2018

	Second Period	Annual
TK/K-3:		
Regular ADA	53.86	52.88
Grades 4-6:		
Regular ADA	51.99	51.78
Grades 7 and 8:		
Regular ADA	32.40	32.51
ADA Totals	138.25	137.17

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

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

THREE RIVERS UNION SCHOOL DISTRICT

TABLE D-2

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2018

Grade Level	Ed. Code 46207 Minutes Requirement	Ed. Code 46207 Adjusted & Reduced	2017-18 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Transitional Kindergarten	36,000	N/A	37,590	180	N/A	Complied
Kindergarten	36,000	N/A	37,590	180	N/A	Complied
Grade 1	50,400	N/A	57,580	180	N/A	Complied
Grade 2	50,400	N/A	58,480	180	N/A	Complied
Grade 3	50,400	N/A	61,040	180	N/A	Complied
Grade 4	54,000	N/A	58,480	180	N/A	Complied
Grade 5	54,000	N/A	58,550	180	N/A	Complied
Grade 6	54,000	N/A	58,550	180	N/A	Complied
Grade 7	54,000	N/A	60,280	180	N/A	Complied
Grade 8	54,000	N/A	60,350	180	N/A	Complied

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District did not meet its target funding.

General Fund	Budget 2019 (see note 1)	2018	2017	2016
Revenues and other financial sources	$ 1,315,006	$ 1,531,397	$ 1,287,054	$ 1,342,131
Expenditures	1,411,440	1,266,014	1,531,402	1,110,246
Other uses and transfers out	22,000	23,005	18,779	13,400
Total outgo	1,433,440	1,289,019	1,550,181	1,123,646
Change in fund balance (deficit)	(118,434)	242,378	(263,127)	218,485
Ending fund balance	$ 909,534	$ 1,027,968	$ 785,590	$ 1,048,717
Available reserves (see note 2)	$ 635,082	$ 752,986	$ 785,590	$ 1,048,717
Available reserves as a percentage of total outgo (see note 3)	44.3%	58.4%	50.7%	93.3%
Total long-term debt	$ 1,208,699	$ 1,235,185	$ 1,058,137	$ 42,317
Average daily attendance at P-2	138	138	135	139

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

The fund balance of the general fund has decreased by $20,749 (2.0%) over the past two years. The fiscal year 2018-2019 budget projects a decrease of $118,434 (11.5%). For a district of this size, the State recommends available reserves of at least 5% of total general fund expenditures, transfers out and other uses (total outgo).

The District has incurred an operating deficit in one of the past three years, and projects a deficit during the 2018-2019 fiscal year. Total long-term debt has increased by $1,192,868 over the past two years.

Average daily attendance has decreased by 1 over the past two years. During fiscal year 2018-2019, no change in average daily attendance is anticipated.

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

THREE RIVERS UNION SCHOOL DISTRICT

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

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

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

SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2018

No charter schools are chartered by Three Rivers Union School District.

Charter Schools	Included In Audit?
None	N/A

Subrecipients
The District did not provide any awards to subrecipients.

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

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

NOTE 1 - Early Retirement Incentive Program

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

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Other Independent Auditor's Reports

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

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

Board of Trustees
Three Rivers Union School District
Three Rivers, California 93271

Members of the Board of Trustees:

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

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Linger, Peterson & Shrum

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

Linger, Peterson & Shrum
Certified Public Accountants
575 East Locust Avenue, Suite 308
Fresno, California 93720-2928

Independent Auditor's Report on State Compliance

Board of Trustees
Three Rivers Union School District
Three Rivers, California 93271

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2018.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States; and the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Compliance Requirements	Procedures in Audit Guide Performed?
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
After School	N/A
Before School	N/A
General Requirements	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
CHARTER SCHOOLS:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform testing for Independent Study as it was under the material amount for testing.

Opinion on State Compliance

In our opinion, Three Rivers Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2018.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Linger, Peterson & Shrum

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

Findings and Recommendations Section

THREE RIVERS UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?	____ Yes	N/A No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	N/A None Reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?	____ Yes	N/A No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster

The District had less than $750,000 in federal expenditures for the year ended June 30, 2018.

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee?	____ Yes	N/A No

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting?	____ Yes	X No

Type of auditor's report issued on compliance for state programs: Unmodified

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of "Government Auditing Standards".

There were no Financial Statement findings and questioned costs.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no Federal award findings and questioned costs.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings pertaining to noncompliance with State program rules and regulations.

There were no State award findings and questioned costs.

THREE RIVERS UNION SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented

There were no prior year findings and questioned costs.

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT TULARE COUNTY

*The Bonds are not a debt of Tulare County (the **"County"**). The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (i) levy and collect ad valorem taxes for payment of the Bonds in accordance with the law; and (ii) transmit the proceeds of such taxes to the paying agent for the payment of the principal of and interest on the Bonds at the time such payment is due.*

General Information

The County. Founded in 1852, the County is located in California's San Joaquin Valley, a large agriculturally rich basin that runs through the center of the State. The County is the second top agricultural producing county in the nation. It is surrounded by Fresno County to the north, Inyo County to the east, Kern County to the south and Kings County to the west. Almost half the entire county area is devoted to national parks and forests, including the famous Sequoia and Kings Canyon National Parks, Inyo and Sequoia National Forests. These natural resources provide year-round recreational opportunities for hiking, fishing, skiing and camping.

Population

The population of the County increased to 479,112 as of January 1, 2019, according to the California Department of Finance estimates.

TULARE COUNTY
Population Estimates

Area	2015	2016	2017	2018	2019
Dinuba	24,173	24,602	24,687	24,918	25,328
Exeter	10,940	11,051	11,094	10,984	11,002
Farmersville	11,251	11,358	11,399	11,341	11,358
Lindsay	12,826	12,990	13,043	13,062	13,358
Porterville	56,935	60,055	60,114	60,241	60,260
Tulare	62,742	63,456	64,591	65,503	66,967
Visalia	130,318	132,084	133,841	136,403	138,207
Woodlake	7,636	7,659	7,711	7,793	7,891
Unincorporated	145,212	143,176	144,236	145,101	144,741
Total County	**462,033**	**466,431**	**470,716**	**475,346**	**479,112**

Source: State Department of Finance estimates (as of January 1).

Employment and Industry

The District is included in the Visalia-Porterville Metropolitan Statistical Area ("**MSA**") which includes the entire County. The unemployment rate in the County was 9.8%, unchanged from the year-ago estimate of 9.8%. This compares with an unadjusted unemployment rate of 3.9% for California and 3.3% for the nation during the same period.

The table below provides information about employment by industry type for the MSA for calendar years 2014 through 2018.

VISALIA-PORTERVILLE METROPOLITAN STATISTICAL AREA
(COUNTY OF TULARE)
Annual Average Civilian Labor Force,
Unemployment and Employment by Industry
(March 2018 Benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force (1)	198,600	204,100	204,000	205,600	204,600
Employment	172,600	180,600	181,100	184,200	184,900
Unemployment	26,100	23,500	22,800	21,400	19,600
Unemployment Rate	13.1%	11.5%	11.2%	10.4%	9.6%
Wage and Salary Employment: (2)					
Agriculture	34,900	39,100	38,800	38,700	39,300
Mining, Logging, Construction	4,500	4,900	5,300	5,700	6,100
Manufacturing	12,000	12,300	12,800	12,800	13,000
Wholesale Trade	3,800	3,900	4,100	4,200	4,300
Retail Trade	15,800	15,900	16,200	16,200	16,300
Transportation, Warehousing and Utilities	6,400	6,900	6,900	7,300	7,400
Information	900	1,000	1,000	900	900
Financial Activities	3,900	4,000	4,100	4,100	4,000
Professional and Business Services	10,300	10,900	11,100	12,000	11,000
Educational and Health Services	13,700	13,800	14,400	15,500	16,200
Leisure and Hospitality	10,600	11,100	11,500	11,500	11,700
Other Services	3,300	3,400	3,500	3,500	3,500
Federal Government	1,000	1,000	1,000	1,000	1,100
State Government	1,700	1,700	1,800	1,800	1,700
Local Government	26,800	27,500	28,500	29,000	29,500
Total all Industries (3)	149,600	157,600	160,900	164,100	165,900

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: California Employment Development Department.

Largest Employers

The table below lists the major employers in the County as of May 2019, listed alphabetically.

COUNTY OF TULARE
Major Employers
(Listed Alphabetically)
May 2019

Employer Name	Location	Industry
American	Visalia	Construction Companies
College of the Sequoias	Visalia	Schools-Universities & Colleges Academic
Eagle Mountain Casino	Porterville	Casinos
Haagen-Dazs Shop	Tulare	Ice Cream Parlors
Jostens	Visalia	Class Rings (Mfrs)
Kaweah Delta Medical Ctr	Visalia	Hospitals
Kings Canyon National Park	Kings Cyn Nat Pk	Government Offices-Us
Land O'Lakes Indl Cheese	Tulare	Cheese Processors (mfrs)
Monrovia Nursery Co	Woodlake	Nurseries-Plants Trees & Etc-Wholesale
Porterville Developmental Ctr	Porterville	Hospitals
Ruiz Food Products Inc	Dinuba	Mexican Food Products-Manufacturers
Saputo Cheese USA Inc	Tulare	Cheese Processors (mfrs)
Sierra View District Hospital	Porterville	Hospitals
Tulare County Child Care Program	Visalia	Child Care Service
Tulare County Sheriff	Visalia	Government Offices-County
Tulare High School District	Tulare	School Districts
Tulare Local Health Care Dist	Tulare	Health Care Management
Tulare Regional Medical Ctr	Tulare	Hospitals
US Cotton Classing Office	Visalia	Government Offices-Us
Valley Labor Svc	Dinuba	Labor Contractors
Walmart	Porterville	Department Stores
Walmart Distribution Ctr	Porterville	Distribution Centers (Whls)
Wawona Packing Co	Cutler	Fruits & Vegetables-Growers & Shippers

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition.

Commercial Activity

Total taxable sales during the first quarter of calendar year 2018 in the County were reported to be $1,687,164,116, a 4.76% increase over the total taxable sales of $1,610,466,809 reported during the first quarter of calendar year 2017. Annual figures are not yet available for 2018.

TULARE COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	5,816	$3,746,161	8,334	$5,788,584
2014	5,869	3,902,553	8,351	6,150,669
2015(1)	3,071	3,998,589	9,284	6,275,434
2016	6,124	4,377,472	9,232	6,688,260
2017	6,005	4,810,563	9,081	7,105,732

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Construction Activity

Provided below are the building permits and valuations for the County for calendar years 2013 through 2017. Annual figures for 2018 are not yet available.

COUNTY OF TULARE
Total Building Permit Valuations
Calendar Years 2013 through 2017
(valuations in thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$171,844.3	$177,971.7	$242,048.5	$435,293.6	$246,860.6
New Multi-family	6,959.8	23,630.4	14,041.5	13,595.9	30,428.8
Res. Alterations/Additions	11,590.2	14,034.2	14,690.6	19,569.3	14,274.9
Total Residential	190,394.3	215,626.3	270,780.6	468,458.8	291,564.3
New Commercial	93,113.5	30,522.1	30,008.4	137,763.5	50,633.2
New Industrial	800.0	0.0	892.0	9,571.2	4,528.3
New Other	100,590.4	51,676.9	71,771.9	125,445.8	43,334.0
Com. Alterations/Additions	39,067.5	43,259.7	46,290.8	31,746.2	59,058.3
Total Nonresidential	233,571.4	125,458.7	148,963.1	304,526.7	157,553.8
New Dwelling Units					
Single Family	834	847	1,129	1,159	1,136
Multiple Family	60	296	132	156	220
TOTAL	894	1143	1,261	1,315	1,356

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and non-tax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County of Tulare, the State and the United States for the period 2015 through 2019.

COUNTY OF TULARE, STATE OF CALIFORNIA
AND UNITED STATES
Effective Buying Income
As of January 1, 2015 through 2019

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	County of Tulare	$6,301,258	$36,706
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	County of Tulare	$6,387,143	$36,155
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	County of Tulare	$7,199,514	$40,423
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	County of Tulare	$7,393,927	$41,277
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	County of Tulare	$7,753,456	$43,691
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

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

Transportation

Situated on Highway 99, the County offers excellent transportation access routes throughout California and the Western United States. There are 200 major carriers within 45 minutes of the City of Visalia who provide interstate trucking services. Many communities in the County offer airports for corporate service. Air service is available approximately 45 minutes north at Fresno Yosemite International Airport. San Francisco International Airport is about 3-1/2 hours driving time away.

Union-Southern Pacific, Burlington Northern-Santa Fe Railroads are the San Joaquin Valley Rail companies serve Tulare County with extensive spur track, piggyback service, reciprocal switching, and refrigerated shipping.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

May 29, 2019

Board of Trustees
Three Rivers Union School District
41932 Sierra Drive
Three Rivers, California 93271

OPINION: $2,100,000 Three Rivers Union School District
General Obligation Bonds, Election of 2018, Series A

Members of the Board of Trustees:

We have acted as bond counsel to the Three Rivers Union School District (the "District") in connection with the issuance by the District of $2,100,000 principal amount of Three Rivers Union School District General Obligation Bonds, Election of 2018, Series A, dated the date hereof (together, the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Trustees adopted on April 10, 2019 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The District is duly created and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution and the Bonds.

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

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Tulare is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property that is taxable at limited rates).

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax.

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

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds, and in order for the Bonds to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds, or may cause the Bonds not to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

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

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$2,100,000
THREE RIVERS UNION SCHOOL DISTRICT
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Three Rivers Union School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on April 10, 2019 (the "**Resolution**"). Wilmington Trust, National Association is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

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

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

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently being March 31 based on a fiscal year ending June 30).

"*Dissemination Agent*" means, initially, Isom Advisors, a Division of Urban Futures, Inc. or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means Wilmington Trust, National Association, Costa Mesa, California, or any successor thereto.

"*Participating Underwriter*" means O'Connor & Company Securities, Inc., the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020 with the report for the 2018-19 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB in a timely manner, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

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

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

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and the District's most recently adopted budget. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the District for the preceding fiscal year or, if available at the time of the filing of the Annual Report for the current fiscal year, which shall include:

(i) adopted budget or a summary thereof;

(ii) assessed valuation of taxable properties in the District;

(iii) the top twenty property owners in the District based on assessed valuation; and

(iv) secured charges and delinquencies, unless the County of Tulare joins the Teeter Plan with respect to the District's general obligation bonds.

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

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

Section 5. Reporting of Significant Events.

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

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

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

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc. Any Dissemination Agent may resign by providing 30 days’ written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

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

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

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

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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

Date: May 29, 2019

THREE RIVERS UNION SCHOOL DISTRICT

By: ______________________________
Name:_____________________________
Title:_____________________________

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT

ISOM ADVISORS,
A DIVISION OF URBAN FUTURES, INC.

By: ______________________________
Name:_____________________________
Title:_____________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Three Rivers Union School District (the "District")
Name of Bond Issue:	Three Rivers Union School District General Obligation Bonds, Election of 2018, Series A
Date of Issuance:	May 29, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of May 29, 2019. The District anticipates that the Annual Report will be filed by _____________.

Dated:__________________

DISSEMINATION AGENT:

By: __________________________
Its: __________________________

cc: Paying Agent and Participating Underwriter

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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

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

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

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

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APPENDIX G

TULARE COUNTY INVESTMENT POLICY
AND INVESTMENT REPORT

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TULARE COUNTY

Annual Investment Policy of the Pooled Investment Fund

FISCAL YEAR 2018/2019

Cass Cook
Auditor-Controller / Treasurer-Tax Collector

http://www.tularecounty.ca.gov/treasurertaxcollector/index.cfm/treasurer/documents/

PREFACE

This policy has been researched, prepared, and written under the direction of the Auditor-Controller/Treasurer-Tax Collector and the Chief Deputy Treasurer-Tax Collector of the County of Tulare. Each issue addressed in this policy is considered to be of timely and significant importance to the administration of the investment portfolio. While some portions of this policy are a restatement of State law, it is viewed that these restatements are integral to the purpose and flow of this policy.

The following statements are intended to ensure the achievement of the purpose, goals, and objectives of the investment strategy in an orderly, accurate manner. However, there is no guarantee that problems, errors or losses will not arise in the course of administering the investment of idle funds.

Among the obstacles and deterrents that may affect the achievement of the goals and objectives of the portfolio include but are not limited to the following: unforeseen national or international events or crises, deviation of actual cash flow from forecasted cash flow, unexpected demands on cash flow, policies made with regard to investment in local depositories, errors in data or advice used to make decisions, as well as any other unforeseen aberrations or event that may have an effect on local, national or international financial markets, economies or politics, which in turn has a decided effect upon the portfolio.

Keeping in mind the obstacles and deterrents in pursuing portfolio goals and objectives, this policy is designed to achieve a reasonable rate of return over an economic cycle, consistent with limited risk and prudent investment practices.

Approval Schedule

- County Treasury Oversight Committee
  Approved – May 3, 2018
- Tulare County Board of Supervisors
  Approved – June 26, 2018

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1.0 POLICY

The purpose of the Investment Policy is to facilitate the accomplishment of the County Treasurer's goals and objectives with regard to the investment of idle funds, to provide a framework to carry out the business of administering and investing the idle funds of the County Treasury, and to improve communications between everyone involved and interested in the process of investing and administering the idle funds of the County Treasury.

1.1 MAINTENANCE OF PUBLIC TRUST

The Treasurer has been entrusted with the safekeeping of public monies received from public sources. The County Treasurer shall exercise a high degree of professionalism while managing the investment portfolio, to ensure and sustain public confidence, remembering that both the investment instruments and the methods of transacting investment business are subject to public review and scrutiny.

1.2 PUBLIC INQUIRY

The County Treasurer's portfolio and related transactions are a matter of public record. All districts whose funds are deposited with the Treasurer or any member of the public may obtain a copy of the CAFR, the Treasury Annual Investment Policy, and monthly and quarterly reports including a complete listing of our holdings by visiting the County's web site under the Treasurer department..

2.0 SCOPE

The following investment policy governs the deposit, safekeeping, and investment of all funds under the control of the County Treasurer, as well as all related transactions and investment activities. It does not apply to bond funds or other assets belonging to the County of Tulare, or other affiliated public agency assets that reside outside of the County Treasury Pool. The County's Comprehensive Annual Financial Report (CAFR) identifies the fund types incorporated in the County's Investment Pool to include:

1. General Fund
2. Special Revenue Funds
3. Enterprise Funds
4. Internal Service Funds
5. Fiduciary Funds
6. Any new funds created by the Board of Supervisors

3.0 PRUDENCE

The administration of idle funds of the Tulare County Treasurer, as a fiduciary trustee, shall be performed in accordance with the prudent investor standard as stated in California Government Code §27000.3, §53600.3 and §53646:

> "When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the county treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and other depositors."

Prudence shall be applied in the context of portfolio management. Investment officers and their advisors acting in accordance with written procedures and exercising due diligence, shall be relieved of personal responsibility for individual security's credit risk or market price changes; provided that deviations from expectation are reported to the Treasurer in a timely fashion and appropriate action is taken to control adverse developments.

4.0 LEGAL COMPLIANCE

All investments shall be made in accordance with the County Treasurer's Investment Policy, California Government Code §27000 et. seq., and §53600 et. seq., and any forthcoming amendments or additions to the California Government Code in relation to the investment of local agency idle funds.

5.0 PRIMARY GOALS

The Treasurer's primary goals for the investment of idle funds (the portfolio) are, in order of priority as per California Government Code §27000.5 and §53600.5:

1. **Safety** – Safety of capital shall mean the safeguarding of capital through the selection of investments and investing procedures to best protect against loss arising from default, fraud, or error. This objective will be obtained through diversification and investment in securities of high quality to minimize credit risk and loss of principal.
2. **Liquidity** – The investment portfolio shall remain sufficiently liquid to enable the Treasury Pool to meet the operating requirements of its participants which might be reasonably anticipated and shall always have the ability to convert sufficient securities in the portfolio to cash to meet contingency needs.
3. **Yield** – The investment portfolio shall be designed with the objective of attaining the highest rate of return, taking into consideration income preservation, current market conditions, the present phase of the market cycle, both present and future cash flow needs, and the other primary goals of Safety and Liquidity.

6.0 DELEGATION OF AUTHORITY

The authority to invest /reinvest is delegated for a one year period by the Board of Supervisors to the County Treasurer until revoked or the authority expires in accordance with California Government Code §27000.1, §53607. , §53601 §53635 and, the Tulare County Ordinance 1-03-2061, the County Treasurer shall be responsible for the investment of the County's funds (including the purchase, sale, or exchange of securities), the monitoring and reviewing of all investments for consistency under this investment policy.

The Treasurer shall have the responsibility to execute investment transactions on a day to day basis and shall establish a system of internal controls to regulate the investment activities. When circumstances warrant, the responsibility to execute investment transactions may be delegated to the Chief Deputy Treasurer/Tax Collector, Chief Accountant-Treasury and/or the Investment Officer. The County may engage the services of one or more external investment managers to assist in the management of the Investment portfolio in a manner consistent with the County's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Each external manager assigned any portion of the portfolio must individually comply with the investment parameters established by this policy. Such managers must be registered under the Investment Advisors Act of 1940.

NO PERSON MAY ENGAGE IN AN INVESTMENT TRANSACTION EXCEPT AS PROVIDED UNDER THE LIMITS OF THIS POLICY AND THE PROCEDURES ESTABLISHED BY THE AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR.

7.0 CONFLICT OF INTEREST

The Auditor-Controller/Treasurer-Tax Collector, the Treasury Oversight Committee, and Treasury staff involved with the investment process shall not engage in any profession, trade, business or occupation which is incompatible or involves a conflict of interest with his/her duties; or which may reflect unfavorably on the County, the appointing authority, or on fellow employees.

California Government Code §27133(d) requires limits to be set on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the County Treasury conducts business by any member of the County Treasury Oversight Committee and shall require the completion of an annual Statement of Economic Interests by each member to be filed with the member's respective agency. This policy establishes a limit on the amount of honoraria, gifts and gratuities that a committee member may receive from a single source in a calendar year that is consistent with the Fair Political Practices Commission. This limit may be in addition to the limits set by a committee member's own agency or by state law.

As part of the Treasury Oversight Committee audit, annual compliance confirmation are sent to each committee member. Each member is requested to confirm they are or are not in compliance with Government Code §27132.1 and §27132.2 which states;

Government Code §27132.1 a member may not be employed by an entity that has contributed to a re-election campaign of the local treasurer or a member of the legislative body of the local agency in the previous three years; Government Code §27132.2 a member may not directly or indirectly raise money for the county treasurer or a member of the board of supervisors while a member of the committee.

8.0 BROKER/DEALER AND DEPOSITORY INSTITUTION RELATIONSHIPS

8.1 APPROVED LIST OF BROKER/DEALER INSTITUTIONS

The County Treasurer shall approve and maintain a list of broker/dealers and direct issuers authorized to provide investment services to the County pursuant to California Government Code §53601.5. All investments must be made with institutions that have been approved by the County Treasurer prior to investing. The County's external investment advisors may use their own list of approved broker/dealers and financial institutions for investment purposes. The advisor shall submit the list of approved broker/dealers to the County on a quarterly basis for review. The criteria for approval is described in a separate *Investment Guidelines and Procedures Manual* maintained by the Treasurer's Office.

8.2 APPROVED LIST OF DEPOSITORY INSTITUTIONS

The County Treasurer shall approve and maintain a list of depository institutions authorized to purchase Certificates of Deposit and Time Deposits. This list will be reviewed on an annual basis by the County Treasurer. An institution must meet the following criteria to be considered by the County Treasurer for deposits described in section (L) of the AUTHORIZED INVESTMENT INSTRUMENTS section of this policy:

1) The institution must be located in California.
2) The institution must have current financial information, a signed contract and waiver on file with the agency.
3) The institution must maintain a net worth to asset ratio of at least 3% and have a positive earnings record.
4) The institution must be at least 3 years old.
5) For collateralized investments, the institution must have at least $100 million in assets and collateralize their TCD's in accordance with §53651 and §53652 of the California Government Code.
6) The institution shall have received an overall rating of not less than "satisfactory" in its most recent Community Reinvestment Act evaluation.

9.0 TERMS FOR FUNDS INVESTED WITH THE POOL

California Government Code §27133(h) and §27136requires the County Treasurer to define the limits and conditions under which local agencies having their money in the Investment Pool may deposit and withdraw their funds. The Government Codes confer upon the Treasurer the final authority as to how funds for which the Treasurer is held responsible for overseeing, are to be invested. The Treasurer must take into account the current financial condition of the sum total of the Pools' agencies, the conditions of the market place, the cash flow projections as well as the potential for changes in the Pool's cash needs. The Treasurer must protect the earnings of each individual local agency in the Pool, and also see that no decision will reward a particular agency or group of agencies within the Pool at the expense of another or others within the Pool. If the Treasurer determines that a request for a withdrawal of funds for a specific or outside investment is not, in the Treasurer's opinion, in the best interest of a particular agency, or is overly detrimental to the Pool as a whole, the Treasurer must legally deny the request, or find a means of neutralizing the harm to all those affected.

9.1 FUNDS OF AGENCIES REQUIRED TO INVEST WITHIN THE POOL

Funds will be accepted at all times, in the manner prescribed, from those agencies where the County Treasurer is also the Treasurer for the local agency, or from any agencies that by statute must place their money in the County Investment Pool. Funds will earn interest based on the average daily balance apportioned on a quarterly basis.

The Treasury Pool's cash management plan provides for adequate liquidity to cover day-to-day operations of pool participants. The County Treasurer will honor all requests to withdraw funds for normal operations that are approved by the County Auditor at a one-dollar net asset value. To accommodate large withdrawals that exceed those normally associated with operations, the following written notification requirements must be followed to allow for adjustments to the liquidity position of the pool.

- Withdrawals of up to $ 5,000,000………………………24 hours
- Withdrawals of up to $10,000,000………………………48 hours
- Withdrawals of up to $10,000,001 and above ………...72 hours

Should a legislative body of a local agency determine that certain funds will not be required by the local agency for a period of at least one year, the local agency may petition the County Treasurer to invest that portion of the local agency's excess funds in a specific investment under the control of the County Treasurer. Such a petition should specifically state the nature of the funds the legislative body wishes to invest, and the reasons why the legislative body believes a specific investment is a preferable and viable alternative to the general Pools participation. Should the Treasurer determine that the request for a specific investment is valid and not overly counter-productive as to the Pool as a whole, the Treasurer will consult with the local agency's legislative body, or its appointed representative, to suggest and determine exactly what investment(s) should be purchased to fulfill the needs of the local agency. The Treasurer will then purchase the specific investment(s) upon receipt of a written resolution issued by the legislative body of the local agency, requesting the specific investment. The resolution must acknowledge that the local agency's legislative body takes full responsibility for the decision to purchase the specific investment(s), and that should conditions change requiring a sale prior to maturity of the specific investment(s), any loss that might be suffered as a result, will be solely that of the local agency, and that this loss shall not be shared by the Pool as a whole, nor by the County.

Under language added to the California Government Code §27133(h) and §27136 in 1995, it is not permissible for local agency legislative bodies, required to have their funds within the Pool, to withdraw funds from the Pool in order to invest outside the County Pool in any manner, at any time without specific permission of the Treasurer. Any such investments shall be either terminated and all funds returned to the Pool, or the securities so purchased must be transferred to the custody of the County Treasurer immediately. Upon receipt of any such securities by the Treasurer, the Treasurer shall at the Treasurer's option, place the investment in the Pool, terminate the investment at the current market value and credit the local agency with the proceeds, or place the security in the name of the local agency as a specific investment.

9.2 MONEY VOLUNTARILY INVESTED WITH THE POOL

Pursuant to Government Code §53684, the County Treasurer shall limit the amounts and set conditions under which money from local agencies, not required to have their funds in the investment Pool, may deposit and withdraw voluntarily invested funds. Funds from local agencies within the County, voluntarily wishing to participate in the Pool, will not be accepted under normal conditions unless the Treasurer is assured that these funds are in lieu of longer term investments. Such deposits are subject to withdrawal restrictions for a set minimal term as to be agreed to prior to the funds being accepted into the Pool, and may not be withdrawn at any time without a minimum of 30 days notice of "intent to withdraw".

Under normal conditions, voluntary money withdrawn from the Pool will be disbursed on a dollar for dollar basis, plus appropriate interest, but under adverse market conditions, when the Treasurer deems the withdrawal of voluntary funds would cause undue losses or significantly lower earnings for those local agencies remaining within the Pool, the Treasurer may require one or more of the following remedies:

1. Restrict the percentage of funds that may be withdrawn in any given month;
2. Restrict the rate at which the funds may be withdrawn;
3. Require the local agency withdrawing their funds to accept their funds based on the current market value of the overall Pool.

These terms will be agreed to and contracts signed prior to any voluntary money being accepted into the County Investment Pool. Such terms may exceed minimum requirements set forth in the Government Codes.

Specific investments are not normally permitted with voluntary funds, though on a cost recovery basis and under circumstances that dictate such activity, exceptions may be permitted.

9.3 INCOME APPORTIONMENT

Pursuant to Government Code §27013 ansd §53684.b, the County Treasurer calculates and records all interest earned, received, and accrued for the Investment Pool on a daily basis. The apportionment of investment earnings to the various participants in the Investment Pool is done at the end of each calendar quarter. The apportioned amount is computed as follows:

$$\text{Participating Share of Pool Income} = \frac{\text{(Fund's Avg. Daily Equity x Pool Total Income)}}{\text{Total Pool Average Daily Equity}}$$

10.0 AUTHORIZED INVESTMENT INSTRUMENTS

The following defines in detail the parameters of each approved investment type. Any instrument not expressly permitted is prohibited. Specific limitations are provided on the maximum allowable percentage per investment category and further limitations by issuer within each investment category. With the exception of insured and/or collateralized bank deposits, overnight repurchase agreements, U.S. Government securities, including its agencies and instrumentalities, and authorized pools, no more than 10% of the County's aggregate investment portfolio may be invested in securities of a single issuer. Where there is a percentage limitation for a particular category of investment, that percentage is only applicable at the time of purchase. If at the end of any quarter, any percentage in any restricted security is higher than the maximum allowed by category at time of purchase, the Treasurer shall take action within 90 days, to adjust the portfolio holdings so that the percentages are brought within the percentage limits.

A. Bonds issued by the County of Tulare, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the County of Tulare or by a department, board, agency, or authority of the County of Tulare.

B. United States Treasury bills, notes, bonds or certificates of indebtedness or those for which faith and credit of the United States are pledged for principal and interest.

C. Registered treasury notes or bonds of any of the 49 United States in addition to the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to the State of California. No more than 30% of the total portfolio may be invested in a combination of securities authorized by this paragraph and paragraph D, below.

D. Bonds, notes or warrants of the State of California and any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency. No more than 30% of the total portfolio may be invested in a combination of securities authorized by this paragraph and paragraph C, above.

E. Federal agency or United States government - sponsored enterprise obligation, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government - sponsored enterprises, per California Government Code §53601. No more than 75% of the total portfolio may be invested in Agency Securities.

F. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as Bankers Acceptances, the short-term paper of which is rated in the highest category by a nationally recognized rating service. Purchases of Bankers Acceptances may not exceed 180 days maturity or 40 percent of the total portfolio which may be invested pursuant to this section.

G. Commercial Paper. Commercial paper (excluding Rule 144A issues) of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

    (1) The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation. (B) Has total assets in excess of five hundred million dollars ($500,000,000). (C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a nationally recognized statistical-rating organization.

    (2) The entity meets the following criteria: (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (B) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization.

    Purchases of eligible commercial paper shall not exceed 270 days maturity nor represent more than 5 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 40 percent of the County's total portfolio. (California Government Code §53635)

H. Negotiable Certificates of Deposit (California Government Code §53601.(i)) issued by a nationally or state-chartered bank or a savings association or federal association or a state or federal credit union or a federally-licensed or state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated in a rating category of "A" or its equivalent or better by a nationally recognizing rating service. Purchases of negotiable certificates of deposit may not exceed 30 percent of the total portfolio which may be invested pursuant to this section. For the purpose of this section, negotiable certificates of deposit do not come within Article 2 of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government code, except that the amount so invested shall be subject to the limitations of §53638.

I. Authorized by California Government Code §53601 and/or §53635.

(1) Investment in Repurchase Agreements or Reverse Repurchase Agreements of any securities authorized by California Government Code §53601 & §53635.

(2) Investment in Repurchase Agreements may be made on any investment authorized in California Government Code §53601 and §53635 when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily fluctuation, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day. No more than 50% of the total portfolio may be invested in overnight repurchase agreements.

(3) Reverse Repurchase Agreements may be utilized only when the following conditions are met: The security to be sold on Reverse Repurchase Agreement has been owned and fully paid for by the County of Tulare for a minimum of 30 days prior to sale, and the total of all Reverse Repurchase Agreements on investments owned by the local agency does not exceed 20 percent of the base portfolio, and the agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of the security using a Reverse Repurchase Agreement and the final maturity date of the same security.

(4) A Reverse Repurchase Agreement may not be entered into as a means of financing or paying for the security sold on a Reverse Repurchase Agreement, but may only be entered into in order to supplement the yield on securities owned and previously paid for or to provide funds for the immediate payment of an obligation of Tulare County.

(5) Investments in Reverse Repurchase Agreements or similar investments in which the local agency sells securities prior to purchase, may only be made upon prior approval of the Board of Supervisors of the County of Tulare and are limited to no more than 20% of the total portfolio.

(6) (a) “Repurchase Agreement” means a purchase of securities by the agency pursuant to an agreement by which the counter party seller will repurchase the securities on or before a specified date and for a specified amount and the counter party will deliver the underlying securities to the agency’s pool by book entry, physical delivery, or by third party custodial agreement. The transfer of underlying securities to the counter party bank’s customer book-entry account may be used for book-entry delivery.

(b) “Securities”, for the purpose of repurchase, means securities of the same issuer, description, issue date, and maturity.

(c) “Reverse Repurchase Agreement” means a sale of securities by the County Treasury pursuant to an agreement by which the agency will repurchase the securities on or before a specified date, and includes other comparable agreements.

(d) The base value of the County Treasury Pools portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pools by all pool participants, excluding any amounts obtained through selling securities by way of Reverse Repurchase Agreements or other similar borrowing methods.

(e) The spread is the difference between the cost of funds obtained using the Reverse Repurchase agreement and the earnings obtained on the reinvestment of the funds.

J. Medium-Term Notes with a maximum of five years' maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized rating service. Purchases of Medium-Term Notes may not exceed 30 percent of the agency's total portfolio which may be invested.

K. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment these companies shall either:

(1) Attain the highest ranking or highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(2) Have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market funds with assets under management in excess of five hundred million dollars ($500,000,000). The purchase price of shares of beneficial interest purchased, shall not include any commission that these companies may charge and shall not exceed 15 percent of the agency's total portfolio which may be invested pursuant to §53635 of the California Government Code.

L. FDIC insured or collateralized savings accounts, market rate accounts, certificates of deposits and other bank deposits in a state or national bank, savings association or federal association, a state or a federal credit union located in California. Any financial institution accepting County funds for deposit must comply with the requirements of Government Code §53630 et seq., including collateralization of deposits. The County may waive the collateralization requirements for any portion of the deposit that is covered by Federal Deposit Insurance. As provided by Government Code §53649, the County shall have a signed contract with each financial institution that has County funds on deposit.

M. Deposits at a commercial bank, savings bank, savings and loan association, or credit union placed through a deposit placement service that comply with the requirements under Government Code §53601.8 and §53635.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by Federal Deposit Insurance.

N. Local Agency Investment Fund (LAIF). The maximum balance that can be held in the fund is the maximum amount permitted by State Treasury policy.

O. Managed Investment Pool's pursuant to California Government Code §53601(p) for which shares of beneficial interest issued by a joint powers authority organized pursuant to California Government Code §6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

P. Asset Backed Securities, Mortgage pass through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease backed certificates, consumer receivable pass-through certificates, or consumer receivable backed bonds, provided that such securities :

(1) Have a maximum remaining stated final maturity of five years.

(2) Be issued by an issuer rated in a rating category of "A" or its equivalent or better for the issuer's debt as provided by a nationally recognized statistical-rating organization.

(3) Be rated in a rating category of "AA" or its equivalent or better by a nationally recognized statistical-rating organization.

(4) Purchase of securities authorized by this subdivision may not exceed an accumulative total of 20 percent of the total portfolio. Non-Federal Agency issuers under this subsection are further limited to 10% of the portfolio.

(5) Purchase of securities authorized by this section is limited to the portion of the portfolio managed by an Investment Advisor on behalf of the County Treasurer.

Q. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by a nationally recognizing rating service and shall not exceed 30 percent of the total portfolio that may be invested pursuant to this section.

11.0 INELIGIBLE SECURITIES

1. Securities Lending
2. Inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages.
3. A local agency shall not invest any funds in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited investments purchased prior to January 1, 1996 until their maturity dates.
4. Financial futures and options.

12.0 REVIEW AND ANALYSIS OF PROSPECTIVE INVESTMENTS

The securities held by the Treasurer must be in compliance with Section 10 Authorized Investment Instruments at the time of purchase. Because some securities may not comply with Section 10 subsequent to the date of purchase, the Treasurer shall at least quarterly review the portfolio to identify those securities that do not comply. The Treasurer report to the Board of Supervisors and to its oversight committee, major and critical incidences of noncompliance identified through the review of the portfolio.

Due to the complexity of the various investment instruments available and uncertainty of market conditions the Treasurer may seek professional advice in making investment decisions in order to optimize investment selections, subject to §1-03-2062 of the Tulare County Ordinance Code.

13.0 COMPETITIVE BIDDING

When executing a transaction, the County and its external investment advisors shall seek bids or offerings from at least three broker/dealers on the approved list.

14.0 SAFEKEEPING

As required by California Government Code §53601, §53608 and §53635 all investment instruments in a negotiable, bearer, registered, or non-registered format, shall be delivered to the County of Tulare’s custodial bank by using book entry or physical delivery. The “delivery vs. payment” purchase procedure shall be used. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts. No securities will be held by the broker/dealer from whom they were purchased.

15.0 POOL INVESTMENT PARAMETERS

Allowable Instruments	County Maximum % of Portfolio	Code Maximum % of Portfolio	County Maximum Maturity	Code Maximum Maturity	County % per Issuer[1]
U.S. Treasury Obligations (§53601(b))	100	100	5 Years	5 Years	100
U.S. Agency Obligations or U.S. Government Sponsored Enterprises (§53601(f))	75	100	5 Years	5 Years	100
Supranational Obligations (§53601(q))	30	30	5 Years	5 Years	10
Medium Term Notes (Corporate) (§53601(k))	30	30	5 Years	5 Years	10
Mortgage and Asset Backed Securities ((§53601(o))	20	20	5 Years	5 Years	10
Bankers' Acceptances (§53601(g))	40	40	180 Days	180 Days	10
Negotiable Certificates of Deposit (§53601(i))	30	30	5 Years	5 Years	10
Repurchase Agreement (§53601(j))	50	None	30 Days	1 Year	N/A
Reverse Repurchase Agreements (§53601(j))	20	20	92 Days	92 Days	10
Bank Time Deposits (§53630 et seq.)	30	None	3 Years	None	25
Bank Deposits – through deposit placement service (§53601.8)	30	30	3 Years	None	25
Money Market Accounts (§53630 et seq.)	50	None	N/A	None	25
Commercial Paper (§53601(h) and (§53635(a))	40	40	270 Days	270 days	10
Money Market Funds (§53601(l))	15	20	N/A	N/A	10
Obligations issued by a State or local agencies within California or any of the other 49 United States (§53601(d)(e))	30	100	5 Years	5 Years	10
Tulare County (§53601(a))	15	100	5 Years	5 Years	10
L.A.I.F. (§16429.1)	Maximum Allowed	Per State Treasury Policy	N/A	N/A	N/A
Managed Investment Pool pursuant to GC §53601(p)	50	None	N/A	N/A	N/A

[1] With the exception of insured and/or collateralized bank deposits, overnight repurchase agreements, U.S. Government securities, including its agencies and instrumentalities, and authorized pools, no more than 10% of the County's aggregate investment portfolio may be invested in securities of a single issuer. Commercial paper is further limited to 5% of the outstanding paper of the issuing corporation.

16.0 MAXIMUM MATURITIES

No investment shall be made in any security with a maturity greater than five years, unless it is approved by the Board of Supervisors no less than three months prior to investment. Some investments are restricted to terms less than five years. These maturity limitations are described in this policy. The term "maturity" in this Policy is defined as an instrument's stated legal final redemption date. The dollar-weighted average maturity of the portfolio shall not exceed 3.5 years.

17.0 INTERNAL CONTROLS

Pursuant California Government Code §27130 thru §27137, and the Tulare County Ordinance 1-05-1070 the Board of Supervisors, in consultation with the County Treasurer has created a County Treasury Oversight Committee to promote the public interest by involving depositors in the management of their funds and by enhancing the security and investment return of their funds through the establishment of criteria for the withdrawal of funds. The County of Tulare Treasury Oversight Committee shall annually review and monitor the Investment Policy and cause an annual audit to provide internal controls by assuring the Treasurer's compliance with the Investment Policy. Nothing in this policy shall be construed to allow the County Treasury Oversight Committee to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the County Treasury.

In compliance with §27132 of the California Government Code, the County Treasurer Oversight Committee shall consist of the following:

a) The County Auditor-Controller/Treasurer-Tax Collector
b) A representative appointed by the Board of Supervisors or his/her designee
c) The Superintendent of Schools or his designee
d) A School District designee
e) A Special District designee
f) Two members of the public with expertise, or academic background in public finance.

18.0 PERFORMANCE MEASUREMENT

The investment portfolio will be managed in accordance with the parameters specified within this policy. The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The investment performance objective for the portfolio shall be to earn a total rate of return which is approximately equal to or greater than the return on a portfolio/index of securities with commensurate risk. These will include the Local Agency Investment Fund (LAIF) and the average two-year Treasury note. The investment performance measurement benchmarks for the Investment Managers/Advisors shall be stated on the quarterly report based on current contractual agreements. Additional indexes may be used and presented for comparison purposes only.

19.0 REPORTING

The Treasurer provides a quarterly Investment Report to the Board of Supervisors, County Administrative Officer, the County Auditor, and the Oversight Committee, within thirty (30) days following the end of the quarter covered by the report. The quarterly investment report contains, but is not limited to, the following investment information:

A. The type of investment, name of issuer, date of maturity, par and dollar amount invested in all securities, investments, and monies;

B. A description of any funds, investments that are under the management of contracted parties;

C. The market value as of the date of the report, and the source of this valuation for any security within the Treasury or under management by contract;

D. The weighted average maturity of investments within the Treasury;

E. Purchase dates, book values, and current credit rating of issuers;

F. Yield to maturity;

G. Overall portfolio yield based on cost;

H. Statement that the portfolio is in compliance with the Investment Policy or the manner in which the portfolio is not in compliance;

I. A statement denoting the County's ability to meet its expenditure requirements for the next six months, or an explanation as to why sufficient money shall not be available.

In addition to the Quarterly reports. The Treasury also provides a monthly summary Investment Report to the Board of Supervisors, County Administrative Officer, the County Auditor, and the Oversight Committee. The monthly investment reports contains, but is not limited to, the following investment information:

A. The type of investment, name of issuer, date of maturity, par and dollar amount invested in all securities, investments, and monies;

B. A description of any funds, investments that are under the management of contracted parties;

C. The market value as of the date of the report, and the source of this valuation for any security within the Treasury or under management by contract;

D. The weighted average maturity of investments within the Treasury;

E. Purchase dates, book values, and market values;

F. Yield to maturity;

G. Statement that the portfolio is in compliance with the Investment Policy or the manner in which the portfolio is not in compliance;

20.0 INVESTMENT POLICY ADOPTION

The Tulare County Treasurer's Investment Policy Statement for the Pooled Investment Fund is presented annually to the Treasury Oversight Committee for review and to the County Board of Supervisors for approval as recommended by California Government Code §53646 and §27133 and shall remain in effect until the succeeding policy is adopted.

21.0 GLOSSARY OF INVESTMENT TERMS

AGENCIES. Shorthand market terminology for any obligation issued by *a government-sponsored entity (GSE),* or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae," issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as "GinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

ASKED. The price at which a seller offers to sell a security.

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

AVERAGE LIFE. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

BANKER'S ACCEPTANCE. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BID. The price at which a buyer offers to buy a security.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS). A private placement service that allows local agencies to purchase more than $250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $250,000 each, so that FDIC coverage is maintained.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COMMERCIAL PAPER. The short-term unsecured debt of corporations.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). The official annual report of the Tulare County Investment Pool. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed statistical sections.

COST YIELD. The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.

COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

CURRENT YIELD. The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

DEALER. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

DEBENTURE. A bond secured only by the general credit of the issuer.

DELIVERY VS. PAYMENT (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

DERIVATIVE. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates.

FEDERAL CREDIT AGENCIES. Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC). A federal agency that insures bank deposits, currently up to $250,000 per entity.

FEDERAL FUNDS RATE. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

FEDERAL HOME LOAN BANKS (FHLB). Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA). FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC). Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM. The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIEMAE).–Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. GinnieMae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe GinnieMaes.

LIQUIDITY. The speed and ease with which an asset can be converted to cash.

LOCAL AGENCY INVESTMENT FUND (LAIF). A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOL. Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MARKET RISK. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE. The price at which a security can be traded.

MARKING TO MARKET. The process of posting current market values for securities in a portfolio.

MASTER REPURCHASE AGREEMENT. A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY. The final date upon which the principal of a security becomes due and payable.

MEDIUM TERM NOTES. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MONEY MARKET. The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MORTGAGE PASS-THROUGH SECURITIES. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO). A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CD. A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

OFFER. The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS. Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO. Collection of securities held by an investor.

PREMIUM. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

PRIMARY DEALER. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

PRUDENT PERSON (PRUDENT INVESTOR) RULE. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

QUALIFIED PUBLIC DEPOSITORIES. A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN. The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REALIZED YIELD. The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

REPURCHASE AGREEMENT (REPO). Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO). A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING. A service to bank customers whereby securities are held by the bank in the customer's name.

SECONDARY MARKET. A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION (SEC). Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15(C)3-1: See Uniform Net Capital Rule.

STRUCTURED NOTE. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

SUPRANATIONAL. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

TOTAL RATE OF RETURN. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

TREASURY NOTES. All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

TREASURY BONDS. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

UNIFORM NET CAPITAL RULE. Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

VOLATILITY. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

YIELD. The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

California Municipal Treasurers Association

Investment Policy Certification

CALIFORNIA REPUBLIC

Issued on 10/20/2017

County of Tulare Treasury Department

The California Municipal Treasurers Association certifies that the investment policy of the County of Tulare Treasury Department complies with the current State statutes governing the investment practices of local government entities located within the State of California.

CMTA
Over 50 Years of Excellence

President

10/26/17

Date

County of Tulare
221 S Mooney Blvd Room 103E
Visalia, California 93291-4593

Cass Cook, CFIP
Auditor-Controller/Treasurer-Tax Collector

Paul Sampietro, Chief Deputy Treasurer-Tax Collector

Telephone: (559) 636-5290
Fax: (559) 730-2532
www.tularecountytax.com

March 22, 2019

TREASURER'S QUARTERLY INVESTMENT REPORT
QUARTER ENDING MARCH 31, 2019

Honorable Board of Supervisors:

This report reflects the investment activity for the quarter ending March 31, 2019 of pooled funds on deposit with the Treasurer and is in compliance with California Government Code §27000, etc., §53600, etc., Tulare County Ordinance 1-03-2061 and the Treasurer's Statement of Investment Policy dated July 2018.

INVESTMENT GOALS – The first and primary goal is SAFETY and the preservation of capital. The second goal is the continual maintenance of LIQUIDITY. Tulare County has the ability to convert sufficient securities to cash to cover the cash flow of the County and all of its investment agencies to meet any contingency needs during the next six months. The third goal in order of importance is YIELD, or earning a reasonable rate of return representative of current market conditions and the present phase of the market cycle while remaining in compliance with all state laws and the Treasurer's written investment policy.

Attached is a statement containing summaries of the portfolio composition, credit ratings, maturity distribution, portfolio master summary and other information designed to give a better understanding of the investment activity that has occurred during the quarter ending March 31, 2019.

Respectfully submitted,

Cass Cook, CFIP
Auditor-Controller/Treasurer-Tax Collector

CC/fv

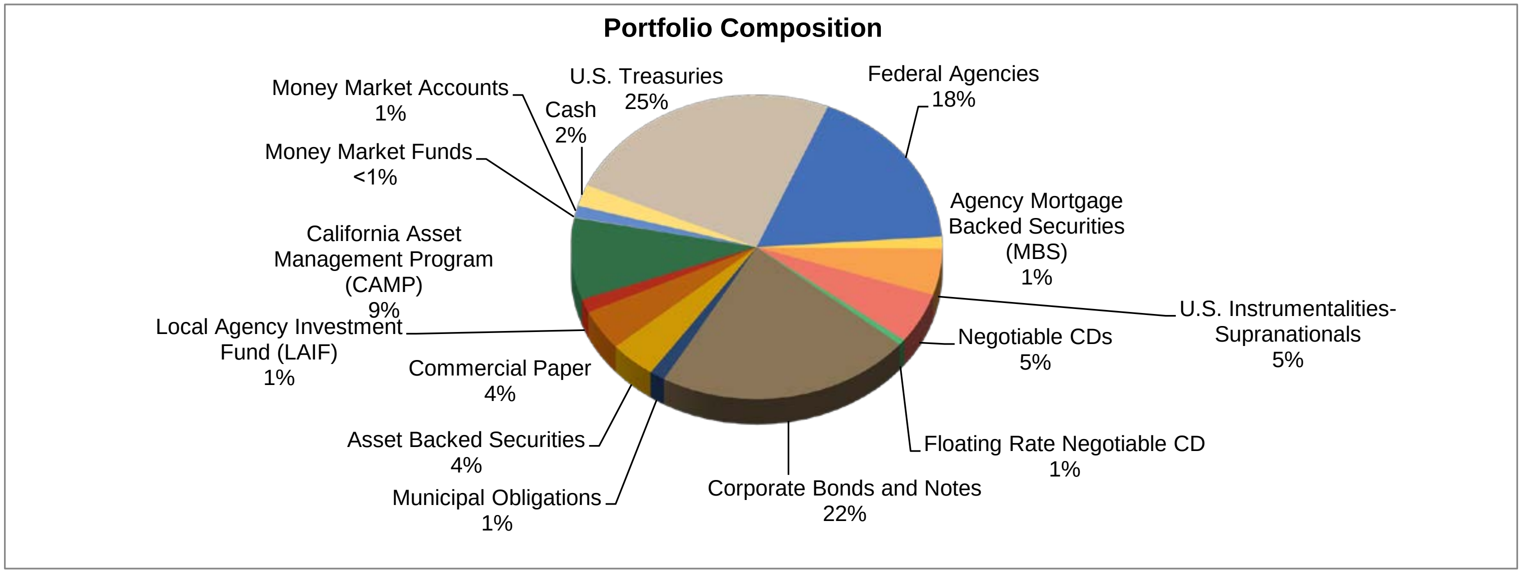
A listing of Tulare County investments is shown below.

Portfolio Composition

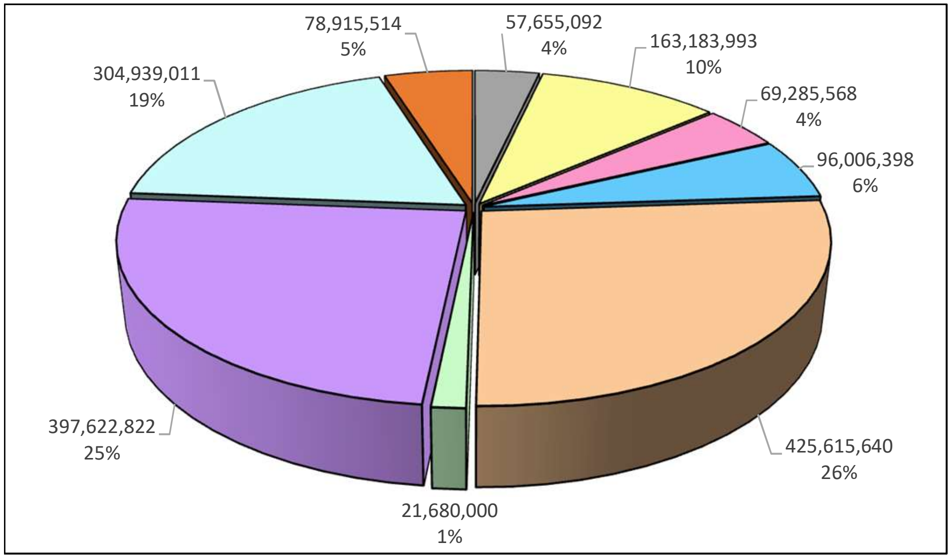
	Book Value	Market Value*	% of Portfolio**	Permitted by Policy
U.S. Treasuries	397,622,822	397,570,067	25%	100%
Federal Agencies	284,007,927	282,855,363	18%	75%
Agency Mortgage Backed Securities (MBS)	20,931,084	20,591,012	1%	
U.S. Instrumentalities-Supranationals	78,915,514	78,705,714	5%	30%
Negotiable CDs	86,546,398	86,725,728	5%	30%
Floating Rate Negotiable CD	9,460,000	9,471,872	1%	30%
Corporate Bonds and Notes	360,019,973	359,610,473	22%	30%
Municipal Obligations	21,680,000	21,672,188	1%	30%
Asset Backed Securities	65,595,668	65,545,098	4%	20%
Commercial Paper	69,285,568	69,337,500	4%	40%
Local Agency Investment Fund (LAIF)	23,181,758	23,181,758	1%	$65 million
California Asset Management Program (CAMP)	140,002,235	140,002,235	9%	50%
Money Market Funds	857,308	857,308	<1%	15%
Money Market Accounts	20,152,418	20,152,418	1%	50%
Cash	36,645,366	36,645,366	2%	100%
Total	**$1,614,904,037**	**$1,612,924,100**	**100%**	

* Market Prices were provided by the Union Bank of California.

** Detail may not add to total due to rounding.



MARCH 31, 2019



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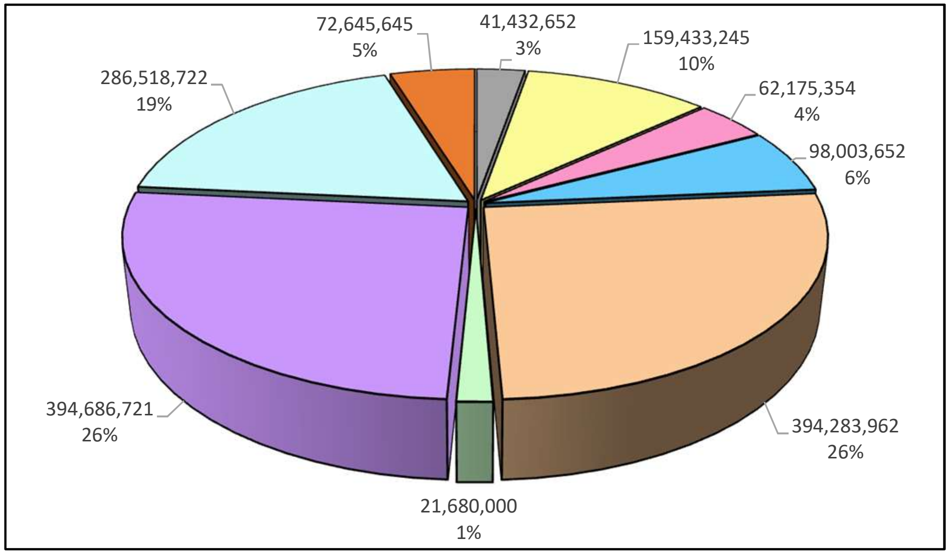


Security Type	Book Value	% of Total
Cash	36,645,366	2.27%
Certificates of Deposit	-	0.00%
Money Market Accounts	20,152,418	1.25%
Money Market Funds	857,308	0.05%
LAIF Managed Pool	23,181,758	1.44%
California Asset Management Program	140,002,235	8.67%
Commercial Paper - Discount	69,285,568	4.29%
Negotiable Certificates of Deposit	86,546,398	5.36%
Negotiable CDs - Floating Rate	9,460,000	0.59%
Corporate Notes	360,019,973	22.29%
Corporate Notes - Floaters	-	0.00%
Corporate Asset Backed Securities	65,595,668	4.06%
Municipal Bonds	1,680,000	0.10%
Municpal Promissory Notes	20,000,000	1.24%
Treasury Securities	397,622,822	24.62%
Agency Issues	284,007,927	17.59%
Agency Mortgage Backed Securities	20,931,084	1.30%
Supranationals	78,915,514	4.89%
	1,614,904,037	100.00%

Security Type	Book Value	% of Total
Cash	21,320,296	1.39%
Certificates of Deposit	10,000,000	0.65%
Money Market Accounts	10,079,887	0.66%
Money Market Funds	32,469	0.00%
LAIF Managed Pool	5,150,746	0.34%
California Asset Management Program	154,282,499	10.08%
Commercial Paper - Discount	62,175,354	4.06%
Negotiable Certificates of Deposit	88,543,652	5.78%
Negotiable CDs - Floating Rate	9,460,000	0.62%
Corporate Notes / Bonds	310,856,494	20.31%
Corporate Notes / Bonds - Floaters	5,022,196	0.33%
Corporate Asset Backed Securities	78,405,272	5.12%
Municipal Bonds	1,680,000	0.11%
Municpal Promissory Notes	20,000,000	1.31%
Treasury Securities	394,686,721	25.78%
Agency Issues	265,007,784	17.31%
Agency Mortgage Backed Securities	21,510,938	1.41%
Supranationals	72,645,645	4.75%
	1,530,859,953	100.00%

The average weighted credit rating of Tulare County's portfolio is AA*.
The County's portfolio is invested primarily in high-quality investments as shown below:

Credit Ratings

	Book Value	% of Portfolio
AAA	$262,798,926	16%
A-1+/A-1 (Short-Term Rating)	$80,534,827	5%
AA	$821,200,104	51%
A	$313,105,210	19%
BBB**	$28,121,603	2%
Not Rated***	$52,345,585	3%
Cash****	$56,797,784	4%
Total	**$1,614,904,037**	**100%**

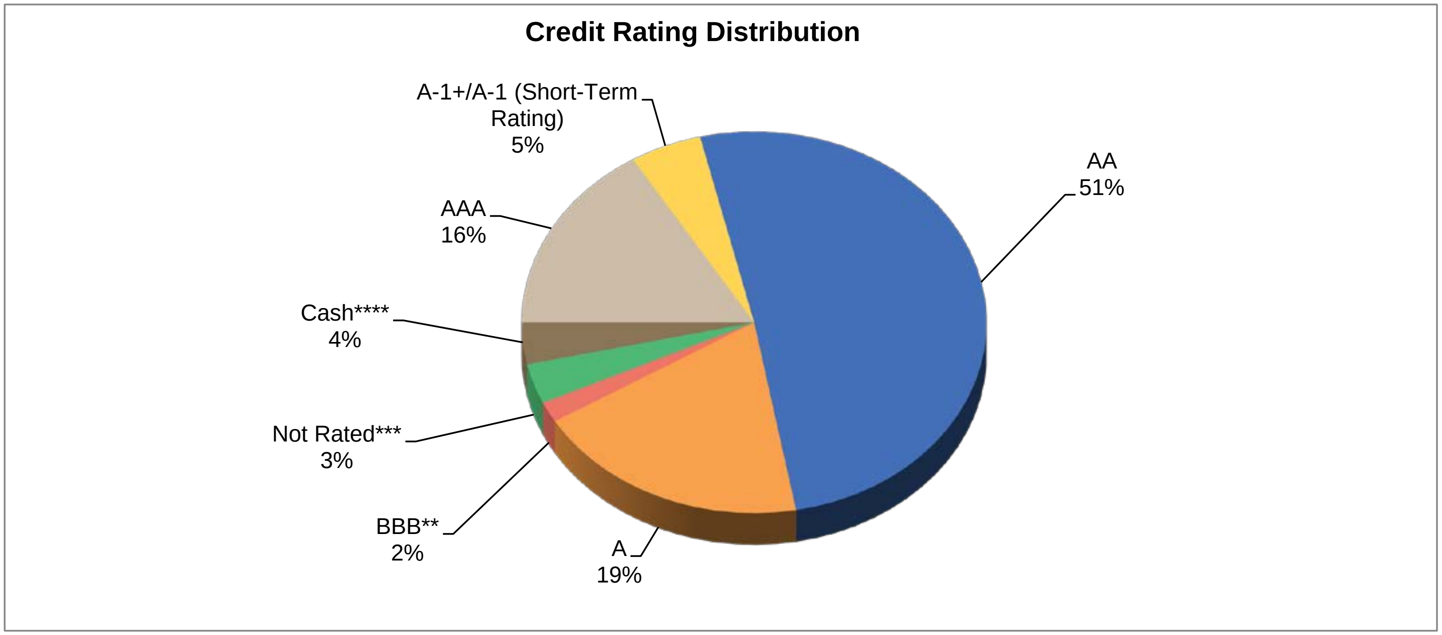
Ratings by Standard & Poor's (S&P). Includes all ratings in this category (e.g., A-, A, A+).

* Average weighted credit rating was calculated using S&P ratings. Cash/overnight securities were not included in the calculation.

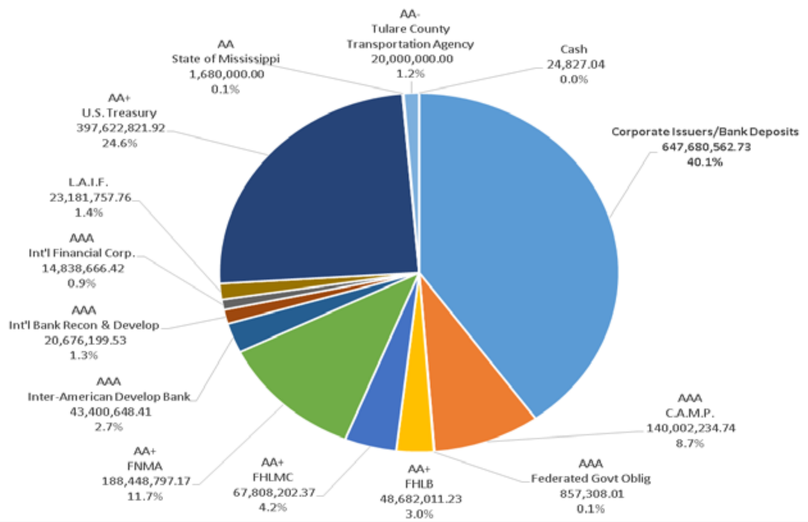
** Securities rated in the BBB category by S&P are rated A- or the equivalent or better by at least one NRSRO or were rated A- or the equivalent or better by at least one NRSRO at time of purchase.

*** The portion of the portfolio that is invested in LAIF, the State of California pooled investment fund, is not rated. The remaining portion not rated comprises individual securities with ratings of A- or the equivalent or better by at least one NRSRO.

**** Fully collateralized in accordance with California government code.



Tulare County Pool Characteristics by Issuer

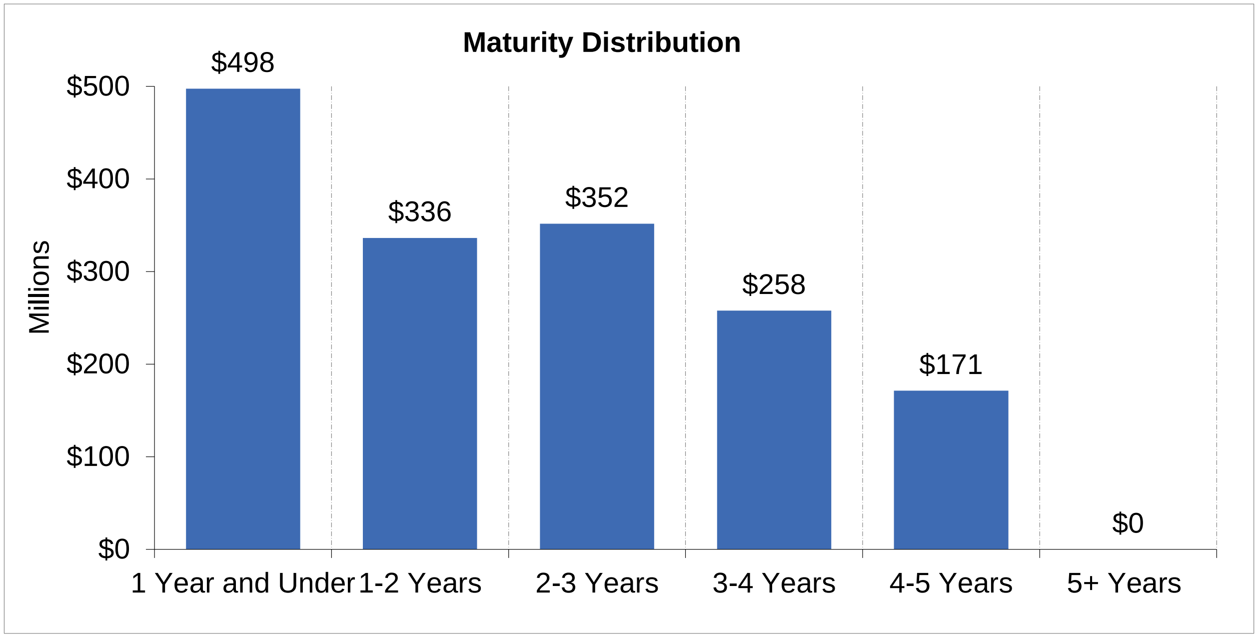


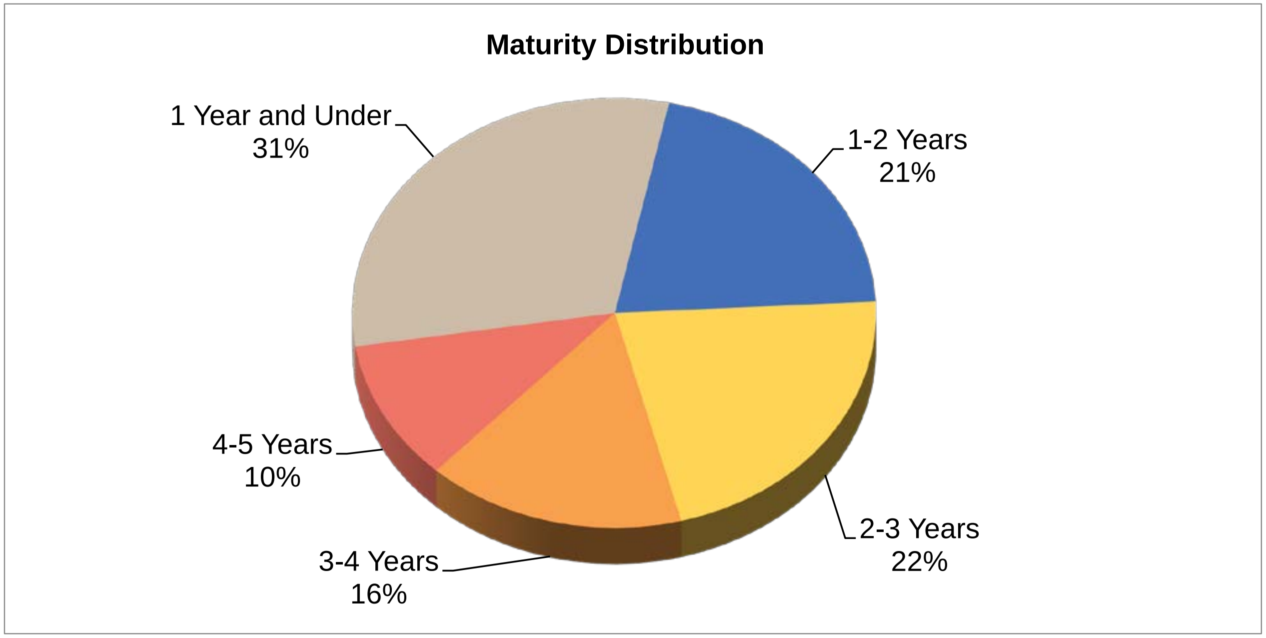
Corporate Issuers (40.1%)	Book Value	Market Value	% of Issuer		S&P Rating	WAM (in days)
Ally Auto Receivables Trust	3,981,619	3,963,796	0.6%		NR[2]	852
Ally Auto Receivables Trust	4,312,703	4,290,149	0.7%	1.3%	AAA	1,065
American Express Credit	19,264,792	19,187,281	3.0%		A-	389
American Express Credit	5,398,868	5,451,651	0.8%	3.8%	NR[2]	1,263
Apple Inc.	12,035,668	12,003,589	1.9%		AA+	45
Bank of America Corp.	13,232,158	13,216,921	2.0%		A-	539
Bank of Montreal Chicago	10,000,000	10,047,500	1.5%		A+	490
Bank of New York Mellon	16,330,959	16,279,698	2.5%		A	1,099
Bank of Nova Scotia	10,462,652	10,538,255	1.6%		A+	431
Bank of the Sierra[1]	912,671	912,671	0.1%		CASH	1
Branch Banking & Trust	1,197,879	1,195,523	0.2%		A	289
BB&T Corporatiaon	8,196,850	8,143,116	1.3%	1.5%	A-	418
Burlingn North Sante Fe	2,285,272	2,273,963	0.4%		A+	273
Canadian Imp Bk Comm NY	4,730,000	4,741,872	0.7%		A+	375
Chevron Corp	3,031,569	2,978,490	0.5%		AA	776
Citigroup, Inc,	5,399,382	5,373,603	0.8%		BBB+[3]	982
Costco Wholesale Corp.	3,479,362	3,452,960	0.5%		A+	320
Credit Agricole CIB NY	4,730,000	4,730,000	0.7%		A+	375
Credit Agricole CIB NY	14,818,250	14,833,150	2.3%	3.0%	A-1	155
Credit Suisse NY	19,812,750	19,834,850	3.1%		A-1	116
Credit Suisse NY	5,400,000	5,406,102	0.8%	3.9%	A	312
Exxon Mobile Corp.	6,293,624	6,236,557	1.0%		AA+	700
General Dynamics	6,965,258	7,063,210	1.1%		A+	771
General Electric	12,160,620	12,046,536	1.9%		BBB+[3]	475
Goldman Sachs Group Inc	10,561,601	10,593,398	1.6%		BBB+[3]	987
Honda/American Honda	14,313,737	14,446,818	2.2%		A	998
Honda Auto Receivables Trust	10,275,106	10,275,106	1.6%		AAA	868
Honda Auto Receivables Trust	4,939,591	4,914,909	0.8%	4.6%	NR[2]	889
Home Depot Inc.	8,382,536	8,477,743	1.3%		A	1,120
HSBC Bank USA	6,139,676	6,128,647	0.9%		A	262
Hyundai Auto Receivables Trust	9,494,808	9,446,652	1.5%		AAA	982
IBM Corp.	22,502,127	22,368,838	3.5%		A	681
John Deere Owner Trust	11,276,335	11,297,276	1.7%		NR[2]	1,035
John Deere Capital Corp.	7,346,106	7,335,500	1.1%	2.9%	A	837
J.P. Morgan Chase	27,091,305	27,087,168	4.2%		A-	696
JP Morgan Securities	9,912,108	9,924,200	1.5%	5.7%	A-1	106
Mastercard Inc.	4,480,067	4,441,455	0.7%		A+	965
Microsoft Corp.	6,592,028	6,477,873	1.0%		AAA	761
MUFG Bank LTD NY	19,830,932	19,833,450	3.1%		A-1	117
MUFG Bank LTD NY	5,370,000	5,421,928	0.8%		A	697
MUFG Union Bank - Checking[1]	35,707,868	35,707,868	5.5%	9.4%	CASH	1
Nissan Auto Receivables	3,567,414	3,601,260	0.6%		NR[2]	1,185
Nordea Bank Finland NY	8,145,000	8,163,082	1.3%		AA-	325
Oracle Corp.	13,308,670	13,287,457	2.1%		AA-	948
PACCAR Financial Corp.	6,366,804	6,332,105	1.0%		A+	863
Pepsi Inc.	3,404,605	3,375,853	0.5%		A+	745
Pfizer Inc	8,063,656	8,023,508	1.2%		AA	1,810
PNC Bank NA	13,921,911	13,887,406	2.1%		A	733
PNC Financial Services	8,878,415	8,838,953	1.4%	3.5%	A-	313
Praxair, Inc.	4,933,025	4,962,754	0.8%		A	714
Qualcomm Inc.	6,606,821	6,592,064	1.0%		A-	415
Charles Schwab Corp	5,873,921	6,000,360	0.9%		A	1,395
Skandinav Enskilda Bk NY	11,249,259	11,220,413	1.7%		A-1	123
State Street Corp.	5,315,959	5,269,298	0.8%		A	779
Sumitomo Mitsui Bank	9,989,487	10,139,800	1.5%		A	564
Suncrest Bank[1]	20,152,418	20,152,418	3.1%		CASH	1
Swedbank NY	10,830,000	10,745,309	1.7%		AA-	595
Toyotal Motor Credit Corp.	23,025,211	23,423,385	3.6%		AA-	1,050
Toyotal Motor Credit Corp.	4,911,528	4,911,850	0.8%		A-1+	245
Toyota Auto Receivables Trust	12,349,222	12,304,298	1.9%	6.2%	AAA	817
Unilever Capital Corp.	5,228,037	5,191,183	0.8%		A+	400
US Bancorp	2,997,096	3,003,300	0.5%		A+	1,029
US Bank NA Cincinnati	2,124,874	2,108,969	0.3%		AA-	210
Wells Fargo Bank NA	17,161,985	17,172,440	2.6%		A+	172
Wells Fargo Bank NA	5,000,000	5,000,000	0.8%		A-	60
Wells Fargo & Company	15,526,406	15,332,552	2.4%	5.8%	A-	619
Westpac Banking Corp. NY	10,100,000	10,043,339	1.6%		AA-	490
	647,680,563	647,463,627	100.0%			569

Notes:

1. The deposits with MUFG Union Bank, Suncrest Bank, and Bank of the Sierra are FDIC insured and/or collateralized pursuant to California Government
2. The securities are not rated by S&P, however are rated Aaa by Moody's.
3. The securities are rated BBB+ by S&P, however are rated A3 by Moody's and/or A- by Fitch, or better.

The portfolio has a high degree of liquidity.



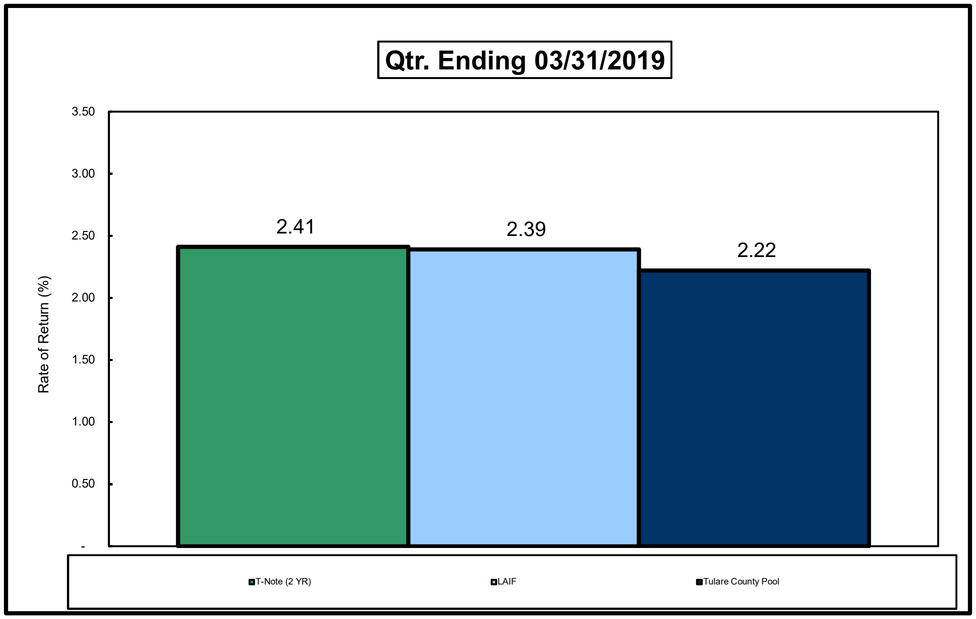


* Maturity Distribution values represent Book Valuation and are rounded to the nearest million.

OTHER PORTFOLIO CHARACTERISTICS

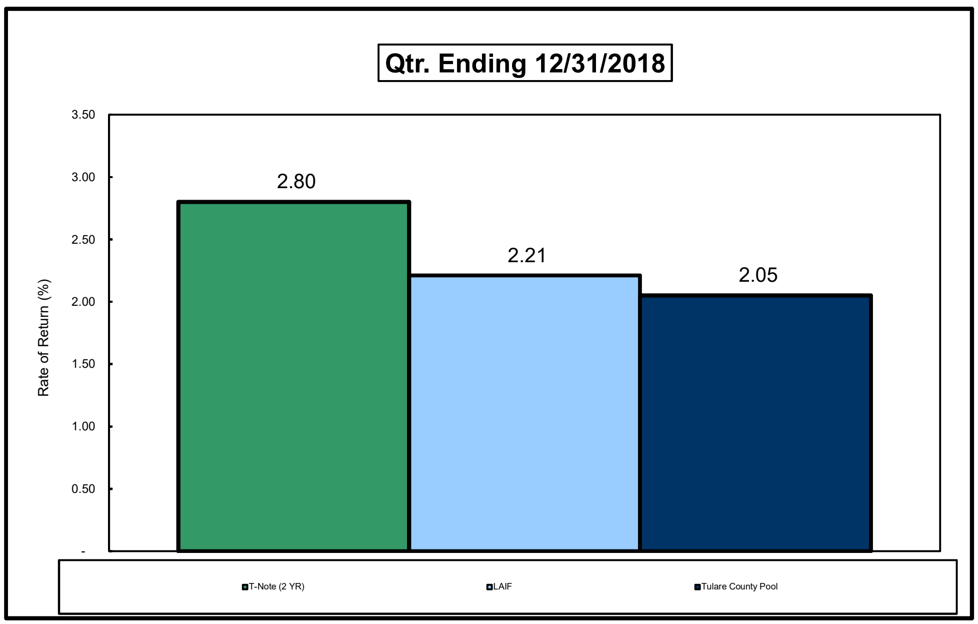
	LIQUID PORTFOLIO			PFM PORTFOLIO			TOTAL INVESTMENT POOL	
Average Daily Balance								
Month								
January 2019	$	378,288,420		$	1,148,634,668		$	1,526,923,088
February 2019	$	356,399,776		$	1,151,374,414		$	1,507,774,190
March 2019	$	383,390,401		$	1,153,271,070		$	1,536,661,471
Quarter								
Ended March 31, 2019	$	373,235,969		$	1,151,084,017		$	1,524,319,986
Fiscal Year to Date								
Ended March 31, 2019	$	298,789,692		$	1,017,796,410		$	1,444,783,909
Weighted Average Maturity as of March 31, 2019								
Average days to maturity:	160	days		945	days		721	days
Average years to maturity:				2.59	years		1.98	years
Effective Rate of Return and Earnings								
Month								
January 2019	2.46%	789,013		1.87%	1,828,643		2.02%	2,617,656
February 2019	2.76%	754,115		2.47%	2,180,385		2.54%	2,934,500
March 2019	2.58%	840,828		2.00%	1,958,188		2.14%	2,799,016
Quarter								
Ended March 31, 2019	2.59%	2,383,956		2.10%	5,967,216		2.22%	8,351,172
Treasury Fees - Quarterly							0.10%	(381,622)
March 31, 2018 -- Net of Fees							2.12%	7,969,550

TULARE COUNTY TREASURER
INVESTMENT POOL EARNINGS COMPARISON
FOR THE QUARTER ENDING MARCH 31, 2019



TULARE COUNTY TREASURER
Quarter Ending 12/31/2018

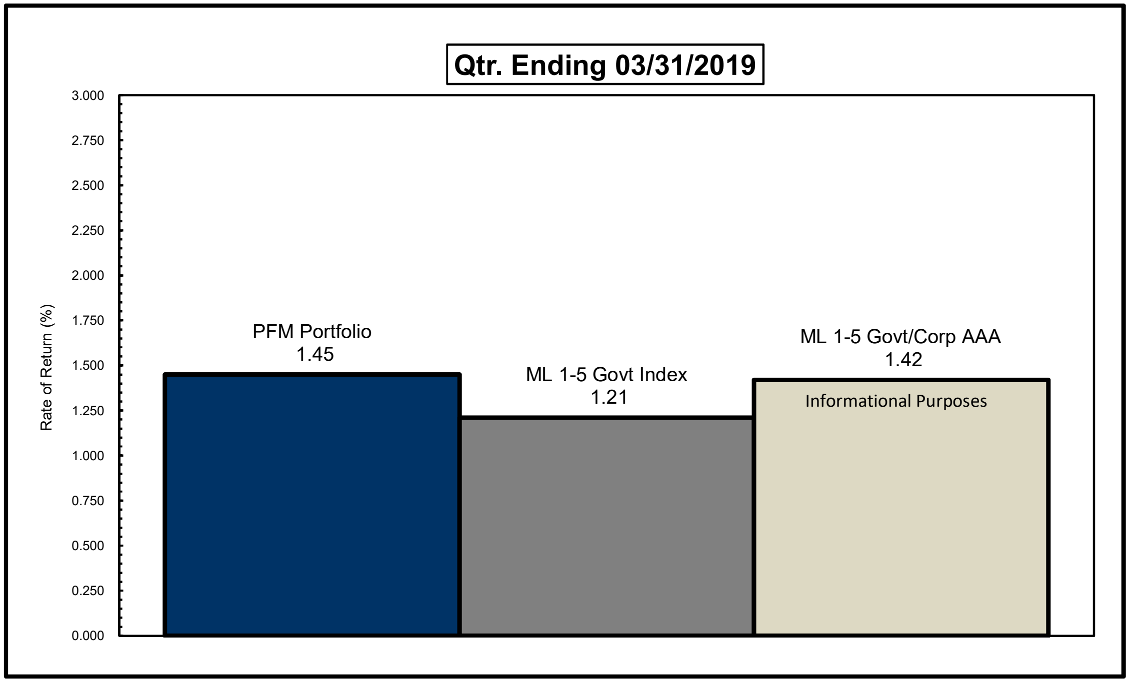
Average Daily Balance	$ 1,524,319,986
Earning for the Quarter	$ 8,351,172
Quarterly Rate of Return	2.22%
Weighted Avg. Yrs. to Maturity	1.98

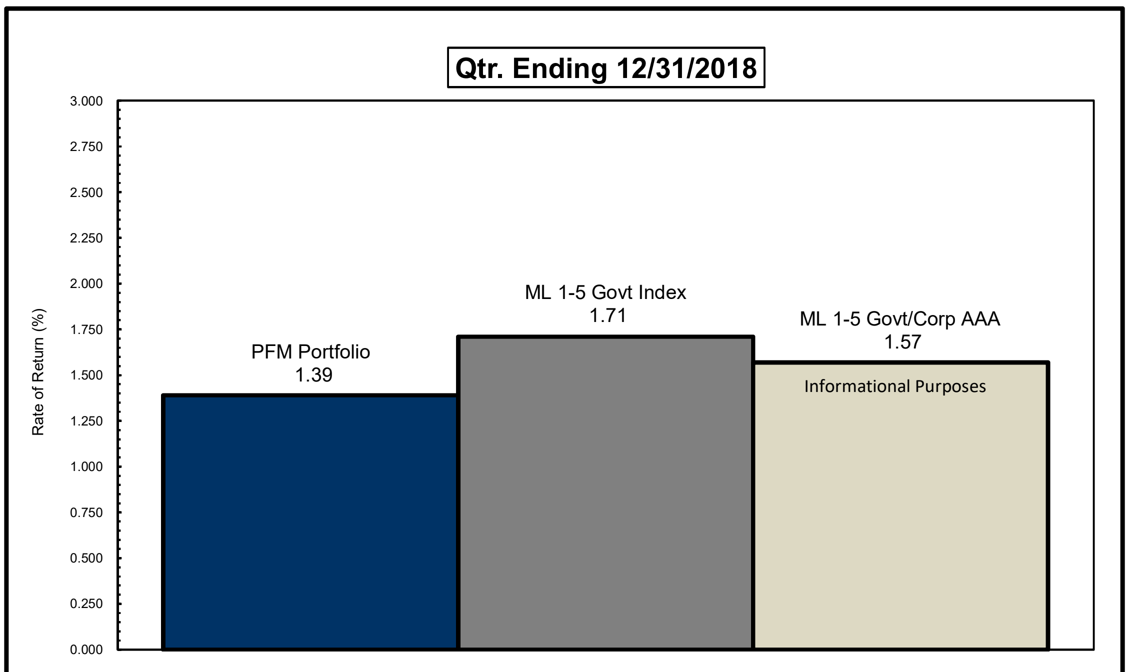


TULARE COUNTY TREASURER
Quarter Ending 12/31/2018

Average Daily Balance	$ 1,407,268,511
Earning for the Quarter	$ 7,277,696
Quarterly Rate of Return	2.05%
Weighted Avg. Yrs. to Maturity	2.05

TULARE COUNTY TREASURER
INVESTMENT ADVISORS' BENCHMARK COMPARISON
FOR THE QUARTER ENDING MARCH 31, 2019





TOTAL RETURN

Total return measures the portfolio's performance over time. It encompasses not only the income that the portfolio generated, but also any price appreciation or depreciation that the investments may have experienced. This equates the beginning value of the portfolio with the ending value, and includes interest earnings and both realized and unrealized gains and losses on the portfolio.

COMMENTS - CURRENT QUARTER

Continuing the trend from the fourth quarter of 2018, interest rates moved lower during the first quarter of 2019, as the Fed stated it has no plans for further rate action in 2019. However, in a strong reversal from the prior quarter, equity markets rebounded, credit spreads tightened, and volatility decreased. The Fed held short-term rates unchanged at the current target range of 2.25% to 2.50% and shifted to a “patient” stance on future rate actions. During the quarter, U.S. Treasury yields with maturities beyond one year fell 20-30 basis points (0.20% to 0.30%). In the last week of the quarter, the 3-month to 10-year partof the yield curve inverted temporarily, renewing concerns about a possible recession

Sector allocation strategy continued to favor broad diversification, generally including the widest range of permitted investments. While the fourth quarter flight to safer assets resulted in Treasuries being the best performing sector, the first quarter’s rebound generated strong excess returns for the portfolio as most fixed income sectors outperformed similar duration Treasuries. With agency spreads near historic lows, we continued to favor Treasuries in the government space. We found some value in agencies, primarily with new issues that offered wider than average yield spreads. After corporate yield spreads increased to their widest levels in over two years in the fourth quarter, we sought opportunities to add allocations in the sector as spreads moved tighter throughout the first quarter. The fall in interest rates and the portfolio’s diversified sector allocation resulted in very strong performance for the portfolio during the quarter, both on an absolute basis and relative to the benchmark. The portfolio returned 1.45%, unannualized, for the quarter and outperformed the benchmark by 24 basis points (0.24%).

PERFORMANCE REVIEW

	CURRENT QUARTER	ANNUALIZED 1 YR	ANNUALIZED 3YR	ANNUALIZED 07/01/2006
ML 1-5 Govt	1.21%	3.14%	0.98%	2.69%
PFM Portfolio	1.45%	3.58%	1.38%	2.96%

Tulare County Treasurer
Portfolio Management
Portfolio Summary
March 31, 2019

Tulare County
County Civic Center, Room 103E
Visalia, CA 93291
(559)636-5290

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Cash	36,645,365.57	36,645,365.57	36,645,365.57	2.27	1	1	0.974	0.988
Money Market Accounts	20,152,418.03	20,152,418.03	20,152,418.03	1.25	1	1	2.288	2.320
Money Market Fund	857,308.01	857,308.01	857,308.01	0.05	1	1	2.328	2.360
Managed Investment Pools	163,183,992.50	163,183,992.50	163,183,992.50	10.10	1	1	2.539	2.574
Commercial Paper Disc. -Amortizing	70,000,000.00	69,337,500.00	69,285,568.06	4.29	219	133	2.851	2.890
Negotiable CD's	86,560,000.00	86,725,727.70	86,546,397.82	5.36	796	418	2.641	2.678
Negotiable CDs - Floating Rate	9,460,000.00	9,471,872.30	9,460,000.00	0.59	731	375	3.059	3.101
Treasury Securities - Coupon	402,300,000.00	397,570,066.70	397,622,821.92	24.62	1,423	1,051	2.086	2.115
Agency Issues - Fixed Coupon	284,190,000.00	282,855,363.45	284,007,926.50	17.59	1,278	959	1.987	2.015
Agencies - Mortgage Backed	20,362,234.95	20,591,012.43	20,931,084.27	1.30	1,300	1,003	1.245	1.263
Supranationals	79,339,000.00	78,705,714.27	78,915,514.36	4.89	864	582	2.180	2.210
Municipal Bonds	1,680,000.00	1,672,188.00	1,680,000.00	0.10	1,686	183	1.656	1.679
Corporte Notes & Bonds	359,595,000.00	359,610,473.28	360,019,972.61	22.29	1,043	721	2.552	2.588
Asset Backed	65,848,993.78	65,545,097.48	65,595,667.70	4.06	1,399	967	2.065	2.093
Promissory Notes	20,000,000.00	20,000,000.00	20,000,000.00	1.24	1825	1,735	3.008	3.050
Investments	**1,620,174,312.84**	**1,612,924,099.72**	**1,614,904,037.35**	**100.00%**	**1,004**	**721**	**2.268**	**2.299**

Total Earnings	March 31 Month Ending	Fiscal Year To Date
Current Year	2,799,015.78	22,567,141.76
Average Daily Balance	**1,536,661,471.14**	**1,444,783,908.61**
Effective Rate of Return	**2.14%**	**2.08%**

Cass Cook, CFIP
Auditor-Controller/Treasurer-Tax Collector

Reporting period 03/01/2019-03/31/2019

Run Date: 04/11/2019 - 10:50

Portfolio CNTY
AC
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

LIP ACCOUNT
Portfolio Management
Portfolio Details - Investments
March 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Cash												
SYS0002	0002	UNION BANK - CHECKING			34,612,282.83	34,612,282.83	34,612,282.83	1.000		1.014	1	
SYS0002B	0002B	UNION BANK - CHECKING		07/01/2018	1,095,585.16	1,095,585.16	1,095,585.16	1.000		1.014	1	
SYS0002A	0002A	BANK OF THE SIERRA		07/01/2018	912,670.54	912,670.54	912,670.54			0.000	1	
SYS0001	0001	CASH IN VAULT		07/01/2018	24,827.04	24,827.04	24,827.04			0.000	1	
		Subtotal and Average	**17,871,490.19**		**36,645,365.57**	**36,645,365.57**	**36,645,365.57**			**0.988**	**1**	
Money Market Accounts												
SYS5787	5787	FIVE STAR BANK			0.00	0.00	0.00	1.850		1.850	1	
SYS5833	5833	SUNCREST BANK			20,152,418.03	20,152,418.03	20,152,418.03	2.320		2.320	1	
		Subtotal and Average	**20,152,418.03**		**20,152,418.03**	**20,152,418.03**	**20,152,418.03**			**2.320**	**1**	
Managed Investment Pools												
SYS4339-A	4339-A	CALIFORNIA ASSET MANAGEMENT PR			140,002,234.74	140,002,234.74	140,002,234.74	2.605	AAA	2.605	1	
SYS9980	9980	LOCAL AGCY INVESTMENT FD			23,181,757.76	23,181,757.76	23,181,757.76	2.390		2.390	1	
		Subtotal and Average	**125,313,024.76**		**163,183,992.50**	**163,183,992.50**	**163,183,992.50**			**2.574**	**1**	
Commercial Paper Disc. -Amortizing												
22533UWL3	5901	CREDIT AGRICOLE CIB NY		12/28/2018	5,000,000.00	4,938,600.00	4,931,916.66			2.980	172	09/20/2019
22533UWG4	5909	CREDIT AGRICOLE CIB NY		01/18/2019	5,000,000.00	4,940,050.00	4,937,000.00	2.700		2.808	168	09/16/2019
22533UV75	5884	CREDIT ARGICOLE NORTH AMERICA		12/11/2018	5,000,000.00	4,954,500.00	4,949,333.33	2.850		2.975	128	08/07/2019
2254EBVP3	5870	CREDIT SUISSE NEW YORK		11/28/2018	5,000,000.00	4,948,800.00	4,940,400.00	2.980		3.112	144	08/23/2019
2254EBVC2	5886	CREDIT SUISSE NEW YORK		12/12/2018	5,000,000.00	4,952,700.00	4,946,800.00	2.880		3.008	133	08/12/2019
2254EBUC3	5887	CREDIT SUISSE NEW YORK		12/13/2018	5,000,000.00	4,963,900.00	4,959,625.00	2.850		2.970	102	07/12/2019
2254EBTT8	5900	CREDIT SUISSE NEW YORK		12/28/2018	5,000,000.00	4,969,450.00	4,965,925.00	2.820		2.900	87	06/27/2019
46640QUS8	5863	JP MORGAN SECURITIES LLC		11/02/2018	5,000,000.00	4,958,900.00	4,951,988.89	2.980		3.112	116	07/26/2019
46640QU82	5872	JP MORGAN SECURITIES LLC		11/29/2018	5,000,000.00	4,965,300.00	4,960,119.45	2.930		3.046	98	07/08/2019
62479MT78	5878	MUFG BANK LTD/NY		12/03/2018	5,000,000.00	4,976,450.00	4,973,944.45	2.800		2.912	67	06/07/2019
62479MTU7	5910	MUFG BANK LTD/NY		01/29/2019	5,000,000.00	4,969,100.00	4,967,977.78	2.620		2.686	88	06/28/2019
62479MW58	5940	MUFG BANK LTD/NY		03/27/2019	10,000,000.00	9,887,900.00	9,889,009.72	2.545		2.610	157	09/05/2019
89233HZ23	5932	TOYOTA MOTOR CREDIT CORP		03/08/2019	5,000,000.00	4,911,850.00	4,911,527.78	2.600		2.730	245	12/02/2019
		Subtotal and Average	**65,135,389.83**		**70,000,000.00**	**69,337,500.00**	**69,285,568.06**			**2.890**	**133**	
Negotiable CD's												
94989RL63	5824	WELLS FARGO BANK NA		05/31/2018	5,000,000.00	5,000,000.00	5,000,000.00	2.490		2.525	60	05/31/2019
		Subtotal and Average	**5,000,000.00**		**5,000,000.00**	**5,000,000.00**	**5,000,000.00**			**2.525**	**60**	

LIP ACCOUNT
Portfolio Management
Portfolio Details - Investments
March 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Agency Issues - Fixed Coupon												
3137EADM8	5888	FED. HOME LOAN MTG. CORP.		12/14/2018	5,000,000.00	4,969,650.00	4,977,117.01	1.250	AAA	2.681	184	10/02/2019
3137EADM8	5889	FED. HOME LOAN MTG. CORP.		12/14/2018	5,000,000.00	4,969,650.00	4,976,504.25	1.250	AAA	2.706	184	10/02/2019
3135G0N33	5844	FED. NAT'L. MTG. ASSN.		08/07/2018	5,000,000.00	4,973,550.00	4,974,061.69	0.875		2.446	123	08/02/2019
3136G3P25	5892	FED. NAT'L. MTG. ASSN.		12/14/2018	5,000,000.00	4,978,800.00	4,976,334.35	1.125		2.627	116	07/26/2019
3135G0P49	5893	FED. NAT'L. MTG. ASSN.		12/14/2018	5,000,000.00	4,970,150.00	4,966,363.62	1.000		2.673	149	08/28/2019
3136G35A9	5894	FED. NAT'L. MTG. ASSN.		12/14/2018	1,000,000.00	994,630.00	993,836.42	1.150		2.683	149	08/28/2019
		Subtotal and Average	**25,848,979.96**		**26,000,000.00**	**25,856,430.00**	**25,864,217.34**			**2.629**	**151**	
Supranationals												
4581X0CR7	5895	INTER-AMERICAN DEVEL BK		12/17/2018	5,000,000.00	4,964,650.00	4,972,321.94	1.250		2.701	197	10/15/2019
459058FK4	5859	INTL BK RECON & DEVELOP		10/12/2018	5,000,000.00	4,969,450.00	4,967,251.82	0.876		2.666	136	08/15/2019
459058FK4	5928	INTL BK RECON & DEVELOP		03/04/2019	5,000,000.00	4,969,450.00	4,971,475.02	0.876		2.551	136	08/15/2019
45950KCD0	5914	INT'L. FINANCIAL CORP.		01/31/2019	6,689,000.00	6,664,116.92	6,663,247.35	1.750		2.601	168	09/16/2019
		Subtotal and Average	**21,103,420.32**		**21,689,000.00**	**21,567,666.92**	**21,574,296.13**			**2.627**	**160**	
Corporte Notes & Bonds												
0258M0DP1	5857	AMERICAN EXPRESS		10/12/2018	2,531,000.00	2,527,001.02	2,525,871.28	2.250		2.803	136	08/15/2019
0258M0EC9	5922	AMERICAN EXPRESS		02/22/2019	5,000,000.00	4,974,150.00	4,998,212.59	1.700		2.686	212	10/30/2019
037833AX8	5925	APPLE INC.		02/28/2019	5,000,000.00	4,961,350.00	4,959,860.19	1.550		2.610	312	02/07/2020
0258M0EE5	5944	AMERICAN EXPRESS CREDIT		03/29/2019	5,000,000.00	4,976,800.00	4,988,064.20	2.200		2.638	337	03/03/2020
06051GFD6	5861	BANK OF AMERICA CORP		10/19/2018	2,369,000.00	2,369,000.00	2,372,138.93	2.650		2.712	0	04/01/2019
07330NAN5	5923	BB&T CORPORATION		02/28/2019	1,201,000.00	1,195,523.44	1,197,879.45	2.100		2.758	289	01/15/2020
05531FAS2	5938	BB&T CORPORATION		03/26/2019	5,410,000.00	5,399,125.90	5,427,565.46	2.450		2.652	289	01/15/2020
02665WBZ3	5927	HONDA/AMERICAN HONDA		03/01/2019	5,000,000.00	4,980,350.00	5,011,279.76	2.000		2.614	226	11/13/2019
40428HPN6	5881	HSBC USA INC		12/06/2018	1,000,000.00	997,470.00	997,235.46	2.375		3.084	226	11/13/2019
40428HPN6	5896	HSBC USA INC		12/17/2018	1,630,000.00	1,625,876.10	1,625,583.15	2.375		3.195	226	11/13/2019
40428HPN6	5930	HSBC USA INC		03/07/2019	1,500,000.00	1,496,205.00	1,508,086.62	2.375		2.723	226	11/13/2019
40428HPR7	5935	HSBC USA INC		03/12/2019	2,015,000.00	2,009,096.05	2,008,771.20	2.350		2.740	339	03/05/2020
459200AG6	5879	IBM CORP.		12/05/2018	5,000,000.00	5,163,000.00	5,191,734.19	8.375		3.040	214	11/01/2019
44932HAA1	5942	IBM CORP.		03/28/2019	5,850,000.00	5,826,307.50	5,832,853.68	1.625		2.544	158	09/06/2019
48127HAA7	5867	JP MORGAN CHASE		11/14/2018	3,353,000.00	3,343,511.01	3,341,975.10	2.200		3.047	204	10/22/2019
46625HKA7	5915	JP MORGAN CHASE		02/01/2019	5,000,000.00	4,981,750.00	4,978,028.41	2.250		2.866	297	01/23/2020
46625HKA7	5934	JP MORGAN CHASE		03/11/2019	2,910,000.00	2,899,378.50	2,907,699.98	2.250		2.724	297	01/23/2020
69353RDZ8	5883	PNC BANK NA		12/06/2018	5,000,000.00	4,992,750.00	4,999,835.90	2.400		3.001	200	10/18/2019
69353RDD7	5891	PNC BANK NA		12/14/2018	1,445,000.00	1,443,453.85	1,442,522.85	2.250		2.937	92	07/02/2019
693476BJ1	5924	PNC FUNDING CORP		02/28/2019	3,026,000.00	3,086,035.84	3,093,633.37	5.125		2.790	313	02/08/2020
693476BJ1	5937	PNC FUNDING CORP		03/19/2019	5,641,000.00	5,752,917.44	5,784,781.50	5.125		2.773	313	02/08/2020
89236TBP9	5845	TOYOTA MOTOR CREDIT		08/08/2018	5,000,000.00	4,992,950.00	4,994,146.47	2.125		2.525	108	07/18/2019

LIP ACCOUNT
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Corporte Notes & Bonds												
90331HML4	5936	U.S. BANK NA NOTES		03/12/2019	2,114,000.00	2,108,968.68	2,124,873.60	2.125		2.611	210	10/28/2019
94988J5D5	5846	WELLS FARGO COMPANY		08/08/2018	5,000,000.00	4,993,900.00	4,994,611.98	1.750		2.492	53	05/24/2019
94988J5D5	5871	WELLS FARGO COMPANY		11/29/2018	2,000,000.00	1,997,560.00	1,997,127.42	1.750		2.906	53	05/24/2019
94988J5G8	5882	WELLS FARGO COMPANY		12/06/2018	5,000,000.00	4,982,700.00	4,968,081.94	2.150		3.110	249	12/06/2019
94988J5G8	5902	WELLS FARGO COMPANY		12/31/2018	4,000,000.00	3,986,160.00	3,985,670.13	2.150		2.910	249	12/06/2019
94988J5L7	5933	WELLS FARGO COMPANY		03/11/2019	1,215,000.00	1,212,120.45	1,216,494.02	2.400		2.721	289	01/15/2020
		Subtotal and Average	**80,707,613.30**		**99,210,000.00**	**99,275,410.78**	**99,474,618.83**			**2.768**	**223**	
Promissory Notes												
SYS4824	4824B	TULARE COUNTY TRANSPORTATION A			0.00	0.00	0.00					
SYS5903	5903	TULARE COUNTY TRANSPORTATION A		07/01/2018	20,000,000.00	20,000,000.00	20,000,000.00	3.050		3.050	1,735	12/31/2023
		Subtotal and Average	**20,000,000.00**		**20,000,000.00**	**20,000,000.00**	**20,000,000.00**			**3.050**	**1,735**	
Agency Disc. -Amortizing												
		Subtotal and Average	**2,258,064.52**									
		Total and Average	**383,390,400.90**		**461,880,776.10**	**461,018,783.80**	**461,180,476.46**			**2.552**	**160**	

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Money Market Fund												
60934N10S	3521B	FEDERATED GOVT OBLIG			857,308.01	857,308.01	857,308.01	2.360	AAA	2.360	1	
		Subtotal and Average	**2,719,678.32**		**857,308.01**	**857,308.01**	**857,308.01**			**2.360**	**1**	
Negotiable CD's												
06370REU9	5843	BANK OF MONTREAL CHICAGO		08/03/2018	10,000,000.00	10,047,500.00	10,000,000.00	3.190		3.234	490	08/03/2020
06417GU22	5826	BANK OF NOVA SCOTIA		06/07/2018	10,465,000.00	10,538,255.00	10,462,651.64	3.080		3.080	431	06/05/2020
22549LFR1	5788	CREDIT SUISSE NY		02/08/2018	5,400,000.00	5,406,102.00	5,400,000.00	2.670		2.707	312	02/07/2020
55379WZT6	5926	MUFG BANK LTD/NY		02/28/2019	5,370,000.00	5,421,927.90	5,370,000.00	2.970		3.053	697	02/26/2021
65590ASN7	5792	NORDEA BANK FINLAND NY		02/22/2018	8,145,000.00	8,163,081.90	8,145,000.00	2.720		2.720	325	02/20/2020
83050FXT3	5742	SKANDINAV ENSKILDA BK NY		08/04/2017	11,250,000.00	11,220,412.50	11,249,258.71	1.840		1.884	123	08/02/2019
86565BPC9	5860	SUMITOMO MITSUI BANK NY		10/18/2018	10,000,000.00	10,139,800.00	9,989,487.47	3.390		3.461	564	10/16/2020
87019U6D6	5770	SWEDBANK (NEW YORK)		11/17/2017	10,830,000.00	10,745,309.40	10,830,000.00	2.270		2.300	595	11/16/2020
96121T4A3	5743	WESTPAC BANKING COPR NY		08/07/2017	10,100,000.00	10,043,339.00	10,100,000.00	2.050		2.050	490	08/03/2020
		Subtotal and Average	**81,545,963.90**		**81,560,000.00**	**81,725,727.70**	**81,546,397.82**			**2.687**	**440**	
Negotiable CDs - Floating Rate												
22532XHT8	5812	CREDIT AGRICOLE CIB NY		04/10/2018	4,730,000.00	4,730,000.00	4,730,000.00	3.253		3.137	375	04/10/2020
13606BVF0	5811	CANADIAN IMPERIAL CD		04/10/2018	4,730,000.00	4,741,872.30	4,730,000.00	3.183		3.066	375	04/10/2020
		Subtotal and Average	**9,460,000.00**		**9,460,000.00**	**9,471,872.30**	**9,460,000.00**			**3.101**	**375**	
Treasury Securities - Coupon												
912828ND8	5498	U.S. TREASURY NOTE		05/29/2015	3,050,000.00	3,086,569.50	3,115,606.20	3.500	AAA	1.503	410	05/15/2020
912828VF4	5509A	U.S. TREASURY NOTE		09/01/2018	9,000,000.00	8,894,160.00	8,975,745.84	1.375	AAA	1.610	426	05/31/2020
912828XM7	5517A	U.S. TREASURY NOTE		09/01/2018	2,000,000.00	1,979,920.00	2,003,933.32	1.625	AAA	1.475	487	07/31/2020
912828L32	5526A	U.S. TREASURY NOTE		09/01/2018	9,100,000.00	8,972,054.00	9,100,828.52	1.375		1.368	518	08/31/2020
912828XM7	5535A	U.S. TREASURY NOTE		09/01/2018	5,500,000.00	5,444,780.00	5,515,879.89	1.625	AAA	1.404	487	07/31/2020
912828L99	5542A	U.S. TREASURY NOTE		09/01/2018	8,100,000.00	7,977,528.00	8,059,263.91	1.375		1.700	579	10/31/2020
912828VF4	5546	U.S. TREASURY NOTE		12/04/2015	3,885,000.00	3,839,312.40	3,876,918.90	1.375	AAA	1.560	426	05/31/2020
912828WC0	5550	U.S. TREASURY NOTE		01/11/2016	1,085,000.00	1,074,833.55	1,086,104.63	1.750		1.683	579	10/31/2020
912828K58	5551	U.S. TREASURY NOTE		02/03/2016	4,850,000.00	4,796,747.00	4,856,526.22	1.375		1.247	395	04/30/2020
912828N89	5559A	U.S. TREASURY NOTE		09/01/2018	9,000,000.00	8,848,170.00	8,996,711.13	1.375		1.395	671	01/31/2021
912828XM7	5565A	U.S. TREASURY NOTE		09/01/2018	1,500,000.00	1,484,940.00	1,507,716.67	1.625	AAA	1.233	487	07/31/2020
912828B90	5576A	U.S. TREASURY NOTE		09/01/2018	6,000,000.00	5,965,800.00	6,066,670.34	2.000		1.408	699	02/28/2021
912828A42	5578	U.S. TREASURY NOTE		05/06/2016	8,300,000.00	8,253,603.00	8,404,935.57	2.000		1.218	609	11/30/2020
912828N89	5582	U.S. TREASURY NOTE		05/27/2016	10,325,000.00	10,150,817.25	10,328,165.24	1.375		1.358	671	01/31/2021
912828B90	5601A	U.S. TREASURY NOTE		09/01/2018	2,500,000.00	2,485,750.00	2,541,260.11	2.000		1.124	699	02/28/2021
912828T34	5638A	U.S. TREASURY NOTE		09/01/2018	9,850,000.00	9,586,020.00	9,764,801.76	1.125		1.480	913	09/30/2021
912828WY2	5642	U.S. TREASURY NOTE		11/23/2016	5,490,000.00	5,487,200.10	5,548,092.61	2.250		1.775	852	07/31/2021

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Treasury Securities - Coupon

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
912828D72	5644	U.S. TREASURY NOTE		12/05/2016	5,490,000.00	5,455,467.90	5,499,851.21	2.000		1.922	883	08/31/2021
912828Q78	5647	U.S. TREASURY NOTE		12/07/2016	1,085,000.00	1,065,166.20	1,076,009.03	1.375		1.790	760	04/30/2021
912828Q37	5649A	U.S. TREASURY NOTE		09/01/2018	10,100,000.00	9,900,323.00	9,991,094.45	1.250		1.804	730	03/31/2021
912828L99	5650A	U.S. TREASURY NOTE		09/01/2018	1,100,000.00	1,083,368.00	1,092,761.45	1.375		1.800	579	10/31/2020
912828B90	5651A	U.S. TREASURY NOTE		09/01/2018	1,000,000.00	994,300.00	1,001,939.06	2.000		1.896	699	02/28/2021
912828F96	5652	U.S. TREASURY NOTE		01/05/2017	2,125,000.00	2,111,378.75	2,127,537.78	2.000		1.951	944	10/31/2021
912828F96	5656A	U.S. TREASURY NOTE		09/01/2018	10,600,000.00	10,532,054.00	10,601,363.20	2.000		1.994	944	10/31/2021
912828WN6	5658	U.S. TREASURY NOTE		01/20/2017	5,000,000.00	4,970,500.00	5,010,771.76	2.000		1.896	791	05/31/2021
912828K58	5672A	U.S. TREASURY NOTE		09/01/2018	10,500,000.00	10,384,710.00	10,478,291.76	1.375		1.569	395	04/30/2020
912828J43	5691A	U.S. TREASURY NOTE		09/01/2018	11,425,000.00	11,266,992.25	11,303,621.99	1.750		2.130	1,064	02/28/2022
912828J43	5696	U.S. TREASURY NOTE		03/17/2017	15,230,000.00	15,019,369.10	15,064,839.96	1.750		2.144	1,064	02/28/2022
912828F96	5705	U.S. TREASURY NOTE		04/05/2017	7,345,000.00	7,297,918.55	7,370,787.22	2.000		1.857	944	10/31/2021
912828V72	5729	U.S. TREASURY NOTE		07/11/2017	10,375,000.00	10,270,005.00	10,363,148.00	1.875		1.917	1,036	01/31/2022
912828U81	5737	U.S. TREASURY NOTE		07/28/2017	5,875,000.00	5,838,751.25	5,907,377.99	2.000		1.790	1,005	12/31/2021
912828XG0	5746A	U.S. TREASURY NOTE		09/01/2018	11,000,000.00	10,962,600.00	11,104,067.44	2.125		1.822	1,186	06/30/2022
912828XQ8	5748	U.S. TREASURY NOTE		08/31/2017	5,000,000.00	4,962,500.00	5,042,904.33	2.000		1.730	1,217	07/31/2022
912828L24	5755	U.S. TREASURY NOTE		09/29/2017	3,000,000.00	2,964,390.00	2,996,419.03	1.875		1.912	1,248	08/31/2022
912828L57	5757	U.S. TREASURY NOTE		10/06/2017	3,115,000.00	3,064,132.05	3,096,373.38	1.750		1.930	1,278	09/30/2022
912828L57	5761A	U.S. TREASURY NOTE		09/01/2018	11,000,000.00	10,820,370.00	10,913,741.18	1.750		1.984	1,278	09/30/2022
912828L57	5765	U.S. TREASURY NOTE		11/03/2017	7,390,000.00	7,269,321.30	7,321,856.36	1.750		2.028	1,278	09/30/2022
912828W89	5776	U.S. TREASURY NOTE		12/05/2017	10,700,000.00	10,592,144.00	10,630,637.60	1.875		2.102	1,095	03/31/2022
912828W89	5780	U.S. TREASURY NOTE		01/04/2018	8,590,000.00	8,503,412.80	8,515,660.21	1.875		2.178	1,095	03/31/2022
912828N30	5784A	U.S. TREASURY NOTE		09/01/2018	11,000,000.00	10,954,900.00	10,869,838.11	2.125		2.459	1,370	12/31/2022
9128283C2	5819	U.S. TREASURY NOTE		05/04/2018	14,075,000.00	13,962,259.25	13,700,460.72	2.000		2.796	1,309	10/31/2022
912828L57	5825	U.S. TREASURY NOTE		06/06/2018	10,740,000.00	10,564,615.80	10,384,712.63	1.750		2.759	1,278	09/30/2022
912828P38	5855	U.S. TREASURY NOTE		10/05/2018	18,150,000.00	17,826,022.50	17,378,142.31	1.750		2.939	1,401	01/31/2023
912828W89	5856	U.S. TREASURY NOTE		10/05/2018	11,350,000.00	11,235,592.00	11,005,499.11	1.875		2.957	1,095	03/31/2022
912828X47	5862	U.S. TREASURY NOTE		10/24/2018	8,600,000.00	8,507,292.00	8,318,318.76	1.875		3.002	1,125	04/30/2022
912828Q29	5865	U.S. TREASURY NOTE		11/07/2018	7,960,000.00	7,735,528.00	7,538,578.20	1.500		2.964	1,460	03/31/2023
912828XR6	5866	U.S. TREASURY NOTE		11/07/2018	7,750,000.00	7,635,300.00	7,474,281.36	1.750		2.942	1,156	05/31/2022
912828T91	5874	U.S. TREASURY NOTE		11/30/2018	7,825,000.00	7,615,603.00	7,419,867.70	1.625		2.876	1,674	10/31/2023
912828P38	5880	U.S. TREASURY NOTE		12/06/2018	12,000,000.00	11,785,800.00	11,530,296.75	1.750		2.839	1,401	01/31/2023
912828T91	5898	U.S. TREASURY NOTE		12/24/2018	6,450,000.00	6,277,398.00	6,178,584.19	1.625		2.667	1,674	10/31/2023
9128282D1	5899	U.S. TREASURY NOTE		12/24/2018	6,600,000.00	6,360,486.00	6,247,583.43	1.375		2.670	1,613	08/31/2023
912828V23	5907	U.S. TREASURY NOTE		01/09/2019	4,995,000.00	4,994,800.20	4,929,976.71	2.250		2.556	1,735	12/31/2023
912828S92	5920	U.S. TREASURY NOTE		02/12/2019	2,650,000.00	2,541,933.00	2,522,399.44	1.250		2.439	1,582	07/31/2023
912828WE6	5931	U.S. TREASURY NOTE		03/08/2019	15,575,000.00	15,915,158.00	15,864,067.25	2.750		2.519	1,689	11/15/2023
		Subtotal and Average	**395,680,000.16**		**402,300,000.00**	**397,570,066.70**	**397,622,821.92**			**2.115**	**1,051**	

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Agency Issues - Fixed Coupon												
3130A7CV5	5553A	FED HOME LOAN BANK		09/01/2018	7,740,000.00	7,604,317.80	7,728,239.16	1.375		1.457	689	02/18/2021
3130A7CV5	5603A	FED HOME LOAN BANK		09/01/2018	2,000,000.00	1,964,940.00	2,005,833.37	1.375		1.217	689	02/18/2021
3130A8QS5	5633A	FED HOME LOAN BANK		09/01/2018	9,150,000.00	8,908,989.00	9,109,498.62	1.125		1.323	835	07/14/2021
313379RB7	5747A	FED HOME LOAN BANK		09/01/2018	2,300,000.00	2,276,149.00	2,310,073.66	1.875		1.670	802	06/11/2021
3130ACE26	5749	FED HOME LOAN BANK		09/08/2017	3,885,000.00	3,826,919.25	3,878,911.96	1.375		1.483	546	09/28/2020
3130A0F70	5913	FED HOME LOAN BANK		01/31/2019	8,990,000.00	9,398,865.20	9,294,238.20	3.375		2.713	1,712	12/08/2023
3130A0F70	5917	FED HOME LOAN BANK		02/06/2019	6,110,000.00	6,387,882.80	6,332,984.19	3.375		2.664	1,712	12/08/2023
3130AFW94	5921	FED HOME LOAN BANK		02/15/2019	8,050,000.00	8,125,348.00	8,022,232.07	2.500		2.576	1,779	02/13/2024
3137EAEC9	5621A	FED. HOME LOAN MTG. CORP.		09/01/2018	7,250,000.00	7,053,017.50	7,216,016.15	1.125		1.328	864	08/12/2021
3137EAEF2	5709	FED. HOME LOAN MTG. CORP.		04/20/2017	11,140,000.00	11,019,019.60	11,126,630.14	1.375		1.492	385	04/20/2020
3137EAEJ4	5762	FED. HOME LOAN MTG. CORP.		10/26/2017	2,590,000.00	2,562,235.20	2,584,084.91	1.625		1.782	547	09/29/2020
3137EAEK1	5771A	FED. HOME LOAN MTG. CORP.		09/01/2018	3,200,000.00	3,175,616.00	3,195,480.04	1.875		1.964	596	11/17/2020
3137EAEN5	5839	FED. HOME LOAN MTG. CORP.		07/12/2018	1,090,000.00	1,109,009.60	1,085,037.07	2.750		2.866	1,540	06/19/2023
3137EAEN5	5841A	FED. HOME LOAN MTG. CORP.		09/01/2018	4,725,000.00	4,807,404.00	4,704,611.44	2.750		2.860	1,540	06/19/2023
3137EAEN5	5864	FED. HOME LOAN MTG. CORP.		11/07/2018	7,525,000.00	7,656,236.00	7,430,633.51	2.750		3.071	1,540	06/19/2023
3137EAEC9	6326A	FED. HOME LOAN MTG. CORP.		09/01/2018	2,605,000.00	2,534,222.15	2,595,703.10	1.125		1.279	864	08/12/2021
3135G0N82	3622	FED. NAT'L. MTG. ASSN.		09/02/2016	9,115,000.00	8,892,047.10	9,088,248.78	1.250		1.378	869	08/17/2021
3135G0N82	3644A	FED. NAT'L. MTG. ASSN.		09/01/2018	5,800,000.00	5,658,132.00	5,784,668.94	1.250		1.364	869	08/17/2021
3135G0D75	5527A	FED. NAT'L. MTG. ASSN.		09/01/2018	8,900,000.00	8,804,236.00	8,901,245.27	1.500		1.488	448	06/22/2020
3135G0F73	5548A	FED. NAT'L. MTG. ASSN.		09/01/2018	9,300,000.00	9,167,475.00	9,240,949.96	1.500		1.891	609	11/30/2020
3135G0J20	5566A	FED. NAT'L. MTG. ASSN.		09/01/2018	4,500,000.00	4,420,575.00	4,495,253.13	1.375		1.432	697	02/26/2021
3135G0J20	5577A	FED. NAT'L. MTG. ASSN.		09/01/2018	5,000,000.00	4,911,750.00	4,990,028.48	1.375		1.482	697	02/26/2021
3135G0K69	5593A	FED. NAT'L. MTG. ASSN.		09/01/2018	9,300,000.00	9,099,213.00	9,313,673.03	1.250		1.178	766	05/06/2021
3135G0H55	5596	FED. NAT'L. MTG. ASSN.		07/08/2016	5,350,000.00	5,310,784.50	5,424,027.09	1.875		1.059	637	12/28/2020
3135G0N82	5617	FED. NAT'L. MTG. ASSN.		08/19/2016	3,660,000.00	3,570,476.40	3,652,943.00	1.250		1.334	869	08/17/2021
3135G0N82	5618	FED. NAT'L. MTG. ASSN.		08/19/2016	3,440,000.00	3,355,857.60	3,434,397.32	1.250		1.321	869	08/17/2021
3135G0N82	5628A	FED. NAT'L. MTG. ASSN.		09/01/2018	4,000,000.00	3,902,160.00	3,997,000.60	1.250		1.282	869	08/17/2021
3135G0S38	5657	FED. NAT'L. MTG. ASSN.		01/20/2017	5,000,000.00	4,961,200.00	4,986,718.82	2.000		2.102	1,010	01/05/2022
3135G0S38	5679	FED. NAT'L. MTG. ASSN.		02/03/2017	3,370,000.00	3,343,848.80	3,363,912.93	2.000		2.069	1,010	01/05/2022
3135G0S38	5713A	FED. NAT'L. MTG. ASSN.		09/01/2018	10,500,000.00	10,418,520.00	10,522,568.16	2.000		1.919	1,010	01/05/2022
3135G0T45	5721A	FED. NAT'L. MTG. ASSN.		09/01/2018	11,040,000.00	10,918,780.80	11,038,952.42	1.875		1.878	1,100	04/05/2022
3135G0S38	5725	FED. NAT'L. MTG. ASSN.		06/29/2017	7,040,000.00	6,985,369.60	7,067,500.42	2.000		1.852	1,010	01/05/2022
3135G0T45	5726	FED. NAT'L. MTG. ASSN.		06/29/2017	7,100,000.00	7,022,042.00	7,099,327.24	1.875		1.878	1,100	04/05/2022
3135G0T60	5740	FED. NAT'L. MTG. ASSN.		08/01/2017	10,235,000.00	10,116,785.75	10,221,232.83	1.500		1.604	486	07/30/2020
3135G0T78	5794	FED. NAT'L. MTG. ASSN.		03/05/2018	3,500,000.00	3,466,995.00	3,425,328.24	2.000		2.649	1,283	10/05/2022
3135G0T78	5795	FED. NAT'L. MTG. ASSN.		03/06/2018	2,410,000.00	2,387,273.70	2,356,538.40	2.000		2.675	1,283	10/05/2022
3135G0T94	5813A	FED. NAT'L. MTG. ASSN.		09/01/2018	10,000,000.00	10,026,900.00	9,882,560.75	2.375		2.704	1,389	01/19/2023
3135G0U35	5835A	FED. NAT'L. MTG. ASSN.		09/01/2018	1,500,000.00	1,514,250.00	1,501,657.24	2.750		2.697	813	06/22/2021

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Agency Issues - Fixed Coupon												
3135G0U43	5854	FED. NAT'L. MTG. ASSN.		10/04/2018	6,240,000.00	6,386,016.00	6,199,319.83	2.875		3.034	1,625	09/12/2023
3135G0U43	5875	FED. NAT'L. MTG. ASSN.		11/30/2018	7,000,000.00	7,163,800.00	6,972,145.20	2.875		2.971	1,625	09/12/2023
3135G0U43	5904	FED. NAT'L. MTG. ASSN.		12/31/2018	6,350,000.00	6,498,590.00	6,402,605.30	2.875		2.675	1,625	09/12/2023
3135G0V34	5918	FED. NAT'L. MTG. ASSN.		02/08/2019	7,005,000.00	7,070,776.95	6,979,709.96	2.500		2.580	1,771	02/05/2024
3135G0V34	5919	FED. NAT'L. MTG. ASSN.		02/11/2019	3,185,000.00	3,214,907.15	3,180,988.23	2.500		2.532	1,771	02/05/2024
		Subtotal and Average	**258,961,447.73**		**258,190,000.00**	**256,998,933.45**	**258,143,709.16**			**1.953**	**1,040**	
Agencies - Mortgage Backed												
3137BNN26	5575	FED. HOME LOAN MTG. CORP.		04/28/2016	921,094.43	916,940.29	930,283.27	1.780		1.060	115	07/25/2019
3137BDDC7	5751A	FHLMC MULTIFAMILY PASS THROUGH		08/30/2018	3,030,000.00	3,059,118.30	3,154,277.34	3.130		0.092	816	06/25/2021
3137BM6P6	5753A	FHLMC MULTIFAMILY PASS THROUGH		08/30/2018	8,445,000.00	8,567,705.85	8,766,247.80	3.090		0.962	1,242	08/25/2022
3137B6ZM6	5781A	FHLMC MULTIFAMILY PASS THROUGH		08/30/2018	2,173,492.54	2,179,013.21	2,206,434.54	3.034		1.377	573	10/25/2020
3137BM6P6	5810	FHLMC MULTIFAMILY PASS THROUGH		04/09/2018	2,835,000.00	2,876,192.55	2,859,141.80	3.090		2.565	1,242	08/25/2022
3136AQDQ0	5537	FED. NAT'L. MTG. ASSN.		10/30/2015	180,117.62	179,487.21	181,921.30	1.646		1.037	177	09/25/2019
3136B1XP4	5818	FED. NAT'L. MTG. ASSN.		04/30/2018	2,777,530.36	2,812,555.02	2,832,778.22	3.560		2.174	908	09/25/2021
		Subtotal and Average	**21,058,959.06**		**20,362,234.95**	**20,591,012.43**	**20,931,084.27**			**1.263**	**1,003**	
Supranationals												
4581X0CW6	5655A	INTER-AMERICAN DEVEL BK		09/01/2018	9,700,000.00	9,652,567.00	9,693,325.27	2.125		2.150	1,023	01/18/2022
4581X0CX4	5707A	INTER-AMERICAN DEVEL BK		09/01/2018	8,955,000.00	8,879,688.45	8,947,332.83	1.625		1.703	407	05/12/2020
4581X0CD8	5758	INTER-AMERICAN DEVEL BK		10/10/2017	10,555,000.00	10,503,702.70	10,605,990.85	2.125		1.814	588	11/09/2020
4581X0CZ9	5802A	INTER-AMERICAN DEVEL BK		09/01/2018	9,500,000.00	9,319,120.00	9,181,677.52	1.750		2.783	1,262	09/14/2022
45905UP32	5752	INTL BK RECON & DEVELOP		09/19/2017	10,750,000.00	10,611,970.00	10,737,472.69	1.562		1.645	530	09/12/2020
45950KCM0	5782A	INT'L. FINANCIAL CORP.		09/01/2018	3,875,000.00	3,866,010.00	3,868,101.21	2.250		2.351	665	01/25/2021
45950KCM0	5783	INT'L. FINANCIAL CORP.		01/25/2018	4,315,000.00	4,304,989.20	4,307,317.86	2.250		2.352	665	01/25/2021
		Subtotal and Average	**57,337,851.04**		**57,650,000.00**	**57,138,047.35**	**57,341,218.23**			**2.054**	**741**	
Municipal Bonds												
605581FZ5	5450	STATE OF MISSISSIPPI GO BOND		02/18/2015	1,680,000.00	1,672,188.00	1,680,000.00	1.679		1.679	183	10/01/2019
		Subtotal and Average	**1,680,000.00**		**1,680,000.00**	**1,672,188.00**	**1,680,000.00**			**1.679**	**183**	
Corporte Notes & Bonds												
037833CK4	5681	APPLE INC		02/09/2017	5,545,000.00	5,519,104.85	5,544,228.74	1.900		1.917	312	02/07/2020
037833AX8	5454	APPLE INC.		02/26/2015	1,535,000.00	1,523,134.45	1,531,579.37	1.550		1.825	312	02/07/2020
0258M0EE5	5688	AMERICAN EXPRESS CREDIT		03/03/2017	1,750,000.00	1,741,880.00	1,749,440.52	2.200		2.236	337	03/03/2020
0258M0EB1	5734	AMERICAN EXPRESS CREDIT		07/20/2017	5,000,000.00	4,967,450.00	5,003,203.81	2.250		2.218	765	05/05/2021
06051GFW4	5764	BANK OF AMERICA CORP		11/03/2017	5,375,000.00	5,361,616.25	5,398,845.07	2.625		2.398	749	04/19/2021
06051GFT1	5849	BANK OF AMERICA CORP		09/07/2018	5,500,000.00	5,486,305.00	5,461,174.33	2.625		3.098	567	10/19/2020

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Corporte Notes & Bonds												
05531FAZ6	5763	BB&T CORPORATION		10/26/2017	2,770,000.00	2,743,989.70	2,769,284.28	2.150		2.165	672	02/01/2021
06406FAA1	5750	BANK OF NEW YORK MELLON		09/11/2017	9,400,000.00	9,377,158.00	9,494,482.93	2.500		1.986	745	04/15/2021
06406RAJ6	5929	BANK OF NEW YORK MELLON		03/07/2019	6,725,000.00	6,902,540.00	6,836,476.02	3.450		3.101	1,593	08/11/2023
12189TBC7	5585	BURLINGTN NORTH SANTA FE		06/08/2016	2,250,000.00	2,273,962.50	2,285,272.00	4.700		1.475	183	10/01/2019
166764BG4	5602A	CHEVRON CORP		09/01/2018	3,000,000.00	2,978,490.00	3,031,569.47	2.100		1.592	776	05/16/2021
172967LC3	5772	CITIGROUP, INC		11/22/2017	5,375,000.00	5,373,602.50	5,399,381.72	2.900		2.720	982	12/08/2021
22160KAG0	5447A	COSTCO WHOLESALE CORP.		09/01/2018	3,480,000.00	3,452,960.40	3,479,361.87	1.750		1.771	320	02/15/2020
30231GAV4	5557A	EXXON MOBIL CORPORATION		09/01/2018	2,190,000.00	2,180,057.40	2,190,000.00	2.222		2.222	700	03/01/2021
30231GAV4	5580A	EXXON MOBIL CORPORATION		09/01/2018	4,075,000.00	4,056,499.50	4,103,623.68	2.222		1.845	700	03/01/2021
36962G5J9	5669	GENERAL ELECTRIC CO		01/27/2017	5,000,000.00	5,181,800.00	5,266,987.06	4.650		2.416	930	10/17/2021
36962G4D3	5481	G.E. CAPITAL CORP.		04/08/2015	6,800,000.00	6,864,736.00	6,893,632.47	6.000		1.884	128	08/07/2019
369550BE7	5820A	GENERAL DYNAMICS		09/01/2018	4,000,000.00	4,036,120.00	3,980,437.04	3.000		3.243	771	05/11/2021
369550BE7	5823A	GENERAL DYNAMICS		09/01/2018	3,000,000.00	3,027,090.00	2,984,821.35	3.000		3.251	771	05/11/2021
38141GGQ1	5766	GOLDMAN SACHS GROUP INC		11/07/2017	4,860,000.00	5,105,332.80	5,150,744.20	5.250		2.533	848	07/27/2021
38141GWC4	5848	GOLDMAN SACHS GROUP INC		09/07/2018	5,500,000.00	5,488,065.00	5,410,857.14	3.000		3.567	1,121	04/26/2022
437076BQ4	5720A	HOME DEPOT INC		09/01/2018	2,770,000.00	2,749,585.10	2,769,369.26	1.800		1.819	431	06/05/2020
437076AZ5	5807	HOME DEPOT INC		04/05/2018	5,700,000.00	5,728,158.00	5,613,167.04	2.700		3.114	1,461	04/01/2023
02665WCJ8	5840A	HONDA/AMERICAN HONDA		09/01/2018	2,215,000.00	2,276,089.70	2,211,711.52	3.450		3.487	1,565	07/14/2023
02665WBG5	5852	HONDA/AMERICAN HONDA		09/07/2018	3,250,000.00	3,174,080.00	3,147,094.67	1.700		3.069	892	09/09/2021
02665WCT6	5911	HONDA/AMERICAN HONDA		01/31/2019	3,900,000.00	4,016,298.00	3,943,651.03	3.550		3.330	1,747	01/12/2024
459200JQ5	5677	IBM CORP.		01/31/2017	5,000,000.00	4,956,600.00	5,007,382.41	2.500		2.444	1,032	01/27/2022
44932HAC7	5775A	IBM CORP.		09/01/2018	6,550,000.00	6,422,930.00	6,470,156.22	2.200		2.576	1,256	09/08/2022
24422ETL3	5700A	JOHN DEERE CAPITAL CORP		09/01/2018	1,585,000.00	1,584,318.45	1,588,339.48	2.650		2.569	1,011	01/06/2022
24422ETS8	5722	JOHN DEERE CAPITAL CORP		06/22/2017	1,265,000.00	1,255,158.30	1,264,684.91	1.950		1.971	448	06/22/2020
24422ETG4	5822A	JOHN DEERE CAPITAL CORP		09/01/2018	1,155,000.00	1,159,585.35	1,126,676.76	2.800		3.479	1,435	03/06/2023
24422ESL4	7519A	JOHN DEERE CAPITAL CORP		09/01/2018	3,325,000.00	3,336,438.00	3,366,404.58	2.800		2.132	703	03/04/2021
46625HQJ2	5587	JP MORGAN CHASE		06/15/2016	6,150,000.00	6,129,582.00	6,184,453.42	2.550		2.240	700	03/01/2021
46625HQJ2	5653	JP MORGAN CHASE		01/05/2017	2,745,000.00	2,735,886.60	2,742,898.31	2.550		2.592	700	03/01/2021
48128BAB7	5789A	JP MORGAN CHASE		09/01/2018	6,000,000.00	5,997,480.00	5,955,431.38	2.972		3.183	1,385	01/15/2023
48128BAB7	5803A	JP MORGAN CHASE		09/01/2018	1,000,000.00	999,580.00	980,818.75	2.972		3.522	1,385	01/15/2023
57636QAF1	5718	MASTERCARD INC		05/11/2017	4,500,000.00	4,441,455.00	4,480,067.48	2.000		2.177	965	11/21/2021
594918BG8	5538A	MICROSOFT CORP.		09/01/2018	2,345,000.00	2,329,405.75	2,344,403.85	2.000		2.016	582	11/03/2020
594918BP8	5612A	MICROSOFT CORP		09/01/2018	3,030,000.00	2,957,613.30	3,028,502.93	1.550		1.571	860	08/08/2021
594918BP8	5613A	MICROSOFT CORP		09/01/2018	1,220,000.00	1,190,854.20	1,219,121.66	1.550		1.581	860	08/08/2021
68389XBK0	5643A	ORACLE CORP		09/01/2018	6,140,000.00	6,039,058.40	6,069,467.26	1.900		2.388	898	09/15/2021
68389XBK0	5663A	ORACLE CORP		09/01/2018	600,000.00	590,136.00	592,350.31	1.900		2.442	898	09/15/2021
68389XBK0	5664	ORACLE CORP		01/24/2017	5,000,000.00	4,917,800.00	4,936,464.15	1.900		2.450	898	09/15/2021
68389XAP0	5851	ORACLE CORP		09/07/2018	1,750,000.00	1,740,462.50	1,710,387.91	2.500		3.187	1,293	10/15/2022

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Corporte Notes & Bonds												
69371RN44	5673A	PACCAR FINANCIAL CORP		09/01/2018	6,500,000.00	6,332,105.00	6,366,803.81	1.650		2.556	863	08/11/2021
713448DX3	5759	Pepsi Co		10/10/2017	3,405,000.00	3,375,853.20	3,404,604.86	2.000		2.006	745	04/15/2021
717081ES8	5941	PFIZER		03/28/2019	7,925,000.00	8,023,507.75	8,063,655.62	2.950		2.601	1,810	03/15/2024
69353RFE3	5738A	PNC BANK NA		09/01/2018	7,480,000.00	7,451,202.00	7,479,552.32	2.450		2.452	1,214	07/28/2022
74005PAY0	5808	Praxair Inc		04/05/2018	4,825,000.00	4,962,753.75	4,933,024.65	4.050		2.848	714	03/15/2021
747525AD5	5502A	QUALCOMM INC		09/01/2018	2,710,000.00	2,698,563.80	2,703,195.96	2.250		2.476	415	05/20/2020
747525AD5	5503A	QUALCOMM INC		09/01/2018	2,710,000.00	2,698,563.80	2,702,964.78	2.250		2.484	415	05/20/2020
747525AD5	5662A	QUALCOMM INC		09/01/2018	1,200,000.00	1,194,936.00	1,200,660.69	2.250		2.199	415	05/20/2020
808513AT2	5804A	SCHWAB CHARLES		09/01/2018	6,000,000.00	6,000,360.00	5,873,920.88	2.650		3.245	1,395	01/25/2023
857477AV5	5581A	STATE STREET CORP		09/01/2018	3,185,000.00	3,142,830.60	3,184,293.35	1.950		1.960	779	05/19/2021
857477AV5	5667A	STATE STREET CORP		09/01/2018	2,155,000.00	2,126,467.80	2,131,665.43	1.950		2.477	779	05/19/2021
89236TDP7	5796A	TOYOTA MOTOR CREDIT		09/01/2018	2,750,000.00	2,751,375.00	2,717,949.93	2.600		3.044	1,016	01/11/2022
89236TDP7	5821A	TOYOTA MOTOR CREDIT		09/01/2018	2,000,000.00	2,001,000.00	1,961,454.69	2.600		3.339	1,016	01/11/2022
89236TDP7	5830A	TOYOTA MOTOR CREDIT		09/01/2018	1,850,000.00	1,850,925.00	1,818,821.68	2.600		3.245	1,016	01/11/2022
89236TDP7	5850	TOYOTA MOTOR CREDIT		09/07/2018	4,250,000.00	4,252,125.00	4,188,862.13	2.600		3.149	1,016	01/11/2022
89236TFS9	5908	TOYOTA MOTOR CREDIT		01/10/2019	7,375,000.00	7,575,010.00	7,343,975.89	3.350		3.451	1,743	01/08/2024
904764AV9	5716	UNILEVER CAPITAL CORP		05/05/2017	735,000.00	728,848.05	734,144.64	1.800		1.910	400	05/05/2020
904764AV9	5717	UNILEVER CAPITAL CORP		05/11/2017	4,500,000.00	4,462,335.00	4,493,891.90	1.800		1.928	400	05/05/2020
91159HHP8	5666A	US BANK N.A.		09/01/2018	3,000,000.00	3,003,300.00	2,997,096.07	2.625		2.661	1,029	01/24/2022
949746SA0	5610	WELLS FARGO COMPANY		08/04/2016	9,000,000.00	8,857,800.00	9,018,577.82	2.100		2.006	847	07/26/2021
94974BGF1	5441A	WELLS FARGO SECURITIES LLC		09/01/2018	4,400,000.00	4,379,540.00	4,399,004.89	2.150		2.177	304	01/30/2020
94974BGF1	5442A	WELLS FARGO SECURITIES LLC		09/01/2018	1,105,000.00	1,099,861.75	1,105,000.00	2.150		2.149	304	01/30/2020
94974BGF1	5604A	WELLS FARGO SECURITIES LLC		09/01/2018	1,000,000.00	995,350.00	1,003,823.43	2.150		1.682	304	01/30/2020
		Subtotal and Average	**257,710,889.25**		**260,385,000.00**	**260,335,062.50**	**260,545,353.78**			**2.519**	**911**	
Asset Backed												
02007LAC6	5583	ALLY AUTO RECEIVABLES TRUST		05/30/2016	108,040.25	107,897.64	108,029.76	1.440		1.449	504	08/17/2020
02007PAC7	5678	ALLY AUTO RECEIVABLES TRUST		01/31/2017	1,042,462.76	1,037,636.16	1,042,371.65	1.700		1.710	806	06/15/2021
02007HAC5	5703	ALLY AUTO RECEIVABLES TRUST		03/29/2017	2,939,593.87	2,926,159.93	2,939,247.29	1.780		1.792	868	08/16/2021
02007YAC8	5773	ALLY AUTO RECEIVABLES TRUST		11/22/2017	4,205,000.00	4,182,250.95	4,204,673.69	1.990		2.002	1,079	03/15/2022
02587AAJ3	5832A	AMERICAN EXPRESS CREDIT ACCT		08/30/2018	5,485,000.00	5,451,651.20	5,398,868.36	1.930		2.731	1,263	09/15/2022
43814QAC2	5584A	HONDA AUTO RECEIVABLES TRUST		08/30/2018	308,941.00	308,397.26	308,935.01	1.390		1.327	380	04/15/2020
43814TAC6	5701	HONDA AUTO RECEIVABLES TRUST		03/28/2017	1,611,177.52	1,602,154.93	1,611,081.66	1.720		1.729	842	07/21/2021
43811BAC8	5724	HONDA AUTO RECEIVABLES TRUST		06/27/2017	4,755,176.83	4,754,765.51	4,754,765.51	1.680		1.690	868	08/16/2021
43813FAC7	5774	HONDA AUTO RECEIVABLES TRUST		11/29/2017	3,020,000.00	3,004,356.40	3,019,574.48	2.050		2.066	966	11/22/2021
43811BAC8	5817A	HONDA AUTO RECEIVABLES TRUST		08/30/2018	5,607,519.84	5,520,340.43	5,520,340.43	1.680		2.696	868	08/16/2021
44891EAC3	5625	HYUNDAI AUTO RECEIVABLES TRUST		09/21/2016	1,482,420.71	1,473,407.59	1,482,221.18	1.290		1.300	745	04/15/2021
44931PAD8	5704	HYUNDAI AUTO RECEIVABLES TRUST		03/29/2017	1,958,752.63	1,947,803.20	1,958,594.16	1.760		1.770	868	08/16/2021

PFM
Portfolio Management
Portfolio Details - Investments
March 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Asset Backed												
44932GAD7	5745	HYUNDAI AUTO RECEIVABLES TRUST		08/16/2017	4,185,000.00	4,150,766.70	4,184,274.74	1.770		1.785	1,023	01/18/2022
44891KAD7	5815	HYUNDAI AUTO RECEIVABLES TRUST		04/18/2018	1,870,000.00	1,874,675.00	1,869,718.38	2.790		2.814	1,201	07/15/2022
47788MAC4	5556A	JOHN DEERE OWNER TRUST		08/30/2018	145,779.94	145,683.73	145,756.99	1.360		1.315	380	04/15/2020
47788NAC2	5607	JOHN DEERE OWNER TRUST		07/28/2016	187,326.49	186,833.82	187,311.58	1.250		1.258	441	06/15/2020
47787XAC1	5686	JOHN DEERE OWNER TRUST		03/02/2017	853,798.82	849,709.12	853,677.24	1.780		1.794	745	04/15/2021
47788BAD6	5730A	JOHN DEERE OWNER TRUST		08/30/2018	1,095,000.00	1,088,046.75	1,094,919.85	1.820		1.782	928	10/15/2021
47788BAB0	5731A	JOHN DEERE OWNER TRUST		08/30/2018	80,341.01	80,298.43	80,334.03	1.590		1.527	380	04/15/2020
47788BAD6	5732	JOHN DEERE OWNER TRUST		07/18/2017	1,545,000.00	1,535,189.25	1,544,886.91	1.820		1.831	928	10/15/2021
47788CAC6	5793A	JOHN DEERE OWNER TRUST		08/30/2018	1,750,000.00	1,750,770.00	1,749,874.18	2.660		2.579	563	10/15/2020
47788EAC2	5842A	JOHN DEERE OWNER TRUST		08/30/2018	5,620,000.00	5,660,745.00	5,619,574.00	3.080		2.012	1,324	11/15/2022
654747AD6	5778A	NISSAN AUTO RECEIVABLES OWNERS		08/30/2018	1,394,592.50	1,387,047.75	1,385,712.87	1.740		2.129	868	08/16/2021
65478WAE5	5816A	NISSAN AUTO RECEIVABLES OWNERS		08/30/2018	2,248,000.00	2,214,212.56	2,181,701.56	1.380		2.817	1,387	01/17/2023
89238MAD0	5693	TOYOTA AUTO RECEIVABLES TRUST		03/15/2017	938,033.42	933,559.00	937,923.02	1.730		1.742	687	02/16/2021
89237RAB4	5741A	TOYOTA AUTO RECEIVABLES TRUST		08/30/2018	1,527,210.85	1,524,141.16	1,527,196.34	1.580		1.518	471	07/15/2020
89238KAD4	5769	TOYOTA AUTO RECEIVABLES TRUST		11/15/2017	3,375,000.00	3,350,598.75	3,374,688.83	1.930		1.942	1,023	01/18/2022
89238BAB8	5785A	TOYOTA AUTO RECEIVABLES TRUST		08/30/2018	3,709,825.33	3,702,999.25	3,709,446.19	2.100		2.038	563	10/15/2020
89238BAD4	5786	TOYOTA AUTO RECEIVABLES TRUST		01/29/2018	2,800,000.00	2,793,000.00	2,799,967.80	2.350		2.362	1,141	05/16/2022
		Subtotal and Average	**66,870,137.27**		**65,848,993.77**	**65,545,097.47**	**65,595,667.69**			**2.093**	**967**	
		Total and Average	**1,153,271,070.25**		**1,158,293,536.73**	**1,151,905,315.91**	**1,153,723,560.88**			**2.198**	**945**	

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

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

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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